

Shri Nath Pai: In the meanwhile, some questions had been asked; are they all being held up for the discussion?

Mr. Speaker: When we are having the discussion, should we have those questions also?

Shri Nath Pai: Some specific questions could have been answered.

Shri Nath Pai: May we know whether incidents had taken place since the one on the 24th of last month?

Shri Hari Vishnu Kamath: On a point of procedure. Is it not within your competence, as the symbol of the supremacy of Parliament to decide as to how much time should be allotted and when the debate on this subject of national importance should take place, the only technical point being whether a motion should come from the Government side or from our side? That is the only point at issue.

Mr. Speaker: It is within my competence, but I always decide after hearing both the parties, and, therefore, I have said that I shall hear both the parties at 4 p.m. and then decide.

Shri Hari Vishnu Kamath: What points?

12.48 hrs.

STATEMENT RE FINANCE MINISTER'S RECENT VISIT TO EUROPE

The Minister of Finance (Shri Morarji Desai): I left India on the 2nd July 1962 for Europe to lead the Indian Delegation to the Economic and Social Council of the United Nations as well as to have discussions with the Governments of the Member States of the European Economic Community and the United Kingdom on certain economic matters. I returned to Delhi on the 23rd July 1962.

The main item on the agenda of the Economic and Social Council of the United Nation at Geneva, which was debated at a high level by all delegations, was one pertaining to development. As the House is aware, the General Assembly of the United Nations has designated the present decade as the "U.N. Development decade". The Economic and Social Council had before it a comprehensive report from the Secretary-General of the United Nations which he introduced personally for consideration by the Council. I place on the Table of the House a copy of the statement I made at the Council in which I endeavoured to focus attention on the twin problems of aid and trade which are the most important ones in the context of international economic co-operation for promoting the development of the less industrialised countries. [Placed in Library. See No. LT-257/62.]

Apart from Geneva, I visited the U.K., Brussels, which is the seat of the European Economic Community, Luxembourg, Netherland, Germany, France and Italy. I had the opportunity of exchanging ideas with Prime Ministers and Foreign Ministers in these countries, as well as of having fairly detailed discussions with the Ministers concerned on our economic problems particularly our requirements of external assistance and the urgency of increasing our export earnings.

During my visit, I had occasion to explain the nature of our developmental effort and the kind of programme we were engaged in. I found in all the European countries I visited a genuine desire to help us. Many of the Governments indicated their willingness to join the Consortium and they also gave me some idea of the kind of assistance which, within the framework of their possibilities, they could make available to us.

Since then, there has been a meeting of the World Bank Consortium. Italy, Netherlands, Belgium and

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Austria have now become members of the Consortium and with the credits which they have promised, along with certain additional commitments made by four of the older members of the Consortium, namely, Canada, France, Japan and the U.K., as well as the International Development Association, the total commitment of external assistance for the first two years of our Plan through the Consortium amounts to Rs. 1126 crores. This is only Rs. 38 crores short of the target of Rs. 1164 crores for the first two years of our Plan which had been accepted by the Consortium last year. This gap is likely to be further reduced as additional credits from non-U.S. sources become available which will be matched by corresponding contributions from the United States. Apart from the contributions which the European countries have announced for the first two years at the Consortium meeting, we also have some indications of additional commitments for the coming years.

I have had occasion in the past to express on the floor of this House the appreciation and thanks of the Government of India to the many countries that have been helping us and I am particularly happy to do so again to a larger group of countries. The World Bank has, as usual, played a very significant role in this and along with its affiliate, the International Development Association, it has been making sizable contributions to our requirements of external finance.

I should like to remind the House, however, as I had to explain to the Ministers in the countries I visited, that these credits, most of which are earmarked for Plan projects, will not solve our foreign exchange difficulties. As I had indicated in my statement on the foreign exchange situation in June last, our foreign exchange reserves have been under pressure for some time and we have had to take stringent measures to restrict imports

as well as unauthorised foreign travel. It would be some time before the full impact of these measures is felt. In the meanwhile, our foreign exchange reserves have continued to be under pressure partly in response to seasonal factors. In order to tide over our present difficulties, we entered into a stand by arrangement with the International Monetary Fund on the 9th July 1962 for a period of one year and for an amount upto \$100 million. So far, we have drawn \$25 million from the Fund under this standby arrangement. It is our intention to draw on this standby credit as sparingly as possible. Assistance under standby arrangement from the Fund has to be repaid within a period of 3 years and Hon'ble Members would appreciate that in using our second line of reserves with the Fund we have, therefore, to be as sparing as in the use of our own reserves. Under the circumstances, the need for keeping a careful watch over our import requirements and over the outgoings on invisible account remains as great as ever. We will also have to endeavour to use a significant part of the assistance available to us for financing maintenance requirements as distinct from direct requirements of projects.

In the ultimate analysis, however, an enduring solution to our ways and means difficulties in regard to foreign exchange can be found only by a steady increase in our export earnings. To be viable, we must export more. Quite apart from meeting our maintenance requirements, the repayment of the credits we receive can only be made through greater exports. While the main effort for stepping up exports must be made by us, the industrially advanced countries must also facilitate our task by removing the many barriers to our trade, import duties, internal taxes and other restrictions which hamper its growth. We have, in the last few years, been particularly anxious to secure liberal treatment for our products in the Common Market countries with whom we have a big trade gap. The fact

that the United Kingdom, where our products have enjoyed unrestricted duty-free entry, is negotiating for accession to the Community is likely to create new problems and add special urgency to this need.

During the visit of the Secretary of State for Commonwealth Relations of the United Kingdom, Mr. Duncan Sandys, we were informed of the lines on which the Six had been thinking on the subject and, as the picture seemed to be far from satisfactory, I agreed with the suggestion that I should myself explain our problems and ideas to the Governments of the Six.

It is now accepted by the six that shortly after the United Kingdom's accession to the Community, there should be a special trade agreement with India, as well as with Pakistan and Ceylon, to govern our future trade with them and to replace the existing trade agreements with the U. K. as well as some of the members of the Community. This is a constructive approach which we welcome. It is but appropriate that the terms of our future trade with the Community should be directly negotiated between India and the Community when the U.K. has joined it.

It is also agreed, in principle, that duty-free treatment should be given to some of our products throughout the enlarged Community from the date of the United Kingdom's accession. Unfortunately, so far, proposals for duty-free entry exclude a large number of products in the export of which we are vitally interested. Our concern is not merely over primary products and raw materials like tea, pepper and cashew-nuts, but also with certain types of processed and manufactured items, such as vegetable oils, handloom cloth and cotton textiles, jute sacking and hessian, coir mats and matting, East India kips and hand-knotted carpets.

I recognise that in the course of the negotiations for U.K.'s accession, it

may not be possible to secure duty-free treatment for the wide range of products which are important from our point of view. We would be prepared to leave the question of the future tariff treatment of such of our products as are not given duty-free entry to be discussed when we negotiate our trade agreement. But we naturally expect that in all these arrangements due weight is given to the large volume of our duty-free exports to Britain, the importance of bridging the gap in our trade with the Community, the undesirability of discrimination between one developing country and another, and the Declaration on the Trade of Developing Countries which was unanimously adopted at the GATT Ministerial meeting last year. What has caused me the greatest concern is that while, on the one hand, the list of items to be given duty-free entry in the Community on U.K.'s accession is still very small, it is proposed that the present Common External Tariff of the Community should begin to become applicable in stages right from the date of U.K.'s accession. This would mean that for a wide range of our major exports, new restrictions will appear where none existed so far. Their effect on our trade and on our development plans cannot but be extremely serious. I have emphasized to all the Governments concerned that until we have had an opportunity to negotiate our trade agreement with the enlarged Community, the duty-free treatment of our products at least in Britain should not be disturbed. I have, at the same time, assured them that if such an arrangement were to result in any damage, which I regard as highly unlikely, to the established industries of the Six, we would be prepared to adopt measures to restrain our exports and avoid such damage.

In all the countries that I went to and in all the discussions which I had, there was a sympathetic understanding of the importance and urgency of increasing our exports. Since my return, we have been

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receiving reports of the progress of the discussions from which it would appear that some improvements in the original proposals have been made. At the same time, the basic pattern of the proposed arrangements does not so far meet our essential point of view. I do not yet have the full picture before me. This is a matter which would be discussed further at the Prime Ministers' Conference next month.

We hope, by then, to have a clearer picture of the situation than we have today. What I would emphasize is that, unlike some of the more prosperous countries of the Commonwealth, we cannot be satisfied with arrangements which will aim at securing the continuance of our trade at existing levels. Our main concern would be with opportunities to expanding our trade so as to reduce and indeed to abolish at the earliest possible date our dependence on aid to provide the resources for our development.

Shrimati Renu Chakravartty (Barrackpore): May I know how much of the aid which is available to us is untied aid and which are the countries which have agreed to give such untied aid?

Shri Morarji Desai: There is not much of untied aid, but we are trying to have some untied aid from all the countries. There has been some from Germany so far.

Dr. L. M. Singhvi (Jodhpur): Was there any discussion regarding details of the scheme of the proposed trade agreement with the Six which would replace our trade agreement with the U.K.?

Shri Morarji Desai: There cannot be any discussion before U.K. joins the Six.

Shrimati Renu Chakravartty: May I request that both the statement of the

Finance Minister and that of the Prime Minister be circulated to the Members of Parliament?

Mr. Speaker: Yes.

12.57 hrs.

STATEMENT RE. RAILWAY ACCIDENT AT DUMRAON

The Minister of Railways (Shri Swaran Singh): Sir, it is with a very heavy heart that I rise to make a statement on the unfortunate accident which took place at Dumraon station of the Eastern Railway on the night of 21st July, 1962.

At about 21/50 hrs. that night, as 6 Down Amritsar-Howrah Mail, which was scheduled to run through Dumraon station on the Mughalsarai-Patna double-line section, entered that station, it collided head-on with a goods train which was standing on the down main line.

As a result of this accident, 66 persons died on the spot and 5 succumbed to their injuries subsequently. Besides, 77 other persons received injuries of whom 28 were discharged after first aid.

The engines of both the trains were badly damaged. The first four bogies next to the engine of the Mail train telescoped and the following two bogies derailed. The remaining six bogies of the train remained on the track.

As soon as the information about the accident was received, relief trains with medical vans were rushed from Dinapore and Mughalsarai. The Assistant Surgeon, Buxur, who happened to be at Dumraon at the time of the accident, took up relief operations instantaneously with the assistance of the guards of the two trains and the available first aid boxes. Within about 45 minutes, the Medical Officer, Simra, arrived with equipment. Local doctors, medical officers of the Dumraon