

13.04 hrs.

DEMANDS\* FOR GRANTS—contd.

## MINISTRY OF COMMERCE

**Mr. Speaker:** The House will now take up discussion and voting on Demand Nos. 5 to 7 and 115 relating to the Ministry of Commerce for which five hours have been allotted.

Hon. Members desirous of moving their cut motions may send slips to the Table within 15 minutes indicating which of the cut motions they would like to move. Shri Ranga.

DEMAND NO. 5—MINISTRY OF  
COMMERCE

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 33,38,000/- be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1966, in respect of 'Ministry of Commerce'."

## DEMAND NO. 6—FOREIGN TRADE

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 9,08,02,000/- be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1966, in respect of 'Foreign Trade'."

DEMAND NO. 7—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF  
COMMERCE

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 4,09,31,000/- be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1966, in respect of 'Other Revenue Expenditure of the Ministry of Commerce'."

DEMAND NO. 115—CAPITAL OUTLAY OF  
THE MINISTRY OF COMMERCE

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 66,08,000/- be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1966, in respect of 'Capital Outlay of the Ministry of Commerce'."

The demands are now before the House.

13.06 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*].

**Shri Ranga (Chittoor):** Mr. Deputy-Speaker, Sir, I am glad that my hon. friend the Minister of Commerce was able to present India's case as well as that of other under-developed countries at the World Conference on Trade which was held sometime last year in a very able and effective manner. I felt happy, when he initiated on all our behalf, the demand of the people in the under-developed countries and the under-developed parts of the world for parity in terms of trade and also for more reasonable and more just relations between the present policies for the agricultural commodities and industrial commodities and semi-industrial commodities and also the trade between these under-developed countries and the developed countries. It stands to the credit of the late President Kennedy that he should have taken the initiative in regard to this matter and helped the world to begin to think once again about this very important matter of terms of trade, making them more equitable between the richer nations and the poorer nations, between the developed countries and the under-developed countries.

\*Moved with the recommendation of the President.

[Shri Ranga]

Secondly, it is also a good feature that during the past 10 to 12 years, our export trade has come to be diversified to some extent, which had not been the case during the earlier decades. It stands to our credit that our trade with the democratic part of the world, even today, continues to be a very major factor in our total export trade, import trade and in our commerce as such. But, at the same time, to have to depend on them alone was running a very great risk. There was also the fear felt very anxiously by us and by many other nations also that in their anxiety to modernise their industries more and more and adopt synthetic products, the western nations were trying to minimise their dependence on their contribution to the trade of our country, the underdeveloped countries, which have to depend so largely for their commerce upon the export of their agricultural commodities and semi-manufactured goods and raw materials. So, it was good that during the last seven to eight years, the Soviet country or the communist countries as a whole have been able to so develop their own economy that they could begin to trade with other countries. It is not right for the State Trading Corporation or for my hon. friend to ask us to be satisfied just because that in 1952 the Soviet exports were only Rs. 2 crores and today they take so many times more. At that time, Soviet Russia was not in a position to make any exports at all even to Europe, not to speak of Asia and Africa. But later on, their economy was developed to such an extent that they were in a position to export to us a large quantity of different outputs such as machines and other manufactures. So, their capacity also to absorb imports from us was correspondingly growing. Therefore, today, we have come up—I am not sure whether it is an enviable position—to a position of being able to export a large quantity of our raw materials, agricultural commodities as well as handicrafts and some of our semi-manu-

factured goods also to Soviet Russia and other countries in South-east Europe.

I would like to know whether we are on the safe side in regard to the particular matter. In any country, it is the same question whether commerce can be pursued independently of the foreign policy of the government, or the social structure for which the government stands, whether it is socialistic or Swatantra or whatever type of social structure that it would like to favour. So far as the western countries are concerned, as I said, we were certainly happy that we had a very big import and export trade with them. This trade was and is not likely to upset our social economy in our country. It would be possible even for those countries to play mischief here with the rupee exchange as between the different social forces and political elements in our country. But fortunately, it has not been possible for them and our Government also has taken steps at an early stage during our post-independence era to see that it would not be possible for them to make use of whatever they get for what they sell to us in order to upset our own social economy here. But the same thing cannot be said of our trade with the communist countries. It was felt sometime back that, when Soviet Russia and other countries were willing to sell their goods to us and take our goods also, all on rupee exchange basis, they were doing a great favour to us. Shorn of political possibilities, it may appear to be a favour. But there are political possibilities also. We have no control over this money—how and through what channels they would make use of it and its effect on our social economy. True, we have hundreds of crores worth of PL 480 funds coming here. But that money cannot be used in any other way than what is sanctioned by Government. Not a paisa can go out of it without the knowledge and permission of our Government. Can

we say the same thing about the money paid to Soviet Russia and other south-east European communist countries? It is in this direction that I want Government to give some thought not only in the Commerce Ministry, but also in the Home and External Affairs Ministries aided by the Prime Minister himself.

At this stage, I would like to express my dissatisfaction with the status given to the Commerce Ministry and the Industry Ministry and the piecemeal fashion in which these various ministries have all been split up and their being presided over by small Ministers of State. Search, as you like, the manner in which Cabinets have been organised in various other democratic countries, you will not come across another equally important democratic country where not only the two ministries of Commerce and Industry, but also other Industries are all split up in this manner. It is an unsystematic and unwise division of these very important portfolios. On the top of it, it has been downgraded in this manner for such a long time. Nowhere else does a thing like this happen, I insist that it is high time for the Government to place someone who enjoys a very high position indeed within the Cabinet and in their counsels, in charge of these ministries which deal with different aspects of our commerce and industry. If we do so, it would be possible for him and his colleagues, the Ministers of State to be able to give timely advice and also consider the reactions of the other ministries of comparable importance in regard to this particular matter as to whether and to what extent and in what manner our trade relations with the communist countries have to be further developed, modified, conditioned and also channelled in such a way that it would not be in any way harmful to the social, economic and political development of our country, in accordance with the general policy of the Government.

98 (A) LS—5.

Coming to the third point, are we doing enough to encourage the democratic countries to trade with us to a greater extent than what they have been doing, in a better manner, with greater gusto and zest and with a higher sense of their duty towards us in the light of the resolutions passed at the world conference at Geneva? Only the other day, an answer was given by one of the ministers that U.K. did not accept at all some of those recommendations, and in regard to some of our exports, especially handicrafts, they were not prepared to show the same consideration as was recommended to be given to these under-developed countries for the products of their labour intensive industries. Therefore, I deplore the decision of the Government to withdraw some of their officers in U.K. and some of those democratic countries. I make a special reference to the Tobacco Adviser whom we used to have in London. He was doing some good work; his hands could have been strengthened and he could have been expected to do very much more. Instead, they have withdrawn him: I do not know why.

The other question is about the functions which our trade commissioners are discharging today. Are we getting enough from them? Do they not need additional strength and more power to their elbow? Then there are the offices established by the State Trading Corporation in different parts of Europe—in Geneva, Brussels, Prague. Lots of complaints have come to my notice about them. I hope to pass on the papers I have about them to the ministry and so I will not dilate on it now. But the time has come for Government to have another look into this matter, as to what extent the money that we are placing at the disposal of these officers as well as the officers whom we are obliged to send from time to time to further our trade interests is being spent, whether it is being spent usefully or wastefully.

[Shri Ranga]

I now come to the positive contributions they want to make. They have talked about new vistas for export possibilities. One of them is the links and barter policy. Are the Government quite clear about the policy they want to follow? I quite concede that it is necessary for them to be very flexible in regard to these matters. Every question has got to be decided on its own merits from time to time. So they cannot have any rigid policy. But nevertheless, they should be quite clear whether they would like to have a links and barter policy or not. For a long time, throughout the world, this has been talked about, as being one of the means by which under-developed countries can really improve their own economic conditions. I thought the minister also was really interested and keen on it. But when I talked to him sometime back, he was not quite sure. One day he said, we have changed our policy. Another time I came to know they are again thinking of it. Therefore, I want them to be very clear about this and let the trade in our country—in the private sector as also the STC and other corporations also—know whether we would like to develop our trade policy on these lines.

There is the question of price support schemes. I was very happy indeed that they helped the lemongrass oil production in Kerala. But they sustained some loss. Is it not time for this Ministry to see to it that the Finance Ministry accepts the policy that whenever such losses are incurred as a result of their pursuing a State policy or Government policy of helping the growers or producers of a particular commodity in their efforts to market their commodity, these losses must be borne by the Government as a whole, and not by the STC, in the same way in which they have tried to help the country by exporting sugar and, at the same time, seeing to it that the trade concerned does not suffer. Some such policy has to be developed.

Now I am very happy to hear my hon. friend saying that STC has accepted the policy of price support for tobacco. I come from that area, I speak for those people and I have also come to know the way in which these people work and live and how this trade has been functioning for the last 40 years. In fact, one of the first papers that I produced as a professor of economics was on tobacco marketing. All this time we have been asking for price support. At long last, my hon. friend has come forward and said that they are prepared to adopt it; the Andhra Government also came to be interested in it and, therefore, it has come to be accepted.

But how can it be implemented satisfactorily unless and until they develop sufficient capacity in their warehouses? They should also pursue a policy of persuading the banks to advance, not 50 percent as is the position today, but at least 75 percent of the prices that can be reasonably fixed according to the rates which are settled by the AGMARK people. That should be guaranteed by the Government and up to that percentage the banks should be encouraged to give credit to these people. Then, the price fixation policy should also give up its present idea of fixing a ceiling. Against whom are you fixing the ceiling? Whom are you protecting? Foreign markets? It is not our job. Therefore, it is not necessary. As long as you keep the ceiling, you inhibit the trade and its development. So, this policy has got to be re-organised.

Secondly, only a portion of the total tobacco, that is produced is offered this protection, and that is Virginia tobacco, flu-cured tobacco. The other types of tobacco have also to be given similar treatment. I would like the Government to think on those lines also.

Then, what is the proper role to be played by the STC? We were told in the beginning, when the formation of

STC was being sponsored here in Parliament, that it was being created, primarily to protect our traders our producers, as against the monopoly buyers that were existing at that time in the USSR and, later on, in other Communist countries. But instead of fulfilling that primary function for which it was brought into existence, STC has been thwarted, has been prevented, from developing its trade in the only manner in which it should have done it in order to protect our interests in our dealings with the Soviet Union and other Communist countries. At that end, there is only one buyer, there is only one seller. All those countries sell their produce at one price, dictated by their Government, conveyed by their diplomatic representatives here. That is how they protect their interests—by having only one buyer or one seller. On the other hand, on our side what do we find? When it comes to sugar or iron ore, Government wants to have a sort of monopoly; if it is cement, then also they have to have a monopoly; the same in the case of fertilizer imports. But when it comes to the protection of our own producers here in this country, not only in the case of tobacco but even in the case of leather goods and various other things that we are exporting to those Communist countries, all our small and middle-sized traders are placed at the mercy of the powerful foreign buyers, a colossus in which the USSR and each one of the Communist countries are represented. Is it fair? Is it done on the dictation of those countries? I am sure, they did not ask for it; they never asked for it. But, at the same time, there is some justification for the suspicion felt by some people that these Governments might be quite happy with the situation with which they are faced in this country, because they are able to beat down our prices.

13.25 hrs.

[MR. THIRUMALA RAO *in the Chair*]

My hon. friend says that we have fixed the minimum price. But the

minimum price had come to be the maximum price last year—let them look into their figures—the year before, in fact, for the last three or four years, whereas I find from the democratic countries, especially England, the various buyers have been paying a little more than the minimum price and, often times, much higher than the minimum price. These friends, the monopolist buyers, have been paying more or less the minimum price, turning it into maximum. What is even worse, they have helped and encouraged—I congratulate them for their intelligence and capacity; certainly, they are more capable than this Government—they have helped and encouraged a large number of their own friends in this country, friends of their friends, and friends' friends of their friends, to form various so-called exporting concerns and they have tried to give them as much of encouragement as they could possibly give, consistent with their diplomatic relations with this Government. How much of encouragement they have given, my hon. friend ought to know. Therefore, I do not wish to dilate on that. How much of profit they have been able to make, well, he ought to know. Where that money is going and how it is being utilized in order to subvert our own social economy, the Home Minister knows it only too well; only, he did not say it in so many words. But he has mentioned it in the charge-sheet against the Left Communists. The Left Communists and the Right Communists are more or less the same; only twin-brothers, Siamese twins in our country, seeking to serve the same political interests. This is not the time to deal with this matter in detail.

The third adverse effect of this arrangement is that our buyers and sellers our merchants and growers, find it not possible to persuade these buyers from the totalitarian countries to accept the AGMARK and pay the price that should be paid according to that AGMARK. Because of their lack of bargaining capacity, they have no other choice but to break up some of

[Shri Ranga]

their own bales and get them re-graded again into lower grade to get within the minimum price that has been fixed by the Government and make it available to those buyers and in this way our country is coming to lose very heavily.

Now, all these things are within the knowledge of the Government. But Government are nonplussed lest these new buyers should become shy, should get angry or annoyed and, therefore, go back without making any purchase here at all. That is where politics comes in and that is where foreign policy itself comes to be involved and that is exactly how the Western nations had exploited our country and other under-developed countries for a long time. We have been protesting against it.

We cannot very well allow this kind of exploitation to be carried on by these Communist countries. You cannot blame them because they are only taking advantage of our foolishness and lack of organisation.

Therefore, the proper role that the STC should have played is exactly to fulfil the primary purpose, the true purpose, for which it was brought into existence, to play the role of the sole seller of our various types of tobacco to all those countries where there is monopoly in regard to buying as well as selling. This applies to France also when it comes to tobacco. They cannot make any grievance in all conscience; when they themselves have got a monopoly in their own country, why should there not be a monopoly in our own country also? That is exactly what I expect the STC to do. But how can the STC function that way unless Government make up their mind? That is exactly where the difficulty arises. How could this poor Commerce Minister decide about this matter unless it is backed up by the Foreign Minister, the Home Minister as well as the Prime Minister? It is

high time that all of them come together and take necessary measures in order to see that STC is properly strengthened and manned with the help of so many of our own traders, experienced growers and others to see that proper prices are obtained for our sales, not only in regard to tobacco but in regard to every other commodity that we are selling to the Soviet or Communist countries.

Then, they say that the Government's policy is to help each industry to become self-supporting in regard to all the commodities that it would need which are known as accessories, instruments of production and so on, so that it would become independent of foreign imports. So, they want to pursue that policy. I wish them all good luck in that. But it is a brave effort, too heroic, because it is not going to be achieved for a very long time to come. In the meanwhile, they have got to help these industries to get their imports of the accessories, the commodities, the machines and the spare-parts, and for that the foreign exchange has got to be allotted. There are two ways. One is the proper priorities being given from out of the total amount of foreign exchange that we can get and the other is to develop barter arrangements and it is there that the Government has got to pursue a new policy and a different policy than what has been done till now. It is not enough for the State Trading Corporation to try to import and to try to compete with our people even in regard to exports as well as link imports. On the other hand, they ought to help our private trade, private entrepreneurs here, to do all this work. The State Trading Corporation should stand by them as an additional source of strength for them for advice, for assistance, for additional know-how and funds and also the Government should stand by them. But instead of that, unfortunately for us, the Government has been pursuing the policy of looking at all these lakhs of traders that we have dealing in

different commodities in our country as—not as its enemies, I am not prepared to say that—steps-sons. It seems to them that somehow, although it has not got the capacity to do so, it must do everything by itself and, therefore, it must expand, it must encroach upon their fields and so discourage those people, at least not encourage them. This is the wrong-headed policy that the Government has been pursuing all this time with the result that they want us to feel proud of the fact that our exports have gone up. Indeed, the rise in our exports has been inhibited. There could have been a very much bigger rise in our exports, to deal with our imports. We cannot keep down imports because we have a developing economy and, therefore, we must go on importing more and more of machinery and spare-parts. Necessarily, we have got to push up our exports. How can we push up our exports if they were to make the Commerce Minister follow a policy which is wrong-headed . . .

**The Minister of Commerce (Shri Manubhai Shah):** What is the policy he is referring to? He means that the State Trading Corporation has taken away all the business from the private traders. I think he is grossly misinformed. Does he know that 90 to 95 per cent of the imports is done on wrong-headed . . .

**Shri Ranga:** Yes, the 95 per cent and the 5 per cent come to so much..

**Shri Manubhai Shah:** Anyway, he is advocating against the monopoly purchase by the State Trading Corporation.

**Shri Ranga:** Here is all the information that he has given in these documents—very nicely published also. Here is another document and how beautiful it looks! If only they were to dress up commodities in the same nice way and help our merchants also in the same efficient manner in which these reports have been published....

**Shri Manubhai Shah:** I only plead for consistency in the hon. Member's arguments.

**Shri Ranga:** Quit right. I am very consistent. The only thing is that I am consistent in criticising the inconsistencies, inconsistent policies of the Government.

They want to help our private trade. Then, what should be the role of the S.T.C.? They themselves have stated here that wherever the private trade is not able to deal in any particular trade, only then the S.T.C. has to come in. Instead of that, for every little thing, the S.T.C. is coming in. The S.T.C. has been degraded to this level of being a kind of a middle-man Take, for example, the sugar trade. What is the function that they perform? It is the same kind of function as that of the Orissa Agents, I suppose—no constructive, no useful function at all. It is only to pass on all these things to the various licence-holders in the country.

It is high time that the Government should think about it again. My hon. friend seems to think that he is in the dock and, therefore, he has got to answer. Let him realise that there are some of us who realise his helplessness. It is no good for him or for some of the Ministries to put on a brave front saying that they are responsible for the policies of the Government. He is not fully responsible for the policies of the Government because his policies are born out of the foreign policy also, out of the home policy also....

**Shri Manubhai Shah:** I don't accept.

**Shri Ranga:** You would not accept. Otherwise, you will not remain in Government then; you will have to come over here, to this side.

**Mr. Chairman:** Is the hon. Member referring to export trade in tobacco vis-a-vis the foreign policy?

**Shri Ranga:** That is what I have said. The export trade in tobacco is linked up with the foreign policy also. Here are what are known as the Nav Bharat Exporters. What are they? Some of them are in jail now—the Left Communists. That is their trade. They encourage them; they deal with them. Why do you think there is no foreign policy in this? Therefore, what I would like to suggest is this that it is high time for the Government to make up their mind that they should look upon the S.T.C. as a stand-by—help it in every way, help it to grow; I am glad that it is flourishing into other Corporations also; I have no objection; the more there are, the better it is and there is no harm—but they should not go and compete with our own business people in our country. Let them help them in every way possible, assist them, stand by them, and that is what they have been failing to do.

Lastly, I do not know, how far my friend alone, this Ministry alone, is responsible—so many other Ministries would come into it—in this question of issuing licences, permits, quotas and also recognising some export houses and taking advantage of the services proffered by some of the companies which would be having some special relation, special contacts, with countries like France, Switzerland and other countries. There is the distribution aspect. They themselves cannot go to the villagers. Therefore, they have got to purchase every commodity from various people. They do not purchase them in the open markets because the open markets are not available in all the sectors for all the commodities. Therefore, there would be so much of patronage and so much of discretion to be used in regard to all these things. I suggest—I have suggested it once before; I repeat it—again that it is high time that a non-political, non-partisan, quasi-judicial, Commission should be established with the necessary staff to function in the same manner as the U.P.S.C. does, as the University Grants Commission or any of these non-partisan commis-

sions function, like the Election Commission. It should function independently of the whims and fancies of the Minister and all this entourage in this Ministry here and his opposite numbers in the State Governments. Certainly, it is his province to lay down the policy, but the implementation of it should be left to them in regard to procurement, distribution and sale and the manner in which they are being utilised.

In regard to the State Trading Corporation, and all these Corporations, also, so far as the policy is concerned, certainly the Minister should be made responsible and let him enunciate it from time to time. But in the working of the State Trading Corporation, there should be a greater freedom than there has been hitherto. They have themselves stated that they want it to be free from redtapism, they want to have this loaping procedure, so that they would be able to cut down red tape as well as delay. But actually one of its great difficulties is red tape and, the continuation of the policy, the extension of the policy which was pursued at one time by the present Finance Member, who was at that time also Finance Minister, of giving oral orders and getting things done and not having anything on paper so that he could be taken to task at all at any future time. Therefore, I want these corporations to be given sufficient freedom. I want these corporations to go to the rescue of producers as well as merchants who are interested in various commodities like tobacco.

Lastly, I do not want them to think that tobacco growers in Andhra and tobacco merchants are a kind of people who are to be pitied, who have got to be shackled and whose production capacity has got to be controlled. They themselves have stated that by 1970 a larger area can be placed under it, more is to be produced. And so how does it lie in the mouth of my



friend or anybody else to say, "Oh, just because of the fear of cancer, the consumption is going to come down and, therefore, these producers have got to produce much less" and so on? The producers have got to be given every possible help and assistance and so also the merchants.

I hope that my hon. friend the Minister will treat the contribution that I have made today not as something coming from someone who wants this Ministry to go, the STC to go and all the activities of the Government to go, but from one who wants more and more of these activities of Government but in a more constructive and dynamic manner, and in a manner which would help the private trade also and which would treat private trade as a friend, as a collaborator and as a comrade.

**Shri V. B. Gandhi** (Bombay Central South): I always like to see that the reports of Ministries such as the one before us of the Commerce Ministry, are written with the intention of making them informative and educative. We all need to be educated, and heaven knows, that M.P.'s need to be educated as much as anybody else. No one can say that he is excessively educated and needs no more education. The report before us is a fine example of a good report, a report that is informative and educative too. In its 112 pages, it has compressed a lot of excellent material and presented it very well.

I am not the only one who has this opinion of this report, for, the Federation of Indian Chambers of Commerce and Industry has also commented similarly. Here, I quote what the Federation says . . .

**Shri Heda** (Nizamabad): That is unofficial.

**Shri V. B. Gandhi**: It is very appropriate here. The Federation says:

"The annual report which has just been made available to Members

of Parliament is a striking improvement on the reports which used to be presented earlier."

I hope that the other Ministries will follow this good example.

Now, I shall say a word about the overall picture of our foreign trade. Our foreign trade during the last ten years, that is, our foreign trade during the periods of First and Second Plan has been rather stagnant. But there are signs of movement now, and we see that our foreign trade is making some progress. In the three calendar years 1962, 1963 and 1964, we have exported to the tune of Rs. 685 crores, Rs. 783 crores and Rs. 935 crores. That is not a bad performance. We have also set up a target for the Fourth Plan, of Rs. 5100 crores. That is in my view quite a realistic target, and I do not think that it is an over-ambitious one.

When we talk of foreign trade we must not ignore what is happening to our import trade, for sometimes, what happens to our import trade can neutralise the gain that we make in the export trade. In 1964, we imported a very large amount of the value of Rs. 1250 crores, which was nearly Rs. 72 crores more than during the previous year. Of course, in this particular case, we can plead some extenuating circumstances inasmuch as we had to import larger quantities of foodgrains and also of fertilisers. These two items together accounted for an increase of Rs. 85 crores in our imports.

The question that immediately interests us is this: Will our export trade continue to grow as it has been doing in these recent years? It is difficult to predict, but I think that if nothing unexpected happens, it will be reasonable to assume that the growth in the expansion in our export trade will continue. If we want to have larger exports, then that can be possible only when we achieve larger surpluses available for export. We can do this, that is to say, achieve those

[Shri V. B. Gandhi]

surpluses, only by increasing production in the first place and secondly by regulating domestic consumption. Regulation of domestic consumption is a necessary condition, at least for the few difficult years that we can see ahead of us.

As I have said, if we want to export we must create a surplus, and this surplus can be created only by producing more and consuming less. We must consume less. We cannot do both the things, that is, consume more and also export more. We must also watch our step in this direction and see that there are no disincentives to exports present in our system. For instance, the prevailing internal prices are so attractive that may act as a disincentive to export. That should be watched. Then, we should certainly have a national policy on consumption. Our experience in the case of the export of sugar is very illustrative. In 1963 and 1964 there was a great opportunity for India to export sugar and earn a lot of exchange, and valuable foreign exchange at that. As you know, there was a great scarcity of sugar the world over because of the loss of the Cuban market to America. Prices went rocketing. I understand the price in London of sugar was something like 50. We could have earned a lot of foreign exchange. We did of course make some foreign exchange; we did export something like 5 lakh tons in 1963, but the next year again, we shrank back and our exports only amounted to 2,71,000 tonnes. Here again, as I said, this national policy to regulation of consumption comes in. After all, we should, in our present circumstances, be prepared to accept certain sacrifices in the larger interests of the progress of the economy. A little less of sugar does not kill anyone, but we did not get through the test very creditably in these two years of 1963 and 1964.

It is not enough to have a surplus for export. There are also other hurdles we have to clear. One of

these is that there must be present a demand for the goods we want to export. The demand must be there. Secondly, our prices must be competitive in the international market. In today's world, we must remember that it is not that exports just happen; exports don't happen. They have to be planned for and worked for. It is here that the Government comes in, the Commerce Ministry comes in. The policies of the Ministry have to be adapted to that end.

Now, we have all seen the report of the Ministry. The Ministry tells the whole story. We can see that the Ministry has done a considerable amount of good work for the promotion of exports. I would particularly mention two of the institutions—as we all know, the Ministry has brought into existence a number of new and useful institutions. One is the Board of Trade and the other the Indian Institute of Foreign Trade. They are of vital importance to the growing foreign trade of the country, and they are also of a fundamental nature. That will help the progress in years to come. Judging from the results of the steps taken by the Ministry for the promotion of export trade and the export schemes that the Ministry has set in motion, we can see that it has proved that they have proved successful to a substantial extent.

Then I would like to make a reference to the efforts that are being made in the direction of establishing new commercial offices abroad. I see that already we possess something like over 50 such offices, and I see that their number is growing.

One small point I would like to place before the Ministry for its consideration. It is that very often difficulties still continue to be experienced by businessmen who want to go abroad in the interests of export trade. Couldn't something be done by which some of these delays and

difficulties be removed or at least lessened? For instance, the Commerce Ministry could consider on its satisfying itself that the visit is genuinely intended for export promotion to a kind of giving a certificate or endorsement of the genuineness of the application for foreign exchange, and help matters to some extent.

Then there is one last item. Here again I refer to a point made by the Federation of Indian Chambers of Commerce and Industry. The Federation says:

“Members of Parliament and of the business community should be actively associated with the follow-up work from the UN conference such as in the deliberations of the Trade and Development Conference, the Kennedy Round Tariff Negotiations and the work of ECAFE”.

Here I think my own experience, limited as it is, tells me that there would be some advantage in having an increasing association of MPs and businessmen with the work of such international bodies. I remember that some years ago in the regime of Shri T. T. Krishnamachari as the Commerce Minister then, I had the privilege to attend two ECAFE conferences, one in Tokyo and one in Bangalore. I think the next one is going to be held in Bangalore. My impression has been that there is some usefulness and advantage to be had by Government in associating both MPs and businessmen with such work, and this step may be considered by Government. Of course, Government will consider the suggestion in all its aspects, some of which perhaps are not known to us.

**Shrimati Akkamma Devi (Nilgiris):** I will confine myself only to the tea industry. The tea industry occupies a most important place in the economy of the country. Exports of tea amounted to Rs. 133 crores in 1964

and this accounts for a substantial part of our foreign exchange earnings. Being a highly labour-intensive industry, it provides employment to about a million workers, thereby helping Government solve our unemployment problem to a certain extent.

Keeping all these points of view, the importance of the industry, the Government of India set up a Tea Finance Committee in July 1964 to examine the financial position of the industry with special reference to the requirements of increase in production and exports.

14 hrs.

Apart from the other terms of reference, this Committee was asked to examine the tax structure of tea and suggest appropriate measures wherever tax relief is necessary. Accordingly, this Committee, after a number of sittings, submitted a unanimous report in December, 1964, with a number of recommendations to encourage the tea industry to go ahead in its development programme and increase its exports. From the Ministry's Report we find that these recommendations are under consideration. My humble request to the Government is that all the recommendations should be implemented, because it will encourage the tea industry; it will also help us to fight the strong competition from other countries, especially Ceylon, increase our exports and add to our foreign exchange earnings.

Coming to the small grower, I am very grateful to our Minister for the setting up of co-operative factories to bring about the financial uplift of the small growers. We have small growers in Kangra in Punjab, Kerala and predominantly in Nilgiris in Madras State. In my constituency, in addition to the two existing co-operative factories, six more cooperative factories have been sanctioned, and I am happy to inform our Minister that within the last two months all the

[Shrimati Akkamma Devi]

Co-operative societies have been registered. Also, a Central Co-operative Service Society has been formed with the District Collector as the President, the Presidents of the eight co-operative factories as members, and representatives of the Tea Board as *ex-officio* members. This society is to supervise the activities of these co-operative factories in the district. So, on behalf of the small growers and also on behalf of myself, I am very grateful to our Government.

But our problem is the excise duty of 42 paise. Gudalur, which is one of the taluks of Nilgiris, is placed under Zone 1 and has to pay only 18 paise as excise duty, but Coonoor and Ootacamund, the remaining two taluks, are placed under Zone 4 and have to pay 42 paise as excise duty. This hits the small grower very severely.

The excise zone is fixed on the basis of Cochin averages, but I find that over a period of five years, from 1958 to 1963, 59.11 per cent of the teas did not sell in Cochin auctions. The zonal levy is based on 40.99 per cent of the teas. This will also not include the common teas produced in the Nilgiris. So, to take only 40.99 per cent of the teas sold in Cochin auctions will not give us a correct picture of the facts and figures of Nilgiris tea.

When we look at the average prices fetched in the various auctions in Calcutta, we find that the true average price of Nilgiris tea will justify its inclusion in Zone 1. Again, if you see Coonoor auction figures, Nilgiri tea is sold below Rs. 4 per kilo, and this also includes the excise duty of 42 paise. Sometimes the tea is sold at such a low price as Rs. 3.40 and from that also 42 paise has to be deducted. So, we can just imagine the price which this common tea fetches after deducting the cost of production and excise duty. Again, the true average is less than Zone 1 where Cachar, Tripura, Siliguri, Cooch Behar, Kurseong, Kalimpong, and

Kangra in the North, and Gudalur (Nilgiris), Kanyakumari, Tinnevely, Peermade etc., in the South are included. If we glance at the average price of tea in Zone 1 and the price of Nilgiri tea which is placed in Zone 4, the Coonoor auction clearly shows that the average price is Rs. 3.90 minus 42 paise excise duty.

So, my humble request is that as Gudalur is already in Zone 1, the remaining two taluks which have been left out, should also be brought under Zone 1.

But if Government is considering the recommendations of the Tea Finance Committee, namely that the Bought Leaf Factories which purchased more than two-thirds of its green leaf from small growers during the year 1963-64 and the co-operative factories set up by Government for the small growers in Nilgiris should be grouped into a separate zone and charged excise duty applicable to Zone 1,—this is really important—to avoid apprehensions and doubts in the minds of the small growers, I request our Government to accept that recommendation and implement it without delay.

Unfortunately, our Finance Minister is not here. I request the Finance Minister also to give us this excise duty relief, because the 40 per cent development rebate on new planting and 20 per cent development rebate on replanting and tax credit certificates in this year's Budget proposals will not benefit the small growers of tea at all. Therefore, I request our Finance Minister, through you, to see that the small growers are benefited by getting this excise duty relief, by being brought under Zone 1.

My next point is that the handicaps experienced by the coffee and tea plantations in the State of Madras, and more particularly in Nilgiris District, have not been sufficiently appreciated. There are three enactments

in Madras State, namely Madras preservation of Private Forests Act, 1949, Madras Hill Stations (Preservation of Trees) Act, 1955 and Madras Private Forests (Assumption of Management) Act 1961. However well-intentioned these enactments may be to preserve the forest wealth of our country, they have an adverse effect on the plantation industry as I shall show.

The first of the above three enactments applies only to Gudalur, while the second applies to certain areas in Coonoor and Ootacamund taluks of Nilgiris, namely notified panchayats.

In the case of the first enactment, there have been long delays because of the dilatory procedure prescribed by the Act and the rules, but luckily after several representations were made to Government, Government have now empowered the District Collector to grant permission for felling trees for fuel and timber purposes.

But the third enactment is the most important, and if it is enforced in full measure, it would seriously inhibit the growth of plantations in Nilgiris, and also have an adverse effect on production and exports of plantation products, because plantations need reserves for fuel and timber for their factories and for construction purposes, as also for extending new planting and replacing the old bushes.

The assumption of management of the reserves by Government would prevent the estates from utilising their forest resources for productive activities and also the implementation of their programme for expansion of the planted area. My request to the Government is that plantations should be allowed full use of the reserves without hindrance as long as they strictly observe the regulatory provisions of the Madras Preservation of Private Forests Act or the Madras Hill Stations (Preservation of Trees) Act, as the case may be.

Coming to my last point, Sir, I request the Government of India to impress on the State Government that high priority should be given to the tea and coffee industry. A thick cover of tea bushes with a canopy of shady trees and well-maintained timber and fuel reserves will not be distinguishable from any forest in its natural as well as economic advantages. So, I request the Government to impress upon the State Government that this plantation industry, namely coffee and tea industry, should be given high priority.

While offering these humble suggestions of mine, I give my whole-hearted support to the Demands of this Ministry.

**Mr. Chairman:** The hon. Members may now move the cut motions to Demands for Grants relating to the Ministry of Commerce, subject to their being otherwise admissible.

**Shri Yashpal Singh:** (Kairana): I beg to move:

(i) "That the demand under the head other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need to check persistent increases in the prices of cotton and woollen cloth (3)]

(ii) "That the demand under the head other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need for proper development of handloom industry (4).]

(iii) "That the demand under the head other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need for thorough examination of goods to be exported out of India (5)]

(iv) "That the demand under the head other Revenue Expenditure

[Shri Yashpal Singh]  
of the Ministry of Commerce be reduced by Rs. 100."

[Need to provide for air-conditioned storage for exportable Indian fruit (6)]

(v) "That the demand under the head other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Slackness in the construction of office building for Indian Trade Corporation (7).]

(vi) "That the demand under the head other Revenue Expenditure of the Ministry of Commerce be reduced by Rs. 100."

[Need to give financial and other assistance to such traders as promote exports (8)]

**Shri Narendra Singh Mahida**  
(Anand): I beg to move:

(i) "That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Need to improve the working of the State Trading Corporation Limited. (14)]

(ii) "That the demand under the head Capital Outlay of the Ministry of Commerce be reduced by Rs. 100."

[Need to improve the working of the Minerals and Metals Trading Corporation Limited. (15)]

(iii) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need to improve conditions in foreign trade. (16)]

(iv) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need to protect interests of Indian Traders abroad (17).]

(v) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need to increase trade missions and delegations representing private sector (18).]

(vi) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need to further improve export trade and offer more incentive to exporters (19)]

(vii) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need to improve the set-up of trade promotion publicity and research (20)].

(viii) "That the demand under the head Foreign Trade be reduced by Rs. 100."

[Need for increased participation in fairs and exhibitions abroad (21)]

**Shri Warior** (Trichur): I beg to move:

(i) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to restrict export of coir yarn (25)]

(ii) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to encourage export of coir mat and mattings (26)].

(iii) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Question of increasing price of natural rubber (27)]

(iv) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to give protection against the killing competition of synthetic rubber both imported and indigenous (22)]

(v) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to retain statutory committees of coffee, tea, spices, coconut, areca-nut and cardamom (29)].

(vi) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to encourage export of ivory handicrafts (30)].

(vii) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to encourage export of fish and fish products especially of prawns (31)].

(viii) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to find market for Lemongrass oil (32)].

(ix) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need for legislation against all forward trading in agricultural commodities (34)].

(x) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to give more encouragement to the pioca growers by curtailing starch imports (35)].

(xi) "That the demand under the head Ministry of Commerce be reduced by Rs. 100."

[Need to control prices of woollen fabrics as well as other textile goods (36)].

**Mr. Chairman:** These cut motions are now before the House.

**Shri Alvares, The hon. Member** has got ten minutes.

**Shri Alvares (Panjim):** I am aware of it, Sir. The export promotion scheme of the Ministry of Commerce serves

an extra-ordinarily useful purpose, not merely because it provides the where-withals for import finance but also because of the denial in home consumption that it has to impose. It is a very difficult situation. There is the denial of consumption of sugar, tea, edible oil etc. and we have to pay a tribute to the patience of the people of this country for the great many sacrifices they are making in order that export promotion should be stepped up, in order that the balance of payments could also be narrowed and money could be found for the purpose of imports. But there is an area of exports that needs some consideration. In the present situation today in the world market, the price of raw material is steeply falling while, on the other hand, the price of manufactured goods is rising. India is a primary supplier of raw material and even if the physical volume of its exports increases, it finds itself in increasing difficulties in getting a fair return for the amount of raw material exported. We cannot afford to do that for long.

I would suggest that there is an area of intermediate manufactures. After all, the production of sophisticated manufactures in an evolutionary process which could not come in a day. We cannot therefore export to highly developed countries, but there is a vast market in Asia and Africa where the manufactures of the intermediate industries can find a market, and therefore Government can do much in this direction to exploit this market so that not merely does India have a market for its exports but it generates also an industry that will supply the market as much as they want.

The second point in regard to the price of raw materials is that India must find a fair return for these exports. It is a phenomenon of today's market conditions that the industrial countries are finding raw materials increasingly for their use within themselves and the amount of raw

[Shri Alvares]

material that they need from the developing countries will in future be receding. So, where the industrialised countries are finding raw materials from among themselves, or from their own countries, there must be some arrangement whereby parity in exports is maintained, so that these industrialised countries do not shut out the developing countries from this very important source.

As regards the price, there appears to be no arrangement yet by which the falling prices of exports could be arrested. There must be some arrangement. I do not know how it is going to be done. But it can only be done at international level. I do not know what exactly will be the effect of the recommendations of the agricultural Price Commission. It is charged with the responsibility of paying a fair price to the agriculturist for organic raw material and if this Commission makes such a recommendation, I am sure that the price that India gets in the international market for organic raw material will be such as will give a fair return not merely to the agriculturist but also to the Government in its foreign exchange dealings.

14.17 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

In this context we must be beholden to Japan for the inauguration of a very fine idea of the Asian Development Bank. It is curious that the idea of such a bank should come from the Prime Minister of Japan, Mr. Sato. Though it has expressed a difficulty in making over the required amount of capital for this bank it is hoped that the developed countries would be able to put apart one per cent income for this purpose and that this bank will do its business in the right manner, and also that the fund may soon reach the one billion dollar mark. I do not know what the Government of India have decided to do except to accept the principle of this bank. It appears

an officer of the Industrial Development Bank was present at the preliminary meeting and therefore I hope that the Government of India will give this bank all its support so that in both spheres of finance and development, this bank may be able to generate intermediate manufacturing process in the developing countries of Asia and Africa.

In regard to internal production, I may make one reference to the all-important and often-referred power looms. I do not know why the Asoka Mehta Committee's recommendations on power looms, even though it is a year now since they were submitted to Government, have not been implemented. The result has been that twice in the last two years, between the two budget sessions, certain recommendations had been made by the Government which are entirely counter to the recommendations of that committee. For instance, the new excise that is proposed in the Finance Bill, of Rs. 25 per loom, is something that the Committee specifically noted against. In the centralised sector, the mill sector, your production has stagnated for the last 12 years. This sector could not be given any additional yardage for the simple reason that it has not done or not played fair with the economy of this country. So, the suggestion of the committee was that all additional yardage should be passed on to the decentralised sector, handloom and powerloom. In spite of this and in spite of another recommendation, that the existing excise duty on powerloom should be rescinded and in spite of the other recommendation referred to about passing excise duty on the supply and production of yarn, Government have ignored these two important recommendations.

They have suggested a levy of Rs. 25 per powerloom. It is one of the recommendations of the Asoka Mehta Committee that all excise duties on looms up to four should be exempted. But this Government, in its policy



which has been adumbrated in the Finance Bill, has given relief to looms on 25 to 69. Thus, they have imposed an excise duty on looms that are up to four in number, which is completely against the recommendations of the Asoka Mehta Committee. For those who either change the location of the looms or switch on to another power complex, there is a penalty fee of Rs. 300. Why should it be so? The Asoka Mehta Committee suggested that progressively, handloom should be converted into powerloom. If it is necessary for the economy of the country, for a step towards industrialisation, to convert handloom into powerloom, then obviously certain facilities must be given for this conversion. On the contrary the Government is imposing a penalty of Rs. 300 where the present situation changes—and the present situation will change because there is no power and today many looms are grouped together in one machine for the plant which generates power is either for the whole village or for a section of the village. It is, therefore, obvious that as electricity is made available to the power-looms, the powerloom, factories will change their residence or location, and everytime they do that, this penalty of Rs. 300 will be levied?

Then I come to the excise duty in relation to the textiles. The Commerce Minister may come forward to say that it is for the Finance Ministry and therefore this question may not arise here. But the point is that on the question of textile production in the centralised sector, the Finance Minister has proposed an excise rebate of Rs. 12.43 crores for this sector. He has proposed that for the future, for the rayon yarn, there should be rebate of Rs. 256 lakhs; on cotton fabrics, Rs. 976 lakhs and on silk yarn, Rs. 11 lakhs, totalling

Rs. 12.43 crores. I do not mind if it is either the Finance Minister or

the Commerce Minister; but here is this Government which is doing this. The point is whether conditions are being created for the powerloom to grow to such an extent as to encourage the greater production of cloth. I have said earlier that the production in the centralised sector has come to a standstill. It is only in the decentralised sector that they are producing, and in such a situation, this Government has chosen to give a rebate of Rs. 12.43 crores for the centralised sector has imposed an excise levy of Rs. 25 per loom and a penalty of Rs. 300 for every loom that is shifted to a different location or residence; How can the decentralised sector progress, of which we talk so much in this country? I would, therefore, urge upon the Government that the issue or the question of production in the powerlooms should receive their earnest consideration and they should abandon this impost which hampers production and which prevents the common man from growing to his full stature. The Government should rescind this forthwith.

There is one more point to which I should like to refer. There is not much time to mention it. In the chapter on international trade, it has been made out that while tea consumption in India rose from 1938 to 1963 by about 400 per cent, the exports rose only by 25 per cent. There is a very favourable market for tea and the Commerce Minister will have to explain to this House why, when there is a favourable market for the export of tea, he has not taken sufficient measures for the greater export of tea and greater production of tea in this country.

**Shri P. C. Borooah** (Sibsagar): Mr. Deputy-Speaker, Sir, the Annual Report of this Ministry presents a very good record of the Ministry's activities during 1964-65. The foreign trade, export promotion, measures to be taken in the fourth Plan and so on have been very strikingly projected in the report. In spite of our stagnation

[Shri P. C. Borooah]

in agricultural production and a slackening of the tempo in industrial production, the Ministry has been able to earn foreign exchange to the extent of Rs. 835 crores, an all-time record. For this we should congratulate our Ministry and our Minister and the youthful Shri Manubhai Shah. We have confidence in him and we hope under his dynamic leadership this country will be able to establish itself in the world market as a best seller and thus build our country's economy on a solid and sound foundation.

Foreign exchange is the predominant necessity for all our development. Whether it is steel plant or family planning or Bhakra-Nangal or jet bombers,—everywhere, we need foreign exchange. Our requirement of foreign exchange has been estimated at Rs. 8,300 crores in the fourth Plan, and our earnings are estimated at Rs. 5,100 crores, which leaves a balance of Rs. 3,200 crores, and this will have to be obtained either from foreign aid or borrowed from some international financial institutions. The balance of our trade deficit in respect of the year 1964 also stands at Rs. 415 crores and our foreign exchange reserves have now come to the lowest level, namely, Rs. 80 crores. Thus, we are in a very unassumed position economically. So, the need of the hour is to boost up our exports, increase our earnings of foreign exchange and rationalise our imports.

The most important task of earning of foreign exchange has fallen to this Ministry and that is why the Minister in charge has to go all over the world to sell our products and bring home foreign exchange. But, for doing this, the Ministry must have articles of standard quality and a regular and adequate supply and also a competitive price should be offered. But without the co-operation of other Ministries,

this Ministry alone will not be able to achieve this purpose. This brings to the fore the question of greater co-operation among the different Ministries such as the Ministry of Industry, Agriculture, Labour and also Finance. I hope the Government will give serious thought to this aspect and see that some sort of co-ordination is established.

So far as production is concerned, both in agriculture and industry, it must be stepped up. Without appreciable production, it will be impossible for us to achieve a large quantum of exports that we have envisaged in the fourth Plan. Therefore, all our energy should be confined to production. For achieving maximum production, incentives to producers by way of loans and subsidies and even tax rebates should be given. They should be provided with modern implements, tools, raw materials, and above all, the foreign exchange needed for capital goods. The extent of unutilised capacity is so large in the country that the Government should take serious steps to prevent this kind of wastage of effort and resources. Foreign exchange for importing essential components for industrial machinery and raw materials should be granted without reservation to enable our industries to reach their full capacity.

Regarding the promotion of export trade, the cost structure is one of the main factors. If the commodities are not offered at competitive prices, our efforts to boost up exports are bound to meet with failure. It is, therefore, necessary that incentives, both physical and monetary, should be granted. Unfortunately, our policy has not been production-oriented to the extent which is wanted.

Then, the proposal for establishment of cost Reduction Cells and Cost Intelligence Commission to investigate into current cost structure with a view to bringing about a sizeable reduction in the cost of production is very much welcome.

Regarding Trade Commissions, our trade missions abroad all have not been able to give a good account of themselves. It is not always necessary that recruitment to the trade missions should be made only from the administrative services. It may also be extended to the trade. A trial may be made to man at least a few of the trade missions with suitable persons having business acumen from the trade.

Regarding Trade delegations constituted of Members of Parliament and representatives of Trade. I do not wish to say anything in view of what my hon. friend Shri Gandhi has already said. I support what he has said.

Regarding the creation of new agencies, several new agencies are being created with more or less similar functions, such as the Indian Institute of Foreign Trade, Federation of Indian Export Organisation etc. But I fear whether there will be some duplication of the functions. It should therefore be seen that there is no duplication or overlapping of the functions between them.

Then, regarding market surveys, proper importance should be attached to market surveys. If we fail to assess the changing requirements, fashions, tastes and habits in the countries abroad, we will not be successful in expanding our exports. It is therefore necessary that market surveys are conducted from time to time. Then again, attention should also be given to research work and to explore new horizons to promote export. Jute fibre physics, light jute cloth manufacture, and joint research for jute and cotton may be suggested in this regard.

In the matter of jute exports, Pakistan is our formidable competitor. Two thirds of the world's jute trade is held by Pakistan and India together. As such it will be profitable for both countries if some sort of mutual understanding can be arrived at in regard to the export of jute.

98(Ai) LSD—6.

Regarding spices, Japanese type of chillies, white pepper, fibreless ginger are coming in great demand. Increased production and export of such articles will enable India to reach back her earlier high position in the world market regarding spices.

Then, this Ministry is also responsible for the development and regulation of plantation industries, of which Tea is one. This industry occupies a proud position, and I need not say much in this respect as the previous speaker, Shrimati Akkamma Devi, has already referred to it. I can detail the benefits derived by the country from this industry, I have a long list, but since I do not have that much time I do not wish to speak about it. The tea industry plays a vital role in building the economy of our country. But the saddest part of the matter is that it has not been fully realised by the Government. There was no mention of this industry in the First Plan. In the Second Plan, only the production targets and the export targets were fixed without any proper measures for a development programme. In the Third Plan, of course, there was some little bit done; two loan schemes have been given through the Tea Board, one for renovating the age-old tea machineries, and the second for replantation of old tea areas and extension of new tea areas. This also falls far too short of the requirements, but it has done a little benefit to the industry. In the Fourth Plan the target for production has been fixed at 1,000 million pounds and for export at 830 million pounds. A very big programme we have taken, but how to achieve it is the question. I do not want to take much time on dilating it. I shall read out only one paragraph from the Report of the Tea Finance Committee. It says:

"The Consultative Committee of Plantation Associations has expressed the opinion that the reason why the industry has found it necessary to ask Government for assistance is because it cannot finance expansion and increase ex-

[Shri P. C. Borooah]

ports from its own resources as it did in the past'. In a study recently carried out by it in connection with a Wage Board enquiry it found that in North India, a significant number of companies had been making losses, the percentage of such companies varying from 11.83 per cent in Assam Valley to 38.46 per cent in Darjeeling. Such a high loss ratio is in the opinion of the Consultative Committee 'indicative of the very difficult financial position in which the industry finds itself today'."

So, Sir, in this context the Government constituted this high-powered committee known as the Tea Finance Committee, under the chairmanship of one of the seniormost and able officers of the Finance Ministry, Shri V. V. Chari. It has gone into all the aspects and submitted its report which has been published and which, I think, has been made available to all Members of Parliament.

This industry held very high hopes that probably after the recommendations of this Tea Finance Committee, Government would be accepting those recommendation in toto. But those hopes have been belied and the recommendations have been watered down.

In the meantime the bank rate was raised from 5 per cent to 6 per cent. This had an adverse effect on the tea industry. Again, the Labour Ministry is also not sitting idle; it is not going to keep silent; it is ready to take away a large chunk of the industry's finances. With the Wage Board on the one hand and the Bonus Commission on the other, it is awaiting its chance to fall upon the industry. Already two interim increments in the wages have been asked to be given, and the final report of the Wage Board is awaited.

In the meantime, in the name of bonus another wage increase is coming, the Bill in respect of which is on the anvil of the Labour Ministry and that is coming up very soon before this House.

Still further, there is the third attack on the industry, and this time it is from its home State of Assam! Assam's Finance Minister in his budget speech has said:

"I feel that it would be possible for us to tide over our present difficulty.... by putting pressure on Government of India either to secure for us the President's assent to enable us to re-impose Road Carriage Tax or to substitute Road Carriage Tax and the West Bengal Entry Tax by additional Excise duty, the proceeds from which should be distributed to Assam and West Bengal on the basis of collection from the respective areas."

Well, Sir, when this is done and applied to practice I think the last nail to the coffin will be driven in, and the funeral procession of the tea industry will mark the advent of the Fourth Plan. If the Government want to avert this crisis and want to allow the industry to play its role in building the economy of the country, I would urge..

**An Hon. Member:** Is is a counsel of despair?

**Shri P. C. Borooah:** We are always living in optimism. If the Government do not want a crisis of the nature to come about I would urge that the Government should accept the Tea Finance Committee's recommendations. Because, these recommendations are a compromise. The Industry wanted more. But the Tea Finance Committee, being headed by a senior officer of the Finance Ministry, wanted that they should submit such a report so that the Government could accept it. The industry accepted this advice and as a result of compromise, this report has come. And so I hope that the re-

commendations of the Tea Finance Committee will be accepted by Government without any rejection.

I like to mention a few of the recommendations which in the present circumstances are a must for the healthy growth of the tea industry.

The first is, refund of excise duty of 18 Paise per kilogram in respect of all teas exported should be given. Here again I have to mention that in respect of all the other commodities which are exported, there is no excise duty. It is there only on tea. What sin has this industry committed that it alone has to pay the excise duty? Then again, the recommendation of the Committee is not for refund of the full duty but only for refund of a part of the excise duty, and that also not for fattening the dividends but for utilisation towards cost of new extension or replantation of old tea areas. I do not see any reason why this should not be given.

The second is, development allowance of 50 per cent on cost of planting in new areas and 40 per cent of such cost in areas replanted should be given. Here again I am to mention that in the case of tea areas no depreciation is allowed. So all that is wanted is that if there is any extension put out, it should not be considered fully as capital cost at least 50 per cent should be accepted as revenue cost. This will give incentive to the growers to go for new extension. The provision of new extension of 24,000 acres per annum demands this, and if we cannot so extend the tea areas, production of this 1,000 million pounds target for 1970 will never come. For the Fifth Plan we have taken a target of 1,200 million pounds, and if we do not take proper action at this time we will have to regret later on. This development allowance should therefore be given so that the industry can expand.

The third is, in the tax credit certificates linked to increased production,

the average of 1962, 1963 and 1964 should be taken as base year in place of the year 1964. Because in 1964 some of the areas in North India made good production while in the South they lost. The industry therefore want that the average of the last three years, viz., 1962, 1963 and 1964 should in all fairness be accepted.

The fourth is, for the purpose of Development rebate, the tea industry should be deemed to be covered by the Fifth Schedule of the Income-tax Act.

Fifthly, for the purpose of export rebate, all tea companies should be allowed a similar rebate of tax on exports. The industry is not asking for anything special. It only want to be put on a par with other industries which are exporting.

Lastly, Bought Leaf factories in the Nilgiri area should be grouped into a separate zone and charged excise duty applicable to Zone 1. This is a very small demand and I do not see any reason why this will not be looked into.

The Minister might say that it is for the Finance Ministry to grant these concessions; But we say that this ministry is entirely responsible for the industry. It is up to the Commerce Minister to fight with the Finance Ministry or Labour Ministry or with the State Government. If he cannot put up a good fight, the industry will meet with the same fate that I have apprehended. I hope with the energetic and dynamic leadership of the Minister in the person of Sari Manubhai Shah, he will be able to win the support of the Finance Minister and get the recommendations accepted by him. I do not say anything for the present about the Labour Ministry. When the report of the Bonus Commission comes, I will try to say something about it then. In the end let me say that whatever relief is given to the industry today will come back to the country in double the quantity by way of foreign exchange tomorrow.

With these words, I support the demands.

**Shri Oza (Surendranagar):** Sir, I am sorry Shri Ranga is not here. He wanted to project his political obsessions in the field of international trade. But I am glad the ministry is not suffering from similar inhibitions. I for one believe that short of open hostilities, we should not have any allergy towards any nation, whatsoever. Maybe on such grounds as apartheid practised by South Africa, we may break off all our trade relations with that country. But apart from such conditions, I do not think we should have any allergy towards any country, because conditioned as we are, we have got to step up the earnings of our free foreign exchange. Unless we do it, I am afraid we will never get out of the backwardness from which our economy is suffering. He also reverted to his usual tirade against import and export licences and the setting up of an impartial institution. But to that also, I am afraid I cannot subscribe, because we have been seeing that from time to time this system is working well. I do not say there are no loopholes or malpractices here and there. After all, human frailties will be there. But by and large, the malpractices are minimised and the whole system is getting streamlined. I understand the ministry has also set up a committee to go into all the details and I am sure we will benefit by its report.

I join with my other friends in congratulating the minister and his team of officials who with their characteristic dynamism, have brought out a wonderful change in the field of international trade during a short period. Not only at the domestic level, but in the international field also, we have to create a proper climate. Only by this two-pronged drive, we can expect to step up our export earnings.

By adopting several means and by instilling a sort of confidence amongst

our manufacturers, the minister and his officials have been able to see that not only our traditional exports like jute are looking up, but the exports are also getting diversified day by day. We are sending out more articles than we used to send sometime back. It is a good sign and I am sure with the increased tempo of production, both in agriculture and in manufactures, in days to come our exports will further look up.

We are having a very ambitious fourth plan and we want so much foreign exchange for implementing it. The maintenance imports visualised in the fourth plan are of the order of Rs. 5,100 to Rs. 5,300 crores and for development imports also, we require Rs. 1,800 to Rs. 2,500 crores. So, unless we step up our exports from an average of Rs. 760 crores to Rs. 1020 crores, that is an average increase of Rs. 260 crores, we cannot expect to fulfil the plans we want to undertake to remove poverty from this country. I am sure with the dynamic and able leadership of the minister, this will not be impossible.

I was talking about creating a climate in the world market also for our favourable exports. There also, on behalf of the under-developed countries, we are playing a very significant role in the GATT conferences and other conferences held under UN auspices. We have given a new shape to the policies which are being accepted by the organisation. Recently our minister had been to New Zealand and before that to Geneva. We know some new chapters have been incorporated because of his efforts, and the developed nations are increasingly accepting the necessity of helping the under-developed countries to push up their exports.

श्री हुकम चन्द कछवाय (देवास) :  
उपाध्यक्ष महोदय, हाजस में कोरम नहीं है।

**Mr. Deputy-Speaker:** The bell is being rung. Now there is quorum. He may continue.

**Shri C. K. Bhattacharyya (Rai-ganj):** Sir, I have to go to attend a meeting of the Estimates Committee at 3 o'clock. In case quorum is challenged, my presence may be counted amongst the members present.

**Mr. Deputy-Speaker:** It cannot be done.

**Shri Oza:** I was saying that there is an increasing awareness on the part of developed countries for helping under-developed countries in building up their economy.

We know that during the last UN Development Decade, the progress of the under-developed countries was not as satisfactory as envisaged. The economic growth was on an average 5 per cent but it could not be maintained. It was also expected that between 1950 and 1960, the share of the less developed countries in the international trade will go up. Instead of that, from 30 per cent it has fallen to 20 per cent., while that of developing countries has risen, instead of going down or only just maintaining. In an attempt to help the under developed countries, they should have restricted the export of manufactured goods to the under-developed countries. But it has gone up from 60 per cent to 66 per cent. But, recently, I think they have accepted certain policies by which we expect that during this decade exports from under-developed countries will look up and we will be able to maintain some developmental tempo in this country. For this it is absolutely necessary that instead of only selling our raw materials and agricultural products to foreign countries, those foreign countries should be in readiness to accept some semi-processed or semi-manufactured goods from us. Because, however technologically developed or advanced a country may be, it will be absolutely neces-

sary for it to import something, some components, some parts, manufactured or semi-processed, from other developing countries. In times to come, with a bit of co-ordination with various countries this be worked by which the developing countries, while maintaining their own Development, will be in a position to help the-under-developed countries to push up their plans in order to remove the backlog from which they are at present suffering.

श्री हुकम चन्द कछवाय : उपाध्यक्ष  
महोदय, हाऊस में कोरम नहीं है।

**Mr. Deputy-Speaker:** The hon. Member might resume his seat. The bell is being rung . . . Now there is quorum. Hon. Members should make it a point to continue to remain in their seats instead of going out as soon as the Member begins to speak after the quorum has been obtained. Now, the hon. Member might continue his speech.

**Shri Oza:** My hon. friend, Shri V. B. Gandhi, while participating in the debate, referred to restraining consumption. I entirely agree with him. Of course, it is only natural that when our people were not well-fed, well-clothed, their requirements were not fulfilled, there is every reason to see that their crying needs, long-felt desires, are fulfilled; at the same time, we have also to see that we earn a little foreign exchange in order to import the necessary plants and equipments to develop our economy. We have to strike a very delicate balance between the two. I am sure that if our people are properly educated, it will not be difficult for us to ask them to make some sacrifices by restraining current consumption. In this matter, I am of the view that instead of restraining consumption we should introduce rationing in some articles and export them as much as possible. Now what

[Shri Oza]

is happening is, we build up an export market for one of our articles; next year, there is a scarcity for that article, there is hue and cry in the country raised by certain persons, and we immediately stop the export of that commodity. It disturbs the economy of the importing countries, gives us a bad name in foreign markets and when other countries fill the gap left by us it is very difficult to recapture those markets. So, we should export goods in a consistent manner and we should go and explain to the people that they have got to put up with certain difficulties for a temporary phase in order to earn a little of the much-needed foreign exchange.

Coming to the functions of the Forward Markets Commission, I find some of my friends have an allergy to forward markets. In the type of economy which we have accepted, it is absolutely necessary that a commission or institution of this type should be in existence, both in the interests of the manufacturers and the producers so that there will be facility of hedging. Here I find that, not because of the internal requirements of the market but because of some scare-mongering in the press or elsewhere, the Forward Markets Commission steps in and disturbs the economy. I am glad that again some markets are coming up and they are allowed to function.

Talking of my own area, I would request the hon. Minister to allow cotton seed forward markets to function. At present there is a ban on forward trading in cotton seed. This year the cotton crop is very good and only because the Forward Markets Commission has put a ban on forward trading on cotton seed, at present no forward trading is taking place on cotton seed and it is harming the interests of both cultivators and manufacturers. I would request the hon. Minister to look into it.

Then, in certain areas forward trading in kappas is allowed. In my area, there is ample scope for allowing forward trading in cotton. I understand that the present thinking in the Ministry is that only the East India Cotton Exchange would be allowed to open its branches at various places and no independent body would be allowed to function. If that is so, I will be very happy. Wherever there is a possibility, wherever a good amount of transaction is taking place, the policy should be to liberally allow forward trading so that both the producers and the manufacturers may have the advantage of proper hedging. In a big country like ours, with its fluctuating conditions, it is absolutely necessary that these facilities should be provided at various places, wherever it is convenient and wherever the trade wants it.

श्री उ० सू० त्रिवेदी (मंदसौर): उपाध्यक्ष महोदय, यह मिनिस्ट्री रोज रोज रंग बदलती है। यह मिनिस्ट्री क्या काम करती है, पिछले साल क्या करती थी, इस साल में क्या करती है, यह पता नहीं चलता। इस वास्ते डूंडना पड़ता है कि कौन सा इसका नाम है, क्या रूप है और क्या इस का काम है।

अभी अभी पता चला कि अब यह टैक्स-टाइल्स को भी संभालती है, जूट इंडस्ट्री को भी संभालती है, सैरीकल्चर को संभालती है और एक्सपोर्ट इम्पोर्ट को भी संभालती है। एसी बहुत सी बातें मालूम पड़ी।

मुझे एक पता और चला कि इन्होंने एक बोर्ड आफ ट्रेड कायम किया हुआ है। जब हम छोटे थे तो इंग्लैंड में एक बोर्ड आफ ट्रेड था। वह एक स्टेटयूटरी बाडी होता है, पार्लियामेंट की बाडी होता है। वह सारा काम करती है। यह जो हमारे यहां बोर्ड आफ ट्रेड बना है, मैं देखने लगा कि कौन इसके मेम्बर हैं, कि किन को पार्लियामेंट ने चुना और किन किन को गवर्नमेंट ने नामिनेट किया, तो इसका पता नहीं चला। क्या है यह बोर्ड आफ ट्रेड? पता चला कि यह एक मशविरा करने



वाली कमेटी है। क्या मशविरा करती है यह मालूम नहीं। कुछ व्यापारी लोग कुर्सियों पर आकर बैठ जाते होंगे, साल में दो बार बैठक हो जाती है और चाय पानी के बाद बिखर जाते होंगे। वह लोगों को क्या सलाह देती है यह पता नहीं चलता।

तो मैं यह कहना चाहता हूँ कि यह मिनिस्ट्री स्थिर हो कर काम करे। एक कमर्स डिपार्टमेंट हो जो कि एक ही काम में हमेशा लगा रहे और बार बार उसका नाम या उसका काम न बदला जाए। लोगों को मालूम होना चाहिए कि किस काम के वास्ते कौन सी मिनिस्ट्री में जाना चाहिए। अभी तो मुझ जैसे पार्लियामेंट के मेम्बरों को भी मालूम नहीं कौन सी मिनिस्ट्री को कौन से काम के वास्ते चिट्ठी लिखी जाए। तो फिर बाहर के आदमियों को तो मालूम ही कैसे होगा मैं अभी देख रहा था। कुल मिलाकर हमारे हिन्दुस्तान में 291 स्पिनिंग एंड चीलिंग मिल्स हैं। उन 291 स्पिनिंग और चीलिंग मिल्स पर यह अब शर्त लगाई है कि दूसरी मिलों को बढ़ाना है, लूम की संख्या बढ़ाना है, स्पिडिल्स की संख्या बढ़ाना है। वह कैसे बढ़ाई जाती है इसका एक यह नमूना मेरे सामने आया है जिसकी कि वजह से मैं आज इस विषय पर बोलने के लिए खड़ा हुआ हूँ।

कुछ अर्सा हुआ, मध्य प्रदेश गवर्नमेंट बहुत दिनों से जोर लगा रही थी कि एक स्पिनिंग एंड चीलिंग मिल हमारे यहां डाल दी जाय। उसके वास्ते संकशन हुआ। बम्बई की तरफ के एक सेंट मफनलाल गगल के नाम इसकी मंजूरी दी गई। देवास में उनके द्वारा मिल डालना मंजूर किया। उनको मशीनरी मंगाने के वास्ते 7 लाख पौंड का फौरेन एक्सचेंज दिया गया।

15 hrs.

श्री हुकम चन्द कछवाय : मेरे क्षेत्र की बात है।

श्री उ० सू० त्रिबेदी : मालूम नहीं कैसे

गुलांट खाई कि वह सेठ वहां से भाग कर यह मिल नाड़ियाद ले गये और मध्य प्रदेश मुंह ताकता ही रह गया? जो वाक्य उन्होंने इस में लिखा है और जिसे मैंने देखा वह वाक्य मैं यहां पर पढ़ कर सुनाये देता हूँ :—

'Licences of entrepreneurs who fail to instal the spindles or looms are being revoked and reallocated to other parties quickly with a view to avoiding blocking of industrial capacity.'

जिम आदमी को जहां मिल लगाने के वास्ते स्पिडिल्स और लूम लगाने की इजाजत दी गई जिस शर्त पर यह फौरेन एक्सचेंज दिया गया था उस आदमी ने वहां उसे नहीं लगाया तो उस आदमी का लाइसेंस कैसिल क्यों नहीं किया गया और मध्य प्रदेश को इस बात से महरूम क्यों रखा गया यह मेरी समझ में नहीं आया? हम अक्सर सुना करते हैं कि हमारे आज के जो कोमर्स और इंडस्ट्री के मिनिस्टर हैं वह जवान, होशियार और अनुभवी व्यक्ति हैं तो ऐसा काम उनके जमाने में कैसे हो गया कि एक आदमी जिसको कि मध्य प्रदेश में मिल लगानी थी वह वहां से गुलांट खिला कर उसे नाड़ियाद ले गया? और सात लाख पौंड का जो फौरेन एक्सचेंज दिया गया था उससे उसने अपने घर में नाड़ियाद में जा कर वह मिल डाल ली? उसका लाइसेंस रिवोक क्यों नहीं किया गया और क्यों किसी दूसरे आदमी को मध्य प्रदेश के वास्ते लाइसेंस नहीं दिया गया? मेरा कहना है कि ऐसी एक नहीं बल्कि अनेकों शिकायतें हमारे यहां के ऐक्सपोर्ट प्रमोशन के बारे में हैं रहें हैं।

ऐक्सपोर्ट प्रमोशन के तहत कई ऐसी शिकायतें आती हैं जिनमें माल ऐक्सपोर्ट करने के वास्ते वह माल इम्पोर्ट करने के वास्ते हम को अधिकार प्राप्त होता है। उस में मैंने यहां तक सुना है कि यह ब्लैकमार्केटिंग का जो रूपया हिन्दुस्तान में है उसका मुख्य कारण यह ऐक्सपोर्ट प्रमोशन स्कीम है। उस की आड़ में नकली बिल आफ लेटिंग बनवा कर फाइनेंस प्राप्त कर लिया जाता है।

[श्री उ०मू०त्रिवेदी]

कुछ दिन पहले एक क्रिस्ता मेरे पास आया था । मैंने उस आदमी को फाइनेंस मिनिस्टर के पास बयान देने के वास्ते भेज दिया था । जो बातें मेरी समझ में आईं उनसे ऐसा जान पड़ता था कि एक लाख का माल भेज कर एक आदमी ने एक करोड़ का फौरेन एक्सचेंज पैदा कर लिया । कैसे किया होगा, क्या तरीक़ीब लगाई होगी यह तो इनके डिपार्टमेंट के आदमी जानें लेकिन उस व्यक्ति ने मुझ को सम्पूर्ण रूप से उसका विवरण दिया । मैंने कहा कि मैं इस उलझन में ज्यादा नहीं पड़ सकता हूँ और मैंने कहा कि वह मिनिस्टर के पास चला जाय । उसने कहा कि मुझे दस परसेंट अग्रर इनाम मिले तो मैं पकड़वा सकता हूँ वरना नहीं । अब तो ऐसे आदमियों को पकड़वाने का सरकार ज्यादा इनाम देती है । अग्रर इस एक्सपोर्ट प्रमोशन कौंसिल की व्यवस्था में इस तरीके का गोलमाल होता है तो हमको खुद सोचना पड़ेगा कि क्या और कोई दूसरी व्यवस्था इस सम्बन्ध में हम को करनी होगी या नहीं ।

एक बड़ी लम्बी लिस्ट हमारी कारगुजारीयों की, जो जो काम इस मिनिस्ट्री में होते हैं, उन्हें एपेंडिक्स वन में दे रखा है । कुछ ऐसी वस्तुएं हैं जिनका कि एक्सपोर्ट अपने आप हो जाता करता है । 23 परसेंट चीजें ऐसी हैं जिनका कि एक्सपोर्ट हमको कुछ ज्यादा करना पड़ता है ।

इस रिपोर्ट को पढ़ने से मुझे यह मालूम नहीं पड़ा कि शुगर के एक्सपोर्ट के बारे में क्या किया जा रहा है ? क्या शुगर का एक्सपोर्ट हमारी कामर्स मिनिस्ट्री नहीं करती और अग्रर करती है तो क्यों करती है यह भी मेरी समझ में नहीं आया ? प्रोटेक्टिव ड्यूटी की यह जो नीति है यह किस हद तक कामयाब होती है और हुई है उसका अध्ययन हम को करना पड़ेगा । हमारे यहां तो शुगर अपने आर्म्हायों को 1 रुपये 25 पैसे प्रति किलो

से कम बेच नहीं सकते हैं लेकिन बाहर के आदमियों को हम यह जो साढ़े 4 आने किलो की शुगर खिलाना चाहते हैं यह कहां तक सही और न्यायोचित है इसका हमें ख्याल करना पड़ेगा ?

कामर्स यानी व्यापार विभाग हमारे देश का एक बहुत बड़ा अंग बनता चला जा रहा है । पहले सरकार तो व्यापार करती नहीं थी, लोग व्यापार करते थे । सरकार उधर उधर की जो बातें अपनी होती थी वह सहायता के रूप में या स्कावट के रूप में पैदा करती थी । या तो पहिया जो चलता था उस पर ग्रीस लगाया जाता था या उन पहियों पर ब्रेक लगाया जाता था । आज तो गवर्नमेंट कहती है कि पहिया ही हमारा चलेगा, ग्रीस भी हम लगायें तो अपने पहिये को लगायेंगे और ब्रेक लगाना होगा तो आप के पहिये को लगायेंगे । यह हमारे कामर्स का आज नमूना हो गया है । जहां, जहां व्यापार होता है, अग्रर एक व्यक्ति विशेष का कोई व्यापार है और वही व्यापार वह करते हैं तो उस को लाइसेंस नहीं मिलता है । वह माल भेज नहीं सकता है, उस के रास्ते में हजार तरीके की स्कावटें पैदा होती हैं । यह फार्म नहीं भरा, वह फार्म नहीं भरा या यह लाइसेंस नहीं लिया और वह लाइसेंस नहीं लिया । हजार बातें होती हैं । लेकिन जब गवर्नमेंट को भेजना होता है तो चाहे नुबसान हो, घाटा हो जाय, टोटा पड़ जाये वह हमें घड़ाघड़ माल भेजते चले जाते हैं ।

**Shri Manubhai Shah:** I do not want to interrupt the hon. Member. But the Member speaks most of the things which are not facts. There is no control on the export of any commodity excepting a few ones. There is no question of any form not being filled up by the Government and only being filled up by other private traders. Will he kindly see the Report and say

which commodity he is referring to where the export licence is required?

श्री उ० मू० त्रिवेदी : जहां आप के एक्सपोर्ट प्रमोशन का सवाल आता है वहां आप किसी भी आदमी को एक्सपोर्ट प्रमोशन के आधार पर माल भेजने के वास्ते इजाजत नहीं देते . . . . .

श्री मनुभाई शाह : सब को देते हैं ।

श्री उ० मू० त्रिवेदी : मैं वही कह रहा हूँ :

श्री मनुभाई शाह : आप कह रहे हैं कि इजाजत नहीं मिलती । सरकार को मिल जाती है प्राइवेट पार्टी को नहीं मिलती तो ऐसी बात नहीं है ।

श्री उ० मू० त्रिवेदी : ऐसे ही होता है । मैं आप के पास ऐसे केस भेज दूंगा । मैं इस बात से बहुत ही दुःख हूंगा जिस दिन हम यह जान जायेंगे कि एक्सपोर्ट प्रमोशन किसी तरह का भेदभाव किये बिना आप उस को चलाने देते हैं । यह हमारी नीति होनी चाहिए ।

श्री राम सेवक यादव (बाराबंकी) : इनकी शिकायत यह है कि आप के क्रायदे, कानून अमल में नहीं आते हैं ।

श्री उ० मू० त्रिवेदी : क्रायदे कानूनों पर अमल नहीं होता है । अब कानूनों व क्रायदों पर अमल नहीं होता है ऐसा वह रिपोर्ट में तो लिखेंगे नहीं । हम ने उस में रुकावट की थी और उस रुकावट के कारण यह बात आई । आप अपने खिलाफ रिपोर्ट में तो कुछ लिखेंगे ही नहीं, खाली अच्छी, अच्छी बातें ही आप उसमें लिखने वाले हैं इसलिए रिपोर्ट में से मैं कैसे पढ़ कर बतला सकता हूँ कि आप के खिलाफ इस में यह लिखा हुआ है ।

श्री मनुभाई शाह : कोई एक चीज का नाम तो दीजिये ।

श्री उ० मू० त्रिवेदी : माल का नाम भी बतलाऊंगा । जिन्होंने इस बारे में रिपोर्ट की है वह रिपोर्ट मैं आपके पास भेज दूंगा ।

मैं एक बात और कह देना चाहता था । मध्यप्रदेश में उद्योगों में, खास कर व्यापार की तरफ, जहां कि हमें यह वूल इंडस्ट्री स्थापित करनी है उसके वास्ते मुझे यह कहा गया है कि कई दफे हमारे यहां यह कोशिश की गई कि इसको प्रोत्साहन देने के वास्ते गवर्नमेंट को केन्द्रीय सरकार को कुछ करना चाहिए । हमारे यहां मध्य प्रदेश में वूल काफी तादाद में पैदा होता है, लेकिन ऊलन इंडस्ट्री को प्रोत्साहन देने के सम्बन्ध में मध्य प्रदेश के प्रति सौतेली मां का सा व्यवहार चला आ रहा है । ऐसा व्यवहार, चाहे वह टैक्सटाइल इंडस्ट्री के सम्बन्ध में हो और चाहे वूलन इंडस्ट्री के सम्बन्ध में हो, हमें रुचिकर नहीं मालूम पड़ता है ।

माननीय मंत्री जी ने कहा है कि मैं उनको ऐसा दृष्टांत दूँ कि जिस में सरकार ने किसी व्यापारी के साथ माल के सम्बन्ध में भेदभाव किया हुआ है । मेरे पास इतना समय नहीं है कि मैं यहां पर उस का विश्लेषण कर सकूँ । लेकिन मैं उन से वादा करता हूँ कि जो शिकायत के कागज मेरे पास आए हैं, मैं उन को उनके पास भेज दूंगा । अगर वह उनकी तरफ ध्यान दगे, तो यह बड़ी अच्छी बात होगी ।

**Mr. Deputy-Speaker:** How long will the hon. Minister take for his reply?

**Shri Manubhai Shah:** About 45 to 50 minutes.

**Mr. Deputy-Speaker:** I shall call the hon. Minister at 5.15 p.m.

**Shri Heda:** I congratulate the Ministry on the good job that they have done during the last year, as has been mentioned in the report under review. So far as the exports and imports are concerned, in fact, they have done a

[Shri Heda]

very good job indeed, and all the officials, the trade and the industry all deserve the nation's gratitude for having earned more foreign exchange. At the same time, I must also point out that the whole nation is aware that the motive force behind this work is the dynamism of the hon. Minister and the poised grace of his Deputy, and these are reflected in the achievements.

So far as the report is concerned, Shri V. B. Gandhi has already referred to it. I have not read every report, but I do read scores of them, and I can say that this is the best report so far. It is brief, concise, informative and well-written. I do hope that anybody who wants to study any problems that concern the Commerce Ministry will find these reports very useful. In the future also they will see to it that such reports are written and if possible improved upon also.

Having said this, I would like to highlight certain points relating to this Ministry. The Ministry has created one after another certain organisations, institutes and what not. By setting up these institutions, the Ministry has erected an edifice by which I am quite certain that in times to come, the achievement of the targets that we have fixed in the Fourth Plan would be activated. What is generally known as constructive co-ordination has been achieved by this Ministry in its relations with the various other Ministries.

However, I would like to mention only the five highlights of the work done by this Ministry. The first is the creation of a proper export climate at home; this activity includes the taking of dynamic dependable realistic measures for export promotion, strengthening of the institutional base such as by setting up new bodies including the Indian Institute of Foreign Trade, the Indian Council of Trade Fairs and Exhibition, the Fédération of Indian export organi-

sations, the Export Inspection Council, etc. The second is the evolving of a proper trade strategy for different regions of the world; this includes the entire gamut of commercial relations and trade agreements as have been reviewed in Chapter 4 of the report. The third is action at the international level, especially at the UN Conference on Trade and Development, the GATT, the Kennedy Round, etc. The fourth is the strengthening of the base of industries which directly come within the purview of the Commerce Ministry including textiles, jute, cotton, silk plantation industries, etc., and lastly come the public sector corporations in the Ministry of Commerce.

I join my hon. friend Shri Ranga in suggesting that the status of this Ministry and the Ministry of Industry should be such that they should be headed by full-fledged Cabinet Ministers. I have raised and stressed this point in my earlier speeches also. I have no doubt that the Prime Minister will give earnest thought to this matter and see that these two Ministries are put in charge of full-fledged Cabinet Ministers, and when the Ministers are doing a fine job, they should be elevated to the Cabinet rank, and I hope that the status and importance of the Ministry of Commerce and Industry would be recognised. Nowhere in any parliamentary democracy, whether it be UK or Canada or any other country, are the commerce and industry portfolios headed by a lesser person than one who is a full-fledged member of the Cabinet.

My hon. friend Shri Ranga had referred to some other points also. As Shri Oza has stated, he has well studied the problem, as he is a graduate of economics, and I have been aware of his economic views for the last 20 or 25 years; however, he has developed a bias now, and, therefore, it was not very difficult for me to see that bias when he was speaking. I am one with him when he says that

it was the late President Kennedy who made a forceful plea that it was the responsibility of the developed countries to develop the developing countries, and in that direction he started the Kennedy Round and so many other organisations, and as a result of his plea, and very dynamic efforts, a chain of efforts was started. But at the same time, let us not forget that it was the USSR Government under the Khrushchev regime which had made an offer to the United Nations that the developed countries should set apart one or two per cent of their national income, that is, total national income, and that percentage of national income should be invested for the development of the developing countries. This was the proposal that had been made from the USSR side, and, therefore, it was the result of efforts from both the blocs, the Democratic Bloc as well as the Communist Bloc. We should take note of that, and that is why we take advantage from both of them, and it is very good that we get collaboration from both of them.

So far as collaboration is concerned, the present Minister has given a new momentum to this collaboration. He welcomed a team of collaborators from the USA, and he has given them an assurance, which is well deserved, namely that we welcome foreign participation, and the team may go round the country and choose the sites and the industries and also their partners, and develop our country. So far as it goes, it is good. But I would only like to sound a note of caution at this juncture. When we think of collaboration, we must think first and foremost that unless it is unavoidable, the dominating partner should be an Indian one and not a foreign one. On paper it is so; there may be some exceptions, but generally, no foreigner is allowed to hold more than 49 per cent shares. The present climate is, and certain statement issued by the Finance Minister give an indication, that we might have even majority participation of foreigners, but the general trend is

not to allow them to have more than 49 per cent. Even if they are allowed less, and they hold only 25 per cent of the shares, still they have got almost the same powers as one holding 49 per cent shares, under our company law. There are such provisions. At the same time we must take note of one thing as we go through these collaborations. Formerly, the Development Wing was doing a very good job, and I do hope that they are doing that good job even now, but as the policy changes, they may be a little reticent and a little lenient, and therefore I am sounding this note of caution.

I had a number of occasions to mix with foreign collaborators. I have not met them through any direct deal, nor am I involved in any deal. I have had chats with them over a cup of tea. I could probe into their mind. My own feeling is that every collaborator who comes to India thinks that he has come here to earn not less than 25—30 per cent on the investment he makes. In fact, in the USA itself, any new investment in industry fetches 15—20 per cent easily. Even our industrialists are able to earn that much. With the money market so tight and with different hire purchase systems and various other schemes, it is not difficult to earn 20—30 per cent on one's hard cash. So I only want to let this note of caution go on record that it is the job of the Development Wing and also of the Commerce Ministry to see that we get collaboration only when it is essential. Otherwise, we should get the machinery and participation on the basis of a loan; that is far better than actual collaboration itself. This is a very vital angle that we have to take cognisance of, because of the new climate.

Another thing that has happened is that even the giants among the industries of our country are crippling even before the pigmies of foreign countries. I would not mention names of the big houses because it would be derogatory to do so. But I have not

[Shri Heda]

come across a single house of industry in India which is able to talk as man to man, as an equal to a foreign collaborator.

**Shri Sham Lal Saraf** (Jammu and Kashmir): In what respect?

**Shri Heda:** When they think of the terms of collaboration. When the collaboration takes place, when the actual work goes on, you visit the factories; you will feel where and by whom the domination is.

Therefore, we have to take note of this. I am surprised that in some matters, e.g., advertising, foreign collaboration has been accepted. In services, should we accept foreign collaboration? Where is the need? What does that collaboration mean? It does not mean any added benefit. I have been studying certain proposals. I would not like to mention them. It does mean only one thing, a drain of foreign exchange, of as much as Rs. 50 lakhs to Rs. 1 crore, out of India, money earned in India for the service done in India and in certain respects abroad; it would be going from our country to other countries. So when we welcome collaboration, we must see whether such a thing is not possible to be done by our own country.

The other day I had referred to a short speech made by Dr. Bhabha: on the one side, we are doing atomic research and we are showing what an advance in science and technology we have registered; on the other, what do we see; even in the manufacture of small, ordinary type of consumer goods, we rely for the technical know-how on foreigners. The two are not compatible with each other. Therefore, we have to see that whatever is possible for our engineers and industry to do here ourselves should be done by ourselves.

One point referred to indirectly by Prof. Ranga, and also impliedly touched upon by Shri Trivedi, is that when

we issue licences, we follow certain norms and certain rules. That is not enough. I would very much urge upon the Minister to see to the credentials of the applicants. What happens today is that the applicant has no merit. Either he should have the money to invest or he should have the technical know-how. But today anybody who has got an approach, who can contact and get things done, who can see to it that files move speedily from table to table, gets the licence. Such a man would happily be ready to play into the hands of the foreign collaborator or anybody for that matter. Shri Trivedi referred to it, to which the Minister objected.

When we allow export, we allow certain export entitlement. Sometimes it is 70 per cent. But without any notice, it is brought down to 66-2/3 or even 55 per cent. It changes from time to time. When a merchant, trader or industrialist is thinking of exporting his produce, he takes the entitlement into consideration. He considers the advantage accruing from it. It is common knowledge that anything between 50 and 75 per cent is the profit in selling the foreign exchange entitlement. So he takes this profit into account. Thereby he suffers a loss. He is prepared to suffer it to make both ends meet. When the entitlement is brought down, everything changes. Should he write back to the foreign party with whom he had concluded the contract to say that since the Government had changed the rules, he is cancelling the orders?

I would urge that when they change the rules, they should give sufficient notice. They should say that a particular rule would apply after three months, or at least after one month. It should not apply from the day it signed.

The Ministry is doing a good job and I hope it will continue it. I support the Demands for Grants.

**Shri Hem Raj** (Kangra): I am grateful to you for the opportunity given to me to speak on these Demands.

The previous speaker has paid a glowing tribute to the Commerce Minister. I also join him in congratulating him on his brilliant performance; both at home and at the international stage, his performance has brought credit to our country. I am one with Shri Heda in saying that a man of his brilliance, understanding and grasp of things should find a place in the Cabinet. In his time, within the last two years, the exports which were much below the mark have increased to a great extent, and all credit goes to him.

I must now come to the problem of my area. Members who have preceded me, whether from the east or from the south, have ventilated the grievances of the tea industry. So far as the north, to industry I belong, is concerned, I have also my own problems. I am grateful to the hon. Minister for taking keen interest in the small tea growers, whether of the north or the south. There may be different voices so far as north and south is concerned in respect of language, but so far as the small tea growers are concerned, whether it is the Member for Nilgiris or from Mysore or for Kangra, they speak with the same voice. But we are grateful to the hon. Minister that during his time we have been able to have a cooperative factory in the north as also a cooperative marketing society. That has infused a new life into the tea growers of the north. But that by itself has not solved the problem of the north, keeping in view the small tea growers of the north. The picture, as it emerges, is that in all there are 1159 estates in the north, in the Kangra district. Out of these, 300 are below 3 acres, 500 are above 3 acres and below 5 acres; the rest are above 5 acres. Taking acreage, out of 2,500 acres, 6,000 are under gardens which are above 50 acres. Seven

hundred acres comprise of gardens whose acreage is below 50 but above five; 1,800 acres comprise gardens whose acreage is below 3 acres. In the northern area, nobody has taken any advantage of the development schemes of the Tea Board excepting one garden. The average production of this area is 285 lbs. as against the average for the whole of India of 992. From this point of view, the northern area of Kangra District and Himachal Pradesh should be considered undeveloped, and therefore the criterion applied should be not only of small tea growers, but of the area being undeveloped.

15.31 hrs.

[SHRI SONAVANE in the Chair]

Recently, a survey was undertaken by two gentlemen, the Secretary of the Agricultural Refinance Commission and the Assistant Chief Officer of the Agricultural Credit Department of the Reserve Bank. They say in their report:

“Considering generally the marginal character of all the plantations in Kangra, it does not appear necessary to distinguish between the small and the relatively big planter for the purpose of framing any special or subsidised scheme of financial assistance for new planting, replanting or for processing machinery with the exception of four planters in the district with holding 300 acres in each case.”

So, out of these 1,159 planters, there are only four planters who can be deemed to be big planters; the rest of them are in an undeveloped stage, and therefore, they should be treated on the same basis. Why do I propose this thing? Because you have granted the fertiliser subsidy on the basis of small tea growers; it is only confined to those gardens which have 50 acres and below. So, gardens which have 50 acres and above will be deprived of this subsidy, and consequently this

[Shri Hem Raj]

area will continue to remain undeveloped. Therefore my request to the hon. Minister is that this aspect of the problem may be taken into consideration.

Secondly, so far as the primary co-operative societies in the Punjab are concerned, they can only issue loans to the extent of Rs. 1,000 and not more than that. The tea bushes in Kangra and Himachal Pradesh are a hundred years old. You have sponsored a scheme under which new seedlings will be planted, but that will take a long time. If any acreage has to be replanted or any new plantations are to be made, it has been calculated that it will cost something like Rs. 5,000 in the hills. These small tea growers cannot do that if they get a loan of only Rs. 1,000 from the co-operative societies. Therefore, even this team which has been there to study has recommended that the loan as well as the interest should be subsidised by Government, and if they are not subsidised by Government, the small tea growers will not be in a position to have new plantations or replantations on their estates.

Similarly, some of the marginal gardens are not in a position to renovate their machinery. Therefore, they have recommended that for the purpose of renovation of machinery of setting up of new machinery both the loan as well as the interest should be subsidised by Government.

Hon. Minister may ask whether these considerations were not present before the Tea Finance Committee which was set up recently, but I might point out that this team which had gone to that area has just reported in January, 1965. Therefore, I would request him to take into consideration their recommendations.

It is high time that a techno-economic survey of this area was undertaken as was done in the case of Tripura and Cachar. The statistics of 1963 gives the number of small tea

growers but the statistics of small tea growers of Kangra and Mandi are said to be not available. Therefore, it is in the interests of the development of the tea industry of this area that a techno-economic survey be ordered.

The Report for 1964 issued by the Tea Boards shows that steps have been taken to help the small tea growers, whether of the North or of the South. So far as green tea is concerned, the market for this at present is only Afghanistan. It has been remarked in the report that markets for this green tea can be found in UAR and adjoining countries. I would request the hon. Minister to take early steps for finding markets for this tea grown in the northern area. By the setting up of this marketing society, our people have been getting good prices, and I am thankful to the Minister for that.

The study team that was set up in 1959 by the Central Silk Board has stated that both Himachal Pradesh and Punjab have good climatic conditions for development of sericulture, but very little attention has been paid to this so far. So far as Himachal Pradesh is concerned, they simply say that it promises to become a good area for rearing univoltine laces. So far as Punjab is concerned, their remarks are more favourable, and I quote:

"The climatic conditions are similar to Jammu Province and very favourable for rearing of univoltine silk worms and producing high grade silk. Sericulture in the State is still in its infancy and given the encouragement under expert guidance, it can develop into as good an area as Jammu."

Therefore, I would request the Minister to take lively interest in the development of this area in this respect, as also in regard to tea. This will boost the economy of these hills.



which are the border areas. These areas, whether Kangra or Gurdaspur or Simla District, are very favourable for development scriculture. I hope that the hon. Minister will take great interest as he has been taking before in this industry.

**Mr. Chairman:** Mr. Shinkre. He will have 8 minutes.

**Shri Shinkre (Marmagoa):** It so happens that our group did not participate in three debates earlier and the Deputy Speaker had mentioned that he would allow us extra time.

**Mr. Chairman:** At best, you can get ten minutes.

**Shri Shinkre:** Sir, I must at the very outset make the position perfectly clear regarding the future economic structure that I visualise for this country although some of the remarks that I might eventually be making should not be misunderstood or should not appear as coming from the point of view of the Forum of Free Enterprise, like my hon. friend Prof. Ranga. I have no doubt in my mind that a modern State, especially a welfare State which ours professes to be has every right to go and enter every path of economic enterprise and to exploit and explore all the avenues of sources of income and wealth of the country. I would even go farther than my communist friends and say that I would not mind agreeing to Government taking entirely and exclusively the whole trade and industry as such but I would always insist on one proviso on which I would never budge in: provided the Government would definitely utilise such power of economic concentration only for the welfare of the community. I would never question such a right to control every means of production and sources of income. But I am sorry to say that although the Parliament of this country has given the Government ample powers to equip themselves with more than the necessary powers to control the economic life of the country, the results that we are

seeing today are not very encouraging. I can only say that after as many as seventeen years of such power of economic concentration the Government have only succeeded in building and creating a new class, a class of vested interests, a class of economic parasites to which I would refer a little later in my speech. In the meanwhile I will consider the report circulated by the Commerce Minister to the Members of the House. I do not think that my hon. friend who is otherwise very smart and brilliant—who in American slang can be described as a smart guy—deserves any compliments on the achievements of the last year. I think that he himself has indirectly admitted that his last year's performance is not very good because in a veiled manner he has assumed and taken for comparison the export of the last two years to present before this House a respectable figure like Rs. 150 crores being the increase in exports during the last two years of 1963-64 and 1964-65, because the increase that was experienced only in the last year in his own mind was very meagre and that is only Rs. 52 crores; if the hon. Minister has some other idea behind these figures I would welcome him.

**Shri Daji (Indore):** The Finance Minister prevents him from what he wants to do.

**Mr. Chairman:** How can Mr. Daji say that he is being prevented by the Finance Minister?

**Shri Shinkre:** But even if I could be certain that from the last year to current year or within one year his Ministry has been able to increase exports by Rs. 52 crores, without taking into consideration just now the deficit trade balance, it is due to some other circumstances which are not under his control. I am not sure if I am entirely in agreement with him until and unless he makes clear whether the difference in price or the increased price in the last two years

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have also been reflected in the export figures because he has only given figures in rupees without giving the quantities.

**Shri Manubhai Shah:** In the table in the appendix, all quantities are given, of every commodity, for all the three years.

**Shri Shinkre:** Does the hon. Minister mean to say that the increase in figures in value as indicated in his report corresponds to actual increases and not to the difference in prices over the two years and does he want to say that during the last years when the people of this country had to suffer increase in prices, such an increase in prices did not reflect in our exports? Just now I would not comment upon that but I would say that even so, I do not think that the performance is really very brilliant as such because....

**Mr. Chairman:** Though it is not very brilliant, it is brilliant.

**Shri Shinkre:** One has to accept and give unto Caesar his due, for all the efforts that he has put in. In the name of exports, please do not continue the export of items like sugar and cement, which are in such scarcity in this country, especially sugar which over the years has become almost a luxury article for the common man. If I am to believe the words of my hon. friend Mr. Trivedi, sugar is being exported at 4½ annas a Kg; I am not sure whether it is so; my own information as reported to this House some months earlier is that it is being exported at a rate of less than 50 paise per Kg, whereas in the country it is usually not available, specially lately, and when it is available it is never available at less than a much higher price such as Rs. 2 or so.

How much foreign exchange did we earn through the export of cement?

**Shri Manubhai Shah:** Cement is in exchange in the two wings of Pakistan; there is not really any substantial export.

**Shri Shinkre:** In your report there is some mention of we being in a position to earn Rs. 2 lakhs and odd through the export of cement also. When these commodities are in short supply, when even some nation-building projects are suffering for want of cement, hon. Minister will clarify the situation; what I say is this. We have gone all out to beg and borrow around the world; when we have done so, let us beg and borrow a few crores more if there is somebody generous enough to give us that money; let us not starve our people for want of this basic and essential requirement of life. The hon. Minister will say that so many other countries are doing so and they are subsidising these exports. I do not think that other countries which are indulging in this sort of subsidy and exports starving their people and even if they do, it is not argument that our Government should starve our people. For once let us stop this non-sense of exports of such commodities as sugar, cement and other things which are in short supply here and which are the essential requirements of our people. Therefore, I would compliment him for having been able to reduce the export of sugar by about Rs. 5 crores according to his own report.

There is another aspect that I dislike. So many hon. Members also have referred to it—the fall in the export of tea to the tune of Rs. 7 crores. Tea is one of our traditional exports. Surely there are other competitors coming up in the world. But every effort should be made by the Ministry to see that this traditional export of these items of ours are consistently increased; if they were going to meet the demands of foreign exchange they should see that it is not affected in such a manner.

The next point that I would like to raise is with regard to the so-called links and barter that the hon. Minister has mentioned in his report. A feeling is growing in the country that two important corporations under the control of the Ministry, the State Trading Corporation and the Minerals and Metals Trading Corporation, are indulging in some sort of over-invoicing at both ends. That means they insist on a certain selling price for the commodities they export and, as a result of this insistence, the overseas seller, in his turn, accepts this inflated price and overcharges the commodities that he would be exporting to this country against that barter. Otherwise, I do not understand how it is that in this country, an agricultural tractor comes to something like Rs. 20,000, when the same machine in Goa, prior to its liberation, used to cost not more than Rs. 12,000.

**Shri Manubhai Shah:** Import duty perhaps.

**Shri Shinkre:** Even with the import duty, the difference should not be more than Rs. 2,000. I do not say that I entirely share this feeling, but somewhere there is such a feeling growing that these corporations, in order to show that they are making profits and exporting the commodities at a good price, overinvoice and accept also the overinvoicing from the other end. Who suffers as a result of this? It is the poor consumer of this country. I expect the hon. Minister to give his attention to this aspect and avoid such over-invoicing in future.

One more point and I shall have done. That is regarding my constituency. With your permission I would just give to the House a fine example of the type of socialism that this Government wants to import into this country. Sometime after the liberation of Goa, the Corporation called the MMTC, went to Goa and established themselves as one more

exporter of iron ore and ferrous ore, the only two kinds of ores presently being marketable in Goa. This corporation went to Goa with only one cheque-book guaranteed by this Parliament and the nation, and with nothing else; no lifting arrangements, no transport or carting arrangements. As a result, after sometime, this corporation got itself in a position of buying only from the established exporters on f.o.b. basis, ignoring completely the smaller mineowners who, even during the former Portuguese days, used to sell a few thousands tons of ore and make both ends meet. Today, the present position after about three years of liberation—the net result—is that half a dozen millionaires of Goa have turned into multi-millionaires, and so many poor, small mineowners are almost down the grave if not entirely there in that process.

**Shri Sham Lal Saraf:** Mr. Chairman, Sir, the subject before us is on the one hand very delicate and on the other very important for the entire economy of the country, economy in the sense that when the country is in the stage of development we need a number of things to catch up with the progress that the advanced countries have made in the world. Therefore, a number of things are attached to this export trade about which we have to understand and follow and then draw our own conclusions. Certain figures have been mentioned in the House, some correctly and some not correctly, and so, I would submit a few figures and show how our foreign trade, both export and import, has been progressing and increasing. Certain reasons have to be given with regard to certain aspects and from these one can draw one's own conclusions. I shall humbly place them before the House.

From the statistics, I find that our exports in 1964 have touched an all-time high: they stood at Rs. 835

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crores, which is an increase of Rs. 52 crores over the exports in 1963 and Rs. 98 crores over the exports in 1962. From the reports I find that this increase has been achieved in spite of the fact that in 1963 we got better prices owing to the fact that the prices were then at a higher level and the commodities were, therefore, sold at a better price. For the last three years, it is seen that the exports have been steadily growing.

Taking the import, we find that in 1964, the imports again have touched an all-time record of Rs. 1,250 crores as against Rs. 1,178 in 1963. The balance of trade, therefore, has been less favourable in 1964. There are certain reasons that are discernible. In 1964, there was an increased trade with east European countries. The trade increased by Rs. 35 crores during last year, out of which Rs. 27 crores was accounted for by our trade with the USSR alone. This also is very much heartening. On the contrary, our trade with western Europe decreased by Rs. 3 crores. There has also been a decrease in our trade with Japan and other south-east Asian countries last year. This is a point that needs to be understood. I am sure that the hon. Minister will say something later when he replies to the debate. But the point is that we had our traditional items of trade mainly with west European countries as well as with some south-east Asian countries, but even with respect to those countries, where there has been some increase, our trade has now declined.

Then, our imports of cereals both under the PL 480 scheme and cash purchase rose in 1964 to Rs. 213 crores; they show an increase of Rs. 56 crores over the imports made in 1963. This is a situation which I would say is a little alarming. Maybe there are certain reasons which the Government will explain. But the Minister of Commerce has to be cautious and critical and the situation must be remedied.

**Shri Manubhai Shah:** I could not follow the point. What was alarming?

**Shri Sham Lal Saraf:** Compared to our imports of cereals in 1963, our import of cereals in 1964 amounted to Rs. 213 crores, which meant an increase of Rs. 56 crores over what we spent in 1963. That, I said, is alarming. Detaching himself from the Ministry of Food and Agriculture, I hope that the Commerce Minister will kindly take a very serious note of it and satisfy the House as to how he permitted this or agreed to this sort of callous import which eats into the very vitals of our economy in this country.

Some other imports such as cotton, steel and stainless steel account for Rs. 15 crores in 1964, which is again an increase over those of the previous year. The imports also include machinery, spare-parts, components, etc., which amount to Rs. 387 crores, which is Rs. 41 crores higher than during last year. But that is explainable, because today, when the country is developed, we need capital goods and machinery, and in certain cases maybe we will have to be a little liberal also. I know my little experience that small spare-parts were not permitted to be imported because the foreign exchange was not made available for that purpose. From one point of view, we may keep down such imports, but as far as the economy is concerned, it would be quite in keeping with our needs when we are permitting that sort of import.

During the last year, there is another item of import and that is the import of defence stores and fertilisers, and there has been an increase in these items. They are the essential needs of the day—defence stores and fertilisers—and so we cannot say anything against it. There is one more gratifying aspect with regard to the imports, and that is a thing about which my hon. friend Shri Heda has mentioned just now, namely, assistance in import entitlements was only 23 per cent and 77 per cent of our imports in 1964 was without any assistance. That is very exhilarating.

Then, as far as our exports are concerned, the non-traditional goods are taking precedence over our traditional goods. That is a very happy sign. I am very much thankful to the hon. Minister for that, and I am thankful to the officials and others who are working in this field. There is a virgin market for such goods. Then, with regard to the need for speeding up the production of engineering goods, there are two or three things which I want to place before the hon. Minister, and to which I would also like the Finance Minister to bestow his attention. For the preparation of engineering goods, and other such goods, as is known, we need special steel copper alloys and so on. Art silk yarn, threads and raw cotton as also pig iron are all important raw materials. But it is not understandable, and we cannot understand, how on some of these items very heavy import duty has been levied in this year's budget proposals. I want to know how on earth it is possible for our Commerce Minister to get goods manufactured at such high costs and then sell them in competition with other countries from whom we have to import the raw materials. This needs to be explained because I personally feel it is a distressing thing which should not have happened.

16 hrs.

About the raw materials needed for our exports, there must be some steadiness in the market and they should be available at reasonable prices. My friend, Shri Oza, has referred to one thing. Suppose we are able to create a market for a commodity in a particular year. What happens if it becomes scarce next year or if the prices rise and the raw materials are not available? We have to be very cautious to see that the raw materials are available, the price levels are steady and the manufacturing capacity also should increase gradually, so that we can keep up the tempo of exports.

Regarding the export subsidies recently granted, rebates allowable on export-oriented industries, they will not be able to take full advantage of the concessions, because of the time lag between the actual grant and the reliefs by the revenue authorities and in the meantime exports may suffer. So, we have to see that the concessions are made available to the exporters at as early a date as possible.

You have fixed a target of Rs. 5100 crores for the fourth plan. It is certainly laudable. We do not know much about your plans about that. I hope while replying the minister will give an indication as to how he intends to bring it up to that level. The tempo of exports will certainly rise if production remains steady, if raw material costs remain at a reasonable level, if inflationary trends are eliminated, because high cost goods may not be acceptable to the markets abroad, and if there is quality control and pre-shipment inspection for all our exports. About quality control and pre-shipment inspection, I congratulate the Minister and the entire staff of the Ministry, because their efforts have begun to give good dividends.

Fiscal relief given to the manufacturers and exporters is marginal. Government should pay attention to it and see if it can give a little more. I have a feeling that because of the increase in bank rate, about which I have spoken during the budget discussion, capital will be dearer and exporters and businessmen may not be able to get enough capital. I do not know what the feelings of the Minister of Commerce are about this also.

So far as foreign collaboration is concerned, I would certainly welcome it, but on our terms and not on the terms of the foreign collaborator. Our Indian entrepreneurs have begun to go to foreign lands—both developed and under-developed. I do not

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know personally of any instance where our entrepreneurs are collaborating in developed countries. If that be so, if the minister can give some instances, that will be very exhilarating. Today we have begun to export our machinery particularly to Afro-Asian countries, which are, I would not say under-developed countries, but In-Development countries. This is very exhilarating. Certain concessions may have to be given to those industries. There too, the units will have to be established in as little a time as possible. If things have to move from table to table, it takes a lot of time and energy. That should be looked into.

The export incentives which have been given are very much welcome. More incentives will be necessary and nobody should grudge them.

We have started trade wings in our embassies abroad. I personally feel they need to be reorganised and revitalised. That will certainly enable us to get more benefits from these trade wings, wherever they are established.

I am very happy the production in cotton mill cloth, power loom and handloom cloth are on the increase and the ministry is looking after them. I do not agree with what Mr. Trivedi has said about this. We find there is good and steady progress. But I find a few cloth mills and spinning mills have been closed down in areas which are industrially backward. May I ask the Minister to see that these mills are reopened, particularly for the reason that there is little industrialisation in these areas?

It is a healthy sign that the ministry is encouraging establishment of mills in the co-operative sector also. The figures are there to show that the exports of all the three items—cotton cloth, whether it is mill-made or handloom and ready-made garments—are on the

increase. That is very exhilarating. By regulating the price of cotton—in some cases floor price and in certain others ceiling price—you have certainly regulated the cotton trade and that is very welcome.

Coir industry is an export-oriented industry and we earn about Rs. 12 crores of foreign exchange through this. Mechanisation is the only answer. Also, standardisation of fewer varieties will help keeping up the export tempo. We must give our attention towards that.

There a number of Boards for tea, coffee, cardmom, silk, etc. Simply setting up boards is not enough. I will request the minister to see that there is a little probe into these boards. I will not go further. It should be looked into whether these boards should be allowed to go in their own stereotyped ways or some new dynamism is necessary. That would be helpful.

Jute is a very important item. Stability in the prices of raw jute and jute goods and sustained supply are responsible for the good performance. But in this sector, we should have diversified products to meet the keen competition from Pakistan and other countries. Unless there is diversified production, we will not be able to compete with them.

In rubber, there are three items—natural, synthetic and reclaimed rubber. Then we have cardamom, iron ore, manganese ore, mica, tobacco, etc. All these are going on very well. But certain things need to be done.

**Mr. Chairman:** His time is up. He should conclude now.

**Shri Sham Lal Saraf:** One more minute, Sir. STC are doing a wonderful job. But about cement, it has to be looked into. As Mr. Shinkre has pointed out, where they cannot

handle the jobs themselves, it should be done through proper authorities.

Regarding commercial publicity, there is one important point. We are asking foreign agencies to do our commercial publicity. About that, the ministry have got to be very cautious. In our own country our advertisers have become highly specialised.

**Shri Manubhai Shah:** That is for the Information and Broadcasting Ministry to look into.

**Mr. Chairman:** He should conclude now.

**Shri Sham Lal Saraf:** With these words, I support the demands.

श्री यशपाल सिंह : सभापति महोदय, हमारे माननीय कामर्स मिनिस्टर साहब बड़े बुद्धिमान, बड़े चतुर और बड़े जहांदीदा शख्स हैं। उनकी काबलियत में किसी को शक नहीं है, लेकिन इस काबलियत से गरीब आदमी को कुछ फायदा नहीं हुआ है। जो फायदा हुआ है, वह बड़े आदमियों को हो गया है। 1963 में हमारा निर्यात 1178 करोड़ रुपये का था, जब कि 1964 में वह 1250 करोड़ रुपये का हो गया। 72 करोड़ रुपये की इस वृद्धि के लिए मैं उनको मुबारकबाद देता हूँ, कान्फ्लेट करता हूँ। आपने कहा है कि चौथी योजना में यह 1200 करोड़ का होगा। अगर आप इसको एचीव करना चाहते हैं तो आपको छेतों की पैदावार को बढ़ाना पड़ेगा, कार्बानों की पैदावार को बढ़ाना पड़ेगा। आप बहुत चतुर हैं, बहुत बुद्धिमान हैं, इससे कोई इन्कार नहीं करता है। ईश्वर ने आपको सब गुण दिये हैं। बुद्धिमान बनाया है, रुग्मान बनाया है। सभी गुण आप को दिये हैं। लेकिन बात कुछ ऐसी है कि गरीब आदमी को सम्राट करने में आप अभी तक कामयाब नहीं हो सके हैं। देहात में

किसी को अगर एक गर्म कोट सिलवाना पड़ता है तो उसकी साल भर की कमाई उसी में चली जाती है। आपने यह कहा है कि जो एक्समिल प्राइस है रिटेल में उसकी प्राइस 18 परसेंट से ज्यादा नहीं बढ़ सकेगी। लेकिन मैं कहता हूँ कि आप देहातों में जा कर देखें कि दूकानदार कितना चार्ज करते हैं, वहां पर दुग्ना, तिग्ना, चौग्ना चार्ज किया जाता है। 18 परसेंट जो आपने कहा है, इस में से कितना किसको मिलेगा इसका पता नहीं है, कितना रिटेलर को मिलेगा, कितना मजदूर को मिलेगा और कितना फर्म को मिलेगा, कितना बीच में जो एजेंट है, उसको मिलेगा, इसके बारे में कुछ पता नहीं है। इसी वास्ते सारी दिक्कत पैदा होती है।

यह बात ठीक है कि आपकी नीयत साफ है। लेकिन नीयत साफ होने से ही गरीब आदमी का जो मसला है, वह हल नहीं होता है।

The way to hell is often paved with good intentions.

अगर यह न सोचा जाये कि किस तरह से गरीब आदमी को फायदा पहुंचेगा तो अमीर लोग फायदा उठाते रहेंगे। मैं आपकी काबलियत की दाद देता हूँ। जितने आप बुद्धिमान हैं, जितने आप रुग्मान हैं, उसकी दाद देता हूँ और उसके सामने नतमस्तक होता हूँ। लेकिन उससे गरीब आदमी को फायदा नहीं हुआ है।

सभी खूबियां हैं इन आंखों में तेरी  
मुरध्वत जो शी है वह कम देखता हूँ।

गरीब आदमी को आपकी इस बुद्धिमत्ता ने, इस चतुराई ने कोई फायदा नहीं दिया है। आज तक हिन्दुस्तान इस बात को नहीं समझ सका है कि क्या कारण है कि बुद्धिमान कड़े जाने वाले . . .

**Shri Kapur Singh (Ludhiana):**  
May I submit that....

**श्री यशपाल सिंह :** बहुत थोड़ा समय मेरे पास है, बाद में आप बोल लेना ।

**Shri Kapur Singh:** Sir, I rise on a point of order.

**श्री यशपाल सिंह :** थोड़ा सा जो मुझे कहना है, कह लेने दीजिये ।

ट्रेडीशनल आइटम्स के लिए भुझ खास तौर से अब कुछ कहना है । ये आइटम्स तो चलती रहेंगी । लेकिन हमको नान-ट्रेडीशनल आइटम्स के लिए खास तौर से कोशिश करनी पड़ेगी । सरकारी आंकड़े बताते हैं कि हमारी चालीस प्रतिशत क्षमता सोई पड़ी है, चालीस परसेंट हमारी कैपेसिटी अभी तक डामेंट पड़ी है, अभी तक हम लोग उससे फायदा नहीं उठा सके हैं । इससे पूरा पूरा फायदा उठाने की हमें कोशिश करनी पड़ेगी ।

आपका महकमा ऐसा है कि इसका उत्पादन से कोई ताल्लुक नहीं है, इसका ताल्लुक बेचने से है । मैं कहना चाहता हूँ कि स्टेट ट्रेडिंग कारपोरेशन की यह ड्यूटी होनी चाहिये कि जहां उसका व्यापार के साथ ताल्लुक हो वहां उत्पादन के साथ भी ताल्लुक हो । जो लॉग रात दिन हड्डियां पेलते हैं, जो लोम पैदा करते हैं उनकी दिक्कतों को तब तक नहीं समझा जा सकता है जब तक कि उनके साथ वास्ता न रखा जाये । इस वास्ते उत्पादन की ड्यूटी भी उसकी होनी चाहिये ।

मेरे साथ बड़ी बेइंसाफी होती है । मेरा गेहूँ जब फसल आती है तो 18 रुपये मन में ले लिया जाता है और जब गेहूँ मेरे घर से निकल जाता है तो उसका भाव चालीस रुपये मन हो जाता है । उसमें मजदूरी कोई हिस्सा नहीं मिलता है । अगर धोती का एक जोड़ा जो है, उसकी कीमत आठ साल बाद भी बढ़ती है, तो उसमें उसका हिस्सा रहता है, उसका हिस्सा उसको दिया जाता

है । इस वास्ते आपको खास तौर से गरीब लोगों का इंतजाम करना पड़ेगा । महात्मा गांधी ने कहा था कि अमीर के लिये और प्राइस होनी चाहिये और गरीब के लिए और प्राइस । यहाँ उलट हिसाब किताब है । अगर एक पावर लम एक जगह से हटा कर दूसरी जगह कोई ले जाये तो उस पर तीन सौ रुपये लेवी लगती है । इस तीन सौ रुपये के नया मानी हैं ? अगर उसको वह विरासत में मिली है, उत्तराधिकार में मिली है तो फिर भी उसको तीन सौ रुपया देना पड़ता है । यह तो एस्टेट ड्यूटी हुई । इसके नीचे गरीब आदमी कुचला जा रहा है । मैं कहना चाहता हूँ कि तीनों के अलग अलग टारगेट्स होने चाहियें । टक्सटाइल मिल्स कितना पैदा करेंगी, हैडलम कितना पैदा करेंगे और पावरलूम्स कितना करेंगे, इन सब के लिए अलग अलग टारगेट्स होने चाहियें । आज इस तरह से अलग अलग टारगेट्स नहीं हैं । आज अगर मेरा एक छोटा सा पावर लूम चल रहा है डीजल से और आज उसके लिए कर्नैकशन मंजूर हो जाता है तो मुझे फिर नये तरीके से तीन सौ रुपये और पें करने पड़ेंगे । यह दुबारा जो पे करना पड़ता है यह क्यों करने के लिए मुझे मजबूर किया जाये ? मैं एंजिन के लिए दस हजार रुपया खर्च करता हूँ और जब बिजली का कर्नैकशन मंजूर होता है तो क्यों मुझ से फिर तीन सौ रुपये लिबे जाते हैं । यह गरीब आदमी के ऊपर बहुत ज्यादाती है । यह ज्यादाती दूर होनी चाहिये ।

देहातों के अन्दर जो कपड़ा जाता है, उसके बारे में ऐसा कोई इंतजाम होना चाहिये कि उस पर प्राइस लिबि रहे । अगर ऐसा नहीं होता है तो जो बड़े बड़े डीलर हैं वे देहातों को चूसते रहे हैं और चूसते रहेंगे और आपका कपड़ा देहातों के लोगों तक सस्ता नहीं पहुंच सकेगा ।



गर्म कपड़े की कीमतें तो ऊंची जा रही हैं लेकिन अब तो रेशम की कीमतें उससे भी ज्यादा ऊंची चली गई हैं। इसके लिए भी आप को कोई ठोस कदम उठाना पड़ेगा। आज ही प्रेस की यह रिपोर्ट है कि बनारस के अन्दर पचास हजार आदमी बेकार हो गये हैं और इसलिए हो गये हैं कि उस साइड में जो यह उद्योग है, यह खत्म हो गया है। इसके लिए मंत्री महोदय को कोई ठोस कदम उठाने पड़ेंगे। इसके साथ साथ जो गरीब किसान है उसके ऊपर जो 18 परसेंट से बढ़ कर 36 परसेंट लग जाता है, उसका भी इलाज करना पड़ेगा।

बहु जो कहा जाता है कि गरीब आदमी के लिए कपड़े की कीमतें अलग नहीं की जा सकती है तो मैं पूछना चाहता हूँ कि महात्मा गांधी ने ऐसा क्यों कहा था? सब से ज्यादा जरूरत आज इस बात की है कि इस आपकी पालिसी में आमूलचूल परिवर्तन किया जाये। इंजीनियरिंग गुड्रज थे जो कुछ हम कर सकते हैं, हम ने नहीं किया है। जो चालीस प्रतिशत क्षमता सोई पड़ी है, उसका इलाज किया जाये। मास प्रोडक्शन होना चाहिये। अलट्रा माडर्न मशीनें लगाई जायें। टैक्सटाइल की जो मशीनें हैं वे घिस चुकी हैं, पुरानी हो चुकी हैं, आउटडेटेड हो चुकी हैं, खराब हो चुकी हैं, सैकिड हैंड हो चुकी हैं। इनकी जगह आप को अलट्रा माडर्न मशीनें मंगानी पड़ेंगी और लगानी पड़ेंगी। मास प्रोडक्शन करना पड़ेगा। अगर आप ने ऐसा किया तभी आपकी मिनिस्ट्री कामयाब हो सकेगी।

**Shri T. Abdul Wahid (Vellore):**  
**Mr. Chairman,** let me join the chorus of encomiums paid to the young and energetic Minister of Commerce for the excellent export performance that the trade has shown during the years 1963 and 1964, an increase of Rs. 150 crores as compared to the position in 1962. It is really a commendable performance, especially

when compared to our exports during the First and Second Plans, which were of the order of Rs. 610 crores. Compared to that, the performance of Rs. 835 crores in 1964 is really very satisfactory.

Of course, we cannot take pride on this performance of ours when we compare our export performance with those of other advanced countries. All the same, the export consciousness and the resultant exports that we have achieved are really something of which we can have satisfaction. Of course, we have our own difficulties. Our import needs are considerable and even if we achieve our targeted export, I do not think we will be able to meet the requirements of our imports. To achieve even the targeted export there must be the fullest co-operation from all the Ministries of the Central Government as well as of the State Governments. Unfortunately, we find that there is lack of co-operation from the States as well as, perhaps, from some Central Ministries also, so far as the Ministry of Commerce is concerned.

I think the increase in exports is considerably due to export promotional entitlements which the hon. Minister has been kind enough to give to the export industries. Prior to export promotion entitlements, export industries were suffering considerably for want of raw materials, machineries and spare-parts. This export entitlement has put them on a comfortable position, as far as their requirements of raw materials, machineries and spare parts are concerned. There are criticisms that these export entitlements are not being fully utilized. I think this is not a well-founded criticism. Most of the entitlements which the export industries get are being utilized for the import of raw materials, machineries and spare parts. Maybe, a part of this is sold just to compensate for the difference between the internal price and the

[Shri T. Abdul Wahid]

international price of the commodity so that the exported commodity can stand international competition.

If we compare our position with that of Pakistan we will find that we are doing nothing. Pakistan is giving bonus voucher, I think, to the extent of perhaps 30 or 35 per cent of their export performance and the exporter is free to import the raw material required for his industry, or anything he likes. He can sell those vouchers in the open market and make a profit of 150 to 200 per cent. That is how they do it. I have been talking about this to our Minister and to the officials of the Government of India for the last three or four years and everytime I get the reply from them that we are a people with high morals and that we cannot stoop down to such things and Pakistan may be doing so many things but we cannot follow them. And they prophesied that Pakistan's economy will collapse because of this. But today what we see is that Pakistan's economy is booming and that our economy is not so good. We stand on morals. We talk of morals. That is all. We are not at all practical people. We allow other nations to be practical and compete us in the international markets.

**Mr. Chairman:** Is it intended that morals should not be observed?

**Shri T. Abdul Wahid:** They should be observed. But we should also be practical. We must see what other nations are doing. When other nations are competing us in the international market, we cannot keep quiet.

अभी श्री त्रिवेदी ने हमला किया कि एक्सपोर्ट प्रमोशन एन्टाइटलमेंट में बैंक मार्केट किया जा रहा है और लोग लाखों रुपये कमाते हैं। मैं ताज्जुब करता हूँ कि श्री त्रिवेदी को कहां से इस किस्म की इन्फार्मेशन मिली है। अगर वे इंडस्ट्रियलिस्ट्स के

अकाउंट्स को देखें तो साबित हो जायेगा कि जो रा मॅटीरियल्स होते हैं उन से इंडस्ट्रीज के काम की जो अशिया हैं उन को इम्पोर्ट करने में मदद मिलती है। जहां पर भी हिन्दुस्तान पाकिस्तान का या हिन्दुस्तान चीन का मामला आता है, श्री त्रिवेदी बड़ी सक्ती से बात करते हैं। मैं इस को जायज भी समझता हूँ और उन को इस का हक है। मगर जहां तक हमारे एक्सपोर्ट्स का सवाल है, उन को यह पता नहीं है कि चाइना और पाकिस्तान इंटरनेशनल मार्केट में हमारा कितना मुकाबला कर रहे हैं और हमारी इंडस्ट्रीज को छीनते चले जा रहे हैं। उन का मुकबला करने के लिये क्या हम तैयार हैं। क्या हम उस किस्म के काम नहीं कर सकते जो वह लोग करते हैं। अगर हमारी मुश्किलात को दूर करने के लिये हमारे एक्सपोर्ट्स थोड़ा सा एंजस्टमेंट कर लें तो हम इंटरनेशनल मार्केट में उन मुल्कों का मुकाबला कर सकेंगे। श्री त्रिवेदी जो इतना क्रिटिसाइज कर रहे हैं, क्या यह चाहते हैं कि हमारी सख्तसदी हालत गिरती चली जाये और हमारे दुश्मनों की बढ़ती चली जाये और वह हमारा मुकाबला कर के चले। यह कहां की अक्लमन्दी है, यह मेरी समझ में नहीं आता।

Sir, the export trade is a very highly competitive trade. In international markets, we can stand competition only when our prices are most competitive. In order to bring down the cost of our production, and to make our prices most competitive, we must have a most modernised and mechanised industry with large-scale production. It is only this thing that has made the American industry so big and the American export trade so enormous. To achieve this modernisation, mechanisation and large-scale production, the export industries require large finances. They plough back the little profits which they may make in the development of the

industry. But at the end of the year, when the tax demand comes, they are bewildered and they do not know how to pay the taxes and they have to draw back the money from the industry. When they do so, the industry collapses, the exports come down and their turnover is dwindled. They are in a predicament. Now, this provision of tax credit is a step in the right direction. I hope the Finance Minister will be liberal in granting the percentage of tax credits to the various export industries.

Then, there is the export finance. The rate of interest for export finance is highly exorbitant. Export products cannot stand in competition with this high rate of interest specially after the recent increase in the bank rate. In all the other advanced countries, the export trade and the export industries have got special treatment as far as the bank rates are concerned. We have got the Chablani Report, I do not know why the Government has not yet given effect to this Report. I hope they will give effect to it as early as possible. There is the question of the availability of finance for the export trade. It is a big hurdle.

16-24 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

The recent directive of the Reserve Bank to the banking institutions of the country to squeeze finance to the trade and industry has played considerable harm and as far as even the export industries are concerned, the banks are not discriminative in their judgment. They should treat the export industries on a different level than other industries of the country. I admit that this curb has been brought about to curb inflation in the country. But as far as the exports are concerned the Finance Minister in every speech lays stress on the development of our exports. But how can we develop exports unless we have the necessary finance? On

the one side, you ask us to develop our exports and on the other you put these curbs. You ask the Reserve Bank and the banking institutions in the country to reduce the facilities of finance. How can we develop our exports under these conditions? I remember in one of the meetings of the Export Advisory Committee—it was in 1954 or 55 and I was a Member then—the present Finance Minister, Shri T. T. Krishnamachari, was very critical of the then existing system of financing by the banks. He criticised vehemently the system of key loans. He is a very enlightened and very liberal-minded person. Left to himself, I am sure, he will adopt very liberal policies as far as the export trade and the export industries of the country are concerned. I hope Mr. T. T. Krishnamachari will issue directives to the banks in this regard. Of course, when he issued the directive to squeeze the finances, perhaps he never had in his mind the export trade and the export industries of the country. In the absence of his clear directives, the banks apply this rule even with regard to the export trade and the export industries also. I request that the Reserve Bank may be requested to give directions to the banking institutions of the country that the export industries and the export trade should not be brought under this curb and that they should be treated in a liberal way. My suggestion is that as far as the export trade and the export industries are concerned, they should be given advances twice the value of their monthly exports. That will facilitate in enhancing our exports considerably.

Now, let me come to the central and local sales tax that the export industries have to pay. The Report of the Committee on Sales Tax is before the Government. Even here I find that like the Chablani Report, the Government has not made up its mind in regard to this. I do not know why. This 2 per cent of the

[Shri T. Abdul Wahid]

Central sales tax or the 2 per cent of the local sales tax is a very high burden on our export trade and industry. Then, we have got the octroi duty. The Bombay Municipality has put 1 per cent octroi duty on goods which pass through the Bombay State. Many commodities which come from the north Indian centres pass in transit through Bombay and they are required to pay 1 per cent octroi duty. That means the export trade is burdened with 2 or 3 per cent, and maybe still more, of sales tax, the local octroi duty etc.

Coming to the question of incentives, I speak for the hides and skins trade. The Minister was kind enough to give export entitlement for the tanned hides and skins. That relieved the difficulties of the tanners in procuring raw materials, chemicals, machinery and all that. But as far as machinery is concerned—I do not find fault with the Export-Import Department; particularly in Madras perhaps it is understaffed—we find that we do not get the licences for machineries in time when we apply for it even under the entitlement. There is a big transformation taking place in the entire tanning industry in the world. I have been abroad nearly six or seven times. I remember, everytime I tried to talk to the foreigners about finished leather, they were allergic. But to the advantage of the developing country, this year, a very curious turn has taken place. People who would not even touch or talk about finished leather now want to import finished leather. But time is the essence of the whole thing, and we have to take advantage of the present position. I speak from my personal knowledge when I say that foreigners who come every day to Madras talk highly of our goods but they tell us how Pakistan is improving its tanning industry. Pakistan, Tanganyika, East African and West African countries are competing with each other to capture the international market. Here is a situation where time is the essence of the whole matter, and we have to act quickly; if we act quickly, we can capture the

market for finished leather in the international market. But, for that purpose, we want machinery. I am sorry to point out, however, that there is considerable delay in regard to this matter. I do not know why such delay is made by the import control authorities in granting permission for the machinery. After all, we do not want any special treatment; we want to have this machineries out of our own export entitlements and not from anything else. We want this machineries quickly so that we can speedily transform the industry for making finished leather.

In this connection, I would like to point out one thing. There was no entitlement for pickled goods. I am sure the hon. Minister knows this fully well. I have been fighting for years against the export of raw skins. I am in favour of the export of tanned leather inasmuch finished form as is possible. I am always against the export of raw hides and skins. But Government have entered into an agreement with Soviet Russia. The Russians want pickled goatskins to be exported to Russia. They do not want semi-tanned goatskins from Madras; they do not want finished leather. They want pickled goatskins or dry salted goatskins. In preference to dry salted goatskins, we want to sell them pickled goatskins. Last year, we sold for over Rs. 1 crore. On the basis of the entitlement, we made some calculations of our cost. The requirements of chemicals for making pickled goatskins are the same as, if not on higher than those required for Madras tanned leather. The point is that there was no entitlement. But the Export Promotion Council in Madras under the mistaken notion that there was entitlement, granted it, and on that basis they effected these exports, and the exporters did good business. But all of a sudden, the entitlements for pickled goatskins were abolished. I have been talking to the Minister in regard to this. I have been talking also to the officers, but nothing has been done so far. We shall be thereby

losing about Rs. 2 crores worth of business in pickled goatskins. If that is exported only as raw skins, it will fetch only about two-thirds of the value that we would get for pickled goatskins. So, I would submit that something should be done in this matter so that we shall get Rs. 2 crores of export business. After all it is only a small entitlement.

**Shri Warrior:** I have moved a few cut motions to the Demands for Grants relating to this Ministry. Of course, I had occasion before also to bring these subjects to the notice of the hon. Minister. But I shall first speak on these cut motions today so that the matter may not go by default, and then I shall proceed to make my general observations, and in case they be cut short for want of time, I would not worry about it.

I shall first speak about cut motions Nos. 25 and 26 relating to the coir industry. The position is very bad. The hon. Minister knows it himself. I am quite sure that this Ministry is in much safer hands than any other Ministry, and I congratulate the hon. Minister for this because the answer to every problem is on his fingers' tips, so much so that we are confident that he will tackle the problem when time, opportunity and other resources are available at his disposal.

This problem is from a State which is a problem State, so to say, and the main problem, as everybody knows, is more economic than political. Of course, the economic problems will have their repercussions and reactions on the political scene also. If we are to tackle the economic problems, the first problem to be dealt with is the problem of the coir industry.

About ten lakhs of people are subsisting on this industry. And the whole pattern is a worn-out and old pattern. Now, because of the export promotion and the dynamic policies pursued by the Ministry to boost up our exports, certain advantages are there, but the industry is handicapped

in the matter of processing for the markets abroad. Yarn which is the first raw material in the process is being exported more and more. Of course, I do not blame the hon. Minister for that. I do agree that we should keep abreast of modernisation in each and every such processing industry. That we have not done. I do not blame this particular Ministry for that. But the whole process has come to a stop like that. Whatever process is there, is declining and raw materials still continue to be exported more and more. This will not help the industry in the long run. This will not help export also in the long run. This competition must be stopped, because yarn is taken from here and made into mats and mattings to the detriment of our production of the mats and mattings industry.

Then again, there is no such thing as scientific research in this vital industry in Kerala. Hence always when the question of productivity comes the entire blame is placed on the shoulders of the workers. Actually, it is because of the crude nature of retting the husk, making the yarn fibre and the yarn into mats and mattings. Everything is continuing in the old archaic fashion. Hence I would suggest to the Ministry to see that scientific methods are employed in this industry so that it will be modernised as soon as possible. Then we will have a sure market outside without much competition which we are facing abroad at present.

The second thing is the competition of synthetic and other rubber. Our production of natural rubber is growing. Government, of course, give some encouragement Government themselves give land. This is one of the major items of production from my State. If the Government do not come forward with a price policy which will be economic to the growers, I do not think in the face of competition from synthetic rubber as well

[Shri Warrior]

as rubber from outside, it will be worthwhile for the people engaged in this cultivation to go ahead with this programme. We have the experience of island cotton cultivation before us. The same thing will occur. First, there was such a filip for that cultivation. Encouragement was given, lands were allotted. But nowadays nothing is heard of island cotton because it was killed by competition by the cotton auctions. That should not be repeated here. That experience must be utilised and we must do something about rubber prices.

The third thing is about the retention of the commodity committees. Of course, I know that there is some sort of confusion between this Ministry and the Agriculture Ministry concerning the statutory commodities. The work of these committees is not very encouraging in that. But still, something is better than nothing. Hence, I will support the retention of these commodities, especially those commodities concerning coffee, tea, spices, coconut, arecanut, because when you look into the indices provided by the Ministry, you will find that traditional items like spices are not going up or have no time to analyse that. I have had no time to analyse that. I have looked into everything.

You will remember the history of this country especially the connection between these spices and the whole range of our historic development. It was the spices which first attracted foreigners to our country. Historical records testify to that. From 3000 years ago, foreigners had been attracted to India, especially Kerala—I am very proud of that, although later history does not show that that was very much of an advantage to us. If you look through the travel accounts of people in those days, the whole of Europe and Asia was attracted by the spices of India. Even Kalidasa has mentioned it in Raghuvansa; there spices are given first-rate importance. Therefore, spices formed the basis of

our international commercial intercourse. Now these spices are left as orphans. Government must pay more attention to these, especially pepper, cardamom and such things. I know that there is competition from other markets like Indonesia, but we had some market for these spices in the neighbouring countries and in Europe. We must try to get back those market to our growers.

I need not mention much about the ivory handicrafts because I had occasion to speak about that in the consultative committee. I hope the Minister will look into it more thoroughly, because it is not so much what we gain as foreign exchange. It is a very good and attractive industry.

**Shri Sham Lal Saraf:** With employment potential.

**Shri Warrior:** This industry is also attracting the attention of foreign tourists to a great extent, and that gives us a chance to see how much our handicrafts can be developed. Though the States say that they will do whatever they can, the Central Government has a duty, because most of the raw material for this industry is imported, and Government has control over that. If the distribution is also controlled like wise, I think this industry can be kept alive.

I was amazed to find fish and fish products in our imports, and I believe some foreign exchange is spent on it.

**Shri Manubhai Shah:** That is from East Pakistan.

**Shri Warrior:** I do not know the exact position of Chittagong, but I know at least this much that if our fishing industry is given more attention by the Government—I do not know whether it is the Food Ministry or the Commerce Ministry which deals with it—we can increase our exports considerably, as this is the best exportable material in our hands.

When I was somewhere abroad I found tinned sardines, and in reply to my enquiry I was told they were Lisbon sardines. They were actually asked from the Arabian sea but canned in Lisbon and exported as Lisbon sardines. So, the name goes to Lisbon and not to our fishermen here. Why not the Government at least now think of organising a corporation for the entire fishing and export trade? I think much of the food problem also can be solved by having this fishing industry expanded, but the Government must give attention to it.

About lemongrass oil, I do not know what I should say. It is dwindling day by day. When we approach the Government, they have got the ready answer that the demand in the world for this is now much less. But we understand that lemongrass oil is also used for manufacture of synthetic vitamins in India itself. Why not Government find out? In these things research must be done to see that this industry shall not die. Some fl'lip, some encouragement must be given to it, some way must be found to revitalise the industry. It should not come to a standstill or go down. That is my point I do not want to expatiate on it.

Coming to tapioca, we are importing it for starch while producing it in our country. All imports mean foreign exchange. Why not give more encouragement to the industry or industries based on it?

**Shri S. V. Ramaswamy (Salem):** We are not importing tapioca at all.

**Shri Warrior:** Tapioca starch for the textile industry.

**Shri S. V. Ramaswamy:** We are importing maize, not starch.

**Shri Warrior:** It is a technical thing. I do not know much about it. Shri Ramaswamy must be knowing much more, but as far as I know tapioca is used for starch-making. Maize is also used for starch-making. So, whether you call it maize or tapioca, it is all starch and nothing else. Why should we depend upon the import of maize

for starch when we could have tapioca cultivated here? When cultivation of tapioca was going on, the cultivators did not get the same encouragement and finally one fine morning the market was not there. I was also a cultivator of tapioca. I will give you that instance. I told the nearby villagers to take away all the tapioca roots so that I will be saved the expenditure of carrying these to the local market, eight miles away. I could save the carrying charges; I will get the land cleared. This is, I believe, the history of many a tapioca cultivator. I was a small cultivator. But there are big cultivators and they said once for all: We are not going to cultivate tapioca. In all these matters, in the matters price of raw materials, agricultural commodities, we are still in the matter price of raw materials, work is done, no scientific methods are employed. Whatever we get, we take to the market and the cultivator suffers more than all. Whenever there is a boom in the market for these commodities, the gains are pocketed entirely by the middle men. There comes in the question of the forward marketing. I am glad that the Government took some action about oil and other commodities excluding them from the forward market. But I do not know why the Government should retain that system. Is it perhaps, as some Members expressed here, that the forward market might regulate the economy of the country or the price system? I have worked in the forward market for a few years and from what I have understood what they call 'hedging' is nothing but switching, that is, switching over the whole profit. Why should we be at the mercy of the speculative market? Even now I have got the experience of that; I know a bit of this business but I am not convinced—not because I have come over to some other place—that the forward market is the agency to control the price system and the economy. Rather, it should be the price system and the economy which should control the market; vice versa. I for one am

[Shri Warior]

convinced that this is one principal method by which the commodity market is squeezed and agriculture is squeezed mostly.

I congratulate the Ministry with all this, Sir, because as I said earlier, the Ministry is conversant with all the problems and the Minister, especially Mr. Manubhai Shah is taking pains to do something. There may be faults and failings; but that apart, it is essential that the Ministry must look into the details of these things. When we go to the details some pertinent points come up. One thing is that we are not cultivating as close relationship in commerce with the other countries that are close to us such as Egypt, Ceylon, Yugoslavia and some others also.

There are some other items which I can pick out. I have got them. Secondly, we are not concentrating upon our traditional markets. Thirdly, the essential things are not given priority in the matters of import or export, things such as newsprint, medicines and so on. I am not enumerating all of them. There is a clamour for newsprint. Without newsprint, how can you have democracy? This must be looked into. I have many points to mention, but have reserved them for another occasion. I think the Minister will look into those problems and give us satisfactory reply when he finally replies to the debate.

**Shri Manubhai Shah:** Mr. Deputy-Speaker, Sir, I want first of all to express my gratitude which I owe to the Members of the House, who have spoken in a very affectionate and feeling way about our performance and our failings. The report which the House has considered this whole day has tried to give in brief the policy on foreign trade which this country has been following in the last few years. We have now a very clear long-term and fairly continuing clear long term and firmly continuing. The first component of this policy is clear long-term and firmly continuing of the world except only two out of the 122 countries, sovereign nations,

of the world. We trade with 120, barring South Africa and China—

**Shri P. C. Borooh:** Portugal.

**Shri Manubhai Shah:** Yes; he is right I would say except three countries including Portugal,—barring those three countries—we have no trade preference, as Shri Ranga tried to differentiate, between one part of the world and the other. As a matter of fact, if the House has observed, every country is varying to trade with everybody else; the latest in the run being a lot of entrepreneurs from the United States going to the Soviet Union. Before a few years, if there was a talk about this, people would not have believe it, and sometimes, even now, people might think it to be strange. But this is nothing strange as far as commerce and trade are concerned, because trade is as universal as mankind. Therefore, it is in our best interests to trade everywhere, but on the most favourable terms, with the lowest possible prices for our import and the best possible prices for our export. I can assure this hon. House that whether we trade with the socialist countries, the East-European countries or whether we trade through barter and rupee-payment countries or with free foreign exchange countries, we always try to see that our interests are paramount and fully protected. We do not import from any country in the world what is not required for this country's economy, whether we trade with the Soviet Union, with which our trade has expanded from Rs. 10 crores to Rs. 125 crores eachway, or whether it is with the greatest country, the United States, with which we have the highest trade—the last year's trade with that country being almost 400 million dollars eachway—we always see to it that in terms of commodities that we import, we import only what we must and import it at international prices, and of the qualities which are acceptable to our economy.



17.00 hrs.

Shri Shinkre was indirectly referring to a point that we buy from the East-European countries or in barter or through links and it is loaded externally or internally. He used the word 'over-invoice' or 'under-invoice.' I know he meant some loading. I can assure him that even here, as far as our trade with East European countries is concerned, there is no loading whatsoever,—whether the tractors are from Yugoslavia or Soviet Union,—irrespective of comparable prices. So, I would like to remove this type of feeling. It has been mostly removed from all quarters in this country, but still, in some minds it persists. All trade, with every country, through whichever mechanism is suitable to sovereign governments—India on the one hand and the trading partner on the other—is to our mutual benefit and to our maximum advantage. We do not give any price preference because of its destination; we do not receive any price reduction because of any price collusion or price rigging. It has produced results, and that is why we gave the account for two years at a time in order to give a comparison, since we tried to institutionalise the pattern of foreign trade. As Shri V. B. Gandhi has mentioned, we have now tried to set up institutions. The trade, from the old ruts where it was in, in a traditional routine manner, has now been put on a somewhat scientific, technological and modern method of trading pattern. Therefore, some time back when a very leading economist of this country called for a foreign trade policy, I was surprised. If the foreign trade policy means the enunciation of an abstract policy that we trade for the best, we purchase at the lowest price and we sell at the highest price, that was known to this country since times immemorial. If foreign trade policy means a purposive policy, a policy that identifies trends of commodities, a policy which indicates the direction and navigation of commodities and the directions in which they can be

sold, whether traditional or non-traditional, then these are all old syllabuses and there is nothing new in them. We want to diversify trade. We want that the raw materials should be given a lower priority the intermediate products given a higher level of priority and the finished products even higher level of priority. And among the finished products I lay emphasis on sophisticated and diversified products getting higher priority.

I will give the example from iron; from sponge iron to palletized iron, pig iron, steel and engineering products; all along line we would prefer the latter one to the previous one in the matter of export. We would prefer to export the machine tool than prime steel; we will rather export prime steel than pig iron or casting; we will prefer pig iron rather than palletized iron or sponge iron; we will prefer sponge iron or palletized iron as compared to iron ore.

Even here, when the needs of the situation demand, we will have to export everything that is possible to be exported even by a sacrifice. I would not like to join issue with some of my hon. friends. My hon. friend, Shri Shinkre, asked: why do we export sugar? If you want the country's life and prosperity to go forward, if the present generation will not sacrifice for the posterity to come, then I do not think any country can advance to the extent to which one wants it. I was for many years in the United Kingdom after the war. During the post-war period the mothers left their milk bottles for the sons and daughters of the nation. Because, England could not afford to drink all the milk that it produced; they had to export the milk products of their country. During those days I used to get a ration of four sugar cubes for one whole week, I am not asking for tightening of the belt. The scheme has not been still geared up by the hon. House or the country for real drive for export promotion, where sacrifice can be called in order

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to achieve a regular target. But we have to understand in this country that if we want to export, we will have to create some like climate, because export is the only means of earning foreign exchange and without earning foreign exchange the national economy can never advance. In the case of sugar we were consuming only 8 lakhs or 10 lakhs tons a year a few years back and now our consumption is 26 lakhs or 29 lakhs tons. So, what we are now asking for is no sacrifice at all, I would say, but only a restraint today which will bring in prosperity tomorrow. With a little bit of purposeful, knowing, conscious effort in order to consume less of what we can sell abroad, we can certainly do and we must do, and to that extent I am very glad that most of the hon. Members did say that it would be very necessary to export whatever we could, even if it meant some inconvenience. We are not asking for tightening the belt; we know the belt is already too tight. But the people of this country, we know, are not people who are dreamy or impracticable and they will undergo the sacrifices without which the nation cannot do. We have suffered in the past and we have won our independence through struggle for independence, for political independence. Similarly, for the economic emancipation of this country also we shall have to pass through a further period of self-discipline. Some self-restraint, so that we can divert our products of daily consumption which can be spared for export and earn foreign exchange so that the present savings can be converted into better things for a brighter tomorrow and a still brighter day after tomorrow.

Regarding the other main points of the foreign trade policy which I want to place before the House, there are really four main pillars on which the foreign trade rests. The first is, as hon. Members mentioned, production. It is production, production and still more production, all along the line.

Unless there is more and more of production, naturally we cannot increase our exports. Even with restraint and discipline on consumption, we will have to have increased production, because population is increasing. Call it a misfortune or an accident of history, we add almost 11 million people—the whole of Australia is being added to India every year. Also, expectation of life is going up. It is a sign of progress, but progress will have to be matched with some sacrifice. So, production all along the line by hard work will have to be raised.

I entirely agree with Mr. Warior when he says that agriculture is a *prima donna* of foreign trade. Even as regards the USA, which is the queen of industry throughout the world, 65 per cent of its export—nearly 13 billion dollars—is agricultural production.

17 hrs.

**Shri Hari Vishnu Kamath** (Hoshangabad): Mixed metaphor—*prima donna* and queen!

**Shri Manubhai Shah**: It is *prima donna* in some cases; it is queen in other cases. In both cases, agriculture is playing a major role.

In this country, whether it is fisheries, tapioca, oilseeds or sugar, the agricultural sector will have to be given maximum assistance. The House will appreciate that during the last one or two years, we are reorienting our policy to maximum production in agriculture. We hope in the coming few years, agricultural production will show a much better performance, whatever may be the stagnation in the last three years.

The second pillar is quality. We may produce, but if its quality is bad or sub-standard, the goods will not sell. As part of our foreign trade policy, we have initiated in the last

two years, quality control and pre-shipment inspection. The Quality Control and Preshipment Inspection Act, 1963 was passed by this House. In the last two years, products after products have been brought under quality control. By the end of the year, we hope that 80 to 85 per cent of our exports will be brought under compulsory statutory legal quality control and pre-shipment inspection. I have heard very appreciative references about this throughout the world. When I went to Australia, I was discussing this with the importers of jute goods. Out of courtesy they might not mention some complaints. So, I asked, have you any complaints about quality. They said, no. In the past we used to have many complaints about our jute goods, but in recent years, due to the measures taken by the industry, trade and Government, quality has considerably improved. Cardamom, shellac, cotton, textiles, oils, sugar, engineering products, handicrafts, talpoca, mica mineral ores—practically all our exports, barring tea on which statutory control is not compulsory because it is sold only on quality in different grades—80 to 85 per cent of all products entering the export market would have come under statutory compulsory quality control and pre-shipment inspection by the end of the year.

**Shri Hari Vishnu Kamath:** In spite of that, tea exports to America are falling.

**Shri Manubhai Shah:** I will take it up commodity-wise later. The latest figure up to 31st March is that export of tea this year was Rs. 7 crores more than last year. Previous figures were upto December. The real North Indian tea starts coming in somewhere by the end of November. The year has ended with a record export of tea.

The other aspect of quality is packing. Even if the product inside is good what is not well presented is not well accepted. This is the modern

theory of advertising publicity, salesmanship and marketing. We should concentrate and improve the packing so that it is presentable throughout the world. In this respect, I will not give a full certificate to all the products of India. We have done a good deal, but we have yet to do a great deal that way in order to see that the packaging is modernised, made into an attractive pattern and presented to foreigners in a manner which will do credit to this great country.

The other day, when I was in London, I was shown at the port of London, some bars which we sent there. There have been questions in this House that we will lose some money because the bars that went there got twisted. One would wonder what has packing to do with the bars. We understand packing for cigarettes and for some processed foods like jam or jelly. But today everything requires packing. If the bars are not properly tied at several points with the gauge of a wire which must be about 10 gauges or 9 gauges, not 14 gauges or 24 gauges, the bars get twisted, and they did get twisted and we lost some money. I can inform the House that we are starting an Institute of Packaging at Madras in order to train up the exporters. We are starting this year, as early as possible, an Institute of Packaging to give concentrated attention to the aspect of quality in packaging because the quality as far as the standards, specifications, construction and various other types are concerned is one thing, and then to put a good product in a good packet is an important matter and I hope we shall try to train up our exporters in this direction.

The third point is about prices. Here, we know that under-development is a curse. The productivity in the less developed countries is on the low side. We are a low-wage country but a high-cost country. It looks somewhat strange. When we were saying to G.A.T.T. that they should

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not put barriers against India or less-developed countries, they were saying, "You are a low-wage country and, therefore, you can dump goods". We have in a statistical and analytical manner proved that even though our wages may be per man hour comparatively lower, but in the overall analysis, because of low productivity and lower efficiency in the management, machinery, the methods of technique of production being somewhat outdated the cost is high. My hon. friend was asking why. Because we started in this field late, we started late in the history of development and during the last 200 years, when the world was marching on in adopting modern technology we fell behind because we were under a foreign master. But during the last 17 years, we have done a great deal in modernising the equipment and I hope this price question will be tackled by Government, the people, the trading community and the producers in the next five years. That must be done because it is a life line. We may produce more and we may improve the quality but if we continue to have high cost, we shall not be able to stand world competition. No amount of compensation, no amount of import entitlements, no amount of cash subsidies, no amount of grants can ever take the place of efficiency. I do not mean to say that in every sector we can be as efficient as the United States of America or Germany or Japan but over a wide sector of agricultural economy, over a wide sector of industrial economy, we shall have to be competitive. What is the state of affairs today? We produce sugar at almost twice or two and a half times the world price. Take the case of oils and oilseeds. It is Rs. 650 higher than the world price. In the case of groundnut oil, the prices have come down crumbling to a great extent. The price in India is Rs. 1,900 a ton and the export price is round about Rs. 1,200. How can a difference of Rs. 700 be expected to be tolerated

by the nation for a long time? You take all the goods all along the line and you will find that in most of the commodities we are highly priced out and the earlier we pay attention to the price aspect of the matter, the better it will be. However in the meantime, we cannot lose the vital element of foreign exchange. We cannot afford to see that our exports sag or they suffer from the handicap of prices. Therefore, on behalf of the Central Government; on behalf of this august House and myself, I have been assuring from all platforms the exporters of this country that provided you keep to quality, provided you keep to the high traditions of Indian merchandising—since the last 10-20 centuries our forefathers went across the seven seas and sold the Indian goods with all the high quality that our forefathers could boast of—if our people can maintain the quality, if our people can maintain the contractual obligations that they enter into with foreign buyers, and I want to repeat that assurance, the Government shall stand by all exporters to see that the export trade is not a losing trade.

**Shri Hari Vishnu Kamath:** I hope that it is not a big 'if'.

**Shri Maubhai Shah:** Yes. No commander of an Army can expect an Army will be a wrong thing to go on exhorting people, or for House to believe that any support that we give to them is unnecessary or overdone or useless. Unless and until an exporter or manufacturer is assured by this House that in regard to his transaction with a foreign partner, as long as the ethics of the trade is maintained, and as long as the quality and the contractual obligations are fulfilled, we shall stand by him as a nation and support him in whatever legitimate losses he may incur because of the local price being higher and the international price being

lower, there cannot be any big rise in export; we shall always stand by such exporters. . . .

**Shri Hari Vishnu Kamath:** But deal with the bad traders severely.

**Shri Manubhai Shah:** So far as bad traders are concerned, we have taken so many steps to eliminate the bad practices. I may inform the House that we are already preparing an amendment to the Act in regard to the import and export control to seek powers to criminally prosecute such bad traders. Just now, there is only provision for imposing a penalty in terms of money, which is twice or thrice or four times the amount of embezzlement or the fraud or the bad practices that he has practised or indulged in; but we are seeking to take powers to criminally prosecute a person who imports or exports by resorting to under-invoicing and over-invoicing, or by giving false particulars, and award even imprisonment for such persons.

**Shri Hari Vishnu Kamath:** It was long overdue.

**Shri Manubhai Shah:** What I am concerned with is the positive aspect of it namely that we have to give an assurance to the exporters that such export promotion schemes are of a continuing nature, and that there would not be a sudden change every time, as some Members have mentioned, and particularly as Shri Heda rightly mentioned; if a person has entered into a contract with a foreign partner on the clear understanding that his Government is giving him such and such a benefit or such and such an assistance, then all of a sudden if Government change that, he cannot be expected to go back to his foreign partner and say that his Government has changed its policy, and, therefore, he will not be able to carry out the contract. That would bring a bad name not merely for the merchant but for the country itself. Therefore, I want to repeat this assurance, and I am grateful to Shri

Heda for drawing our attention to that, and in fact, I have been repeatedly saying this that we shall stand by these schemes; whatever export promotion schemes are on the statute-book of this country, this Government shall continue, and if and when any minor modifications or adjustments are required, we shall give sufficient notice, and we shall also consult the interests concerned so that what we do is in the right direction. I want to repeat this assurance that this House is behind all these assistance schemes, whether they be import entitlement, or tax-credit certificates, or rebate or cash assistance or marketing development fund grant and so on. All these are done after great calculations and proper analysis of every situation, and they must continue for the Fourth Plan period if we are to make proper headway and achieve the targets of Rs. 1,100 to 1,200 crores of exports by the end of the Fourth Plan. Therefore, I would not take further time of the House as far as foreign trade policy is concerned. What I want to assure the House and the people of this country is that we have a long-term continuing firm policy so that our exporters can trade in the best possible manner and sell goods at international prices and of internationally acceptable quality standards.

Then, the question arose regarding participation of the State in trading. My hon. friend Shri Ranga has set views on this matter. I have known his views on this matter, and I do not know since when he has changed; because we were all working together before, I knew what his views were before. But for the last few years, his approach to problems has changed. I would like to submit that in an under-developed or even in a highly developed country, there is always State trading in some form or other, to some extent or the other. We have brought out a brochure entitled 'Eight years of State trading', and I would commend this to my

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hon. friend, and I would request him to go through it.

**Shri Ranga:** I have read it already.

**Shri Manubhai Shah:** If he reads that brochure he will realise that there is no country in the world including the highly capitalistic countries that we know of or the most radically communist country that we know of where there is no State trading in one sector of its economy or the other; the volume may vary and the quantum may change; the qualitative approach to State trading might be different in different countries, but every country has found it necessary, particularly, in respect of foreign trade; for, if we want to strengthen our national economy and the smaller merchants in the country will have to be enabled through some parties to be able to compete with the consortiums monopolies, then we shall have to have some form of State trading...

**Shri Ranga:** Why does my hon. friend labour a point which had already been dealt with as my one point? I did not say that there should not be State trading corporation. My only point is that Government are not using the State Trading Corporation for the main purpose for which it was started, namely to protect our people as against the totalitarian countries.

**Shri Manubhai Shah:** I am very glad that Shri Ranga has conceded the need for STC.

**Shri Ranga:** The State Trading Corporation is going to them on bended knees, and those totalitarian countries treat it with the uttermost possible contempt, just because of the wrong policy of Government.

**Shri Manubhai Shah:** I am glad that for the first time at least, Prof. Ranga—I do not know whether it is on behalf of his party or it is his own individual view—accepts state trading.

**Shri Ranga:** You should take lessons from us.

**Shri Manubhai Shah:** As regards taking lessons, I will come to it.

**Shri Ranga:** It is a duty cast upon you. It is never too late.

**Shri Manubhai Shah:** I would say that state trading is a definitely accepted policy of the country's Government. It is wrong to say that state trading was meant only for trading with socialist countries, because in one of the observations the hon. Member made,—and other Members also made it—it was said that it was only for the purpose of trading with the socialist countries. That is a misnomer, that observation.

**Shri Ranga:** Again he is misrepresenting me.

**Shri Manubhai Shah:** I am not answering only the hon. Member.

**Shri Ranga:** You must make that clear. Prof. Ranga did not say so.

**Shri Manubhai Shah:** I am sorry. I was answering the point made by other hon. Members also.

I want to tell the hon. House that state trading and the purpose behind it, the objects thereof, have been clearly explained in the book which we have brought out, which summarises the last 8 years policy on state trading. State trading in this country has come to stay, whether some people like it or not. It will continue to grow and expand in order to help the primary producer, the intermediate merchandise-man, to canalise the exports in some cases and to canalise imports in others. I say this because we have been hearing, not only in this House but outside, complaints made by many many people, grouching against state trading. But state trading as an instrument for trading has become today an inescapable instrument.

Figures of state trading are given I would like to place them before those people who are interested. Take tobacco. Here I would particularly invite Prof. Ranga's attention.

**Shri Alvares:** Prof. Ranga, he is provoking you.

**Shri Manubhai Shah:** I am not provoking anyone. I am giving the figures.

In 1961, our export of tobacco was Rs. 16 crores. After the floor prices were announced along with ceiling prices,—because what happened? Somebody questioned, why ceiling prices; it is to assure the foreign buyers that this country has a stable price policy, because after all, trade is bilateral, and no foreign country likes a floor price unless the Government is to assure also that there will not be fleecing in other adverse circumstances, having built up the relations. Therefore, generally, wherever a floor price is stipulated in a broad manner, the ceiling price, which is very high—actually at no time it will be reached, it is 30 or 40 percent higher than the floor price—is fixed. There is the floor and the ceiling prescribed. In 1962, the export went up to Rs. 20 crores, it rose to Rs. 24 crores last year. Is this a performance to be ashamed of? In a commodity like tobacco....

**Shri Ranga:** Was it the performance of this Government? It was the performance of the people.

**Shri Manubhai Shah:** All right: We do not take credit. It is the performance of the people through the mechanism devised by Government.

**Shri Ranga:** What mechanism did you devise? You failed to devise any.

**Shri Manubhai Shah:** I do not wish to enter into an individual argument.

The remarks which were made indirectly referred to a great friendly

country. I must say that since our trade with that country—USSR—has expanded, we have benefited in many many ways; they have also benefited and we have benefited. The prices of products which otherwise were being sold only in one direction have stabilised at a higher level since we entered into long-term trading partnership with those countries. I only want the House to remember this so that we do not place one group of countries against another group, which may sometimes do injustice, not knowingly but unknowingly. These countries with whom we have rupee payments agreements have been very helpful to us. We have also been helpful to them. On the whole, on the price question, we have been helped and not hindered by the policies of those countries.

**Shri Hari Vishnu Kamath:** What about export of shoes and bananas to those countries?

**Shri Manubhai Shah:** That has also benefited. 600,000 pairs of shoes are being exported. We are planning for export of a million pairs.

**Shri Hari Vishnu Kamath:** Bhusavali kele?

**Shri Manubhai Shah:** I will come to bananas.

The fourth matter, apart from prices, was the marketing techniques. It is in the field of marketing technique that we have done some work, and I am glad the hon. Member referred to the work of the Institute of Foreign Trade. Since its inception, along with the Export Credit and Guarantee Corporation and various other institutions that we have set up, it has drawn the attention of the country's merchants, exporters and producers to modern marketing techniques. It is only a beginning made. We cannot take much pride in any great achievement, but it has produced a number

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of valuable reports. Various delegations are going and they also give us the benefit of their advice and experience. On the marketing side, commodity research and the area surveys which we are conducting at the private level, Government level and the Institute level have proved of great benefit. So, I can assure the House that these four pillars—production, quality including packing, prices and marketing techniques—are now being well attended to.

I would like to mention only one word here when I am going over to the subject of commodities. Sometimes there has been some misunderstanding. I can assure you that we have now a complete audit system in which sample checking of quite a large percentage of export and import is being made. The entitlements are being used, as Shri Abdul Waheed rightly pointed out—he is one of the leading exporters—to give them raw materials, components, spare parts, equipment and machinery. After all, in a country with restricted scope for imports, if the exporter has to be left at the mercy of the manufacturer for getting raw materials, the exports may not take place. Not only that. They will go on declining. We have to keep the foot constantly on the accelerator even to stand where we are. Let nobody believe that because we achieved a certain figure last year, to retain that figures requires no effort. An analysis of 16 years of our export figures shows—if you want figures of other countries, I can give them—that there have been years when we lost Rs. 50 crores of exports. In one year it was Rs. 600 crores. The previous year it was Rs. 612 crores. The next year it was Rs. 550 crores. The average sign curve has been crest and through all along the line. Therefore, even to retain the export figure requires considerably effort.

In this assistance programme, whether it is in terms of packing, market-

ing assistance export entitlement, I am quite sure that we are prepared to look into every single case of abuse. More than a million shipment are taking place, and there are bound to be a few black-sheep everywhere, but barring these few cases, on the whole the export trade is quite healthy and I can assure the House that wherever defects or any type of collusion comes to our notice, we shall spare none of the mischief-makers or fraudulent people, whatever their status in public life may be.

Now I come to the broad pattern of the commodity trade. First and foremost is jute. Jute has earned us this year Rs. 176 crores—Rs. 26 crores more than last year—and we find that this industry, though it is called a traditional industry, is one of the most important industries for this country. Therefore, this year we have sanctioned a scheme called "Product Development and Fibre Conversion Scheme" of IJMA. We have sanctioned Rs. 45 lakhs from the Market Development Fund for the jute industry, so that during the current year and coming year, 75 per cent of non-recurring and 75 per cent of recurring expenditure will be granted to IJMA, i.e., the jute industry, from out of the Market Development Fund for carrying out research on product development and fibre conversion.

If I may summarise the scheme, it is like this. So far we have been selling hessian, sacking and carpet backing cloth, but we now find that in the world there is great competition from synthetics, and unless we diversify production from jute, we will not be able to stand competition in the world market. If we have to earn Rs. 200 crores or may be more from jute, we will have to diversify and have product development, so that we do not stick to the traditional sackings and bags which are now being completely replaced in many countries by bulk carriers, silos, tank



wagons and various other types of air sucking arrangements. We will have to see that product development takes place. I have seen in many parts of the world, for instance in Singapore, that the jute fibre which ordinarily sells at 50 paise a yard can be converted by product development to sell at Rs. 5 a yard. They make hotel furnishing fabrics, will living fabrics, etc. out of jute cloth. There are many uses to which human mind, resourceful as it is, and research hankering as modern society is, can convert this stable fibre and put it to use. Therefore, we have sanctioned to the jute industry this particular scheme, costing Rs. 45 lakhs and Government will give a grant of 75 per cent for the capital recurring cost. I can assure the jute industry that we are considering bringing them into the tax credit system which has been announced by my hon. colleague the hon. Finance Minister and the House knows about it. Under this tax credit certificates scheme we are appointing a committee under the chairmanship of the Secretary of the Commerce Ministry with high representatives of the Ministry of Finance and one more member from the industry or the other Ministry concerned; if it is an engineering project the industry Ministry will be there; if it is an agricultural project, the Food and Agriculture Ministry will be there. This three member high power board will go into the various representations received from the export industries and decide upon what type and quantum of tax credit should be granted. I can assure the large number of exporters exporting industrial and agricultural commodities that wherever the commodity deserves some assistance this committee will go into it and finally decide what should be the quantum; it may be 2, 3, 5, 8, 10 per cent or may be a maximum of 15 per cent depending upon, what in the judgment of the committee that is as adjudged by the committee, such a certificate such an assistance will promote export, will sustain exports and will

create new markets. Where it is a commodity like coir, which Mr. Warrior referred to and which is very much depressed, we can give it a sort of a face-lift by the tax credit that could be granted. So, for the jute industry also, they will be considering under some percentage under the tax credit system.

Many hon. Members spoke of tea because we have quite a large number of friends who are really tea planters and are very knowledgeable. I can assure Shrimati Akkamma Devi that her case for the small growers of tea is always very much near to the heart of this House and of the Ministry and the decision how the zone is to be demarcated is being looked into. If the hon. Member can approach the Central Board of Revenue with more technical details, of course our Ministry will also help, they will be fully sympathetic to see that the hardship she mentioned is removed; she mentioned 42 paise as tax on Rs. 3.75; it is a high tax. If we declare it as a lower zone, we will be happy to see that the small growers are benefited. I would advise both my hon. friend Mr. Hem Raj and Akkamma Deviji that what is necessary is co-operative factories. In two years, we have brought up six co-operative factories, four in the south and two in the North. If Coonoor auction has to succeed, if reasonable prices are to be given to the growers in the regions where small growers are predominant, we should try to see that more co-operative factories come up. We can give any amount of financial assistance whereby the small growers can benefit. I hope, particularly in the Punjab region, Mr. Hem Raj will see to it that more co-operative factories come up; in the south also. So that, we can give the maximum assistance to tea.

Let there be no sign of pessimism; no funeral procession is going to come out. I am quite sure that Mr. Borooah need not have worry or anxiety of that nature. Tea, even today, is not

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a depressed industry, even though it requires some assistance. Therefore, we should not paint a picture which is rather unwarranted. This year, on 31st March, the exports stood at Rs. 130 crores, Rs. 7 crores higher than the last financial year. This year thanks to the good monsoon we had, we have got a record production of 835 million pounds. I do not know if any tea planter thought that we would ever reach this figure. This gives us strength to believe that in the next five years, we may be able to reach the target of 1000 million for the Fourth Plan. The report says that we gave Rs. 9.5 crores of assistance. This year a like amount—more than Rs. 10 crores—will be given to the tea industry in different forms. Of the major recommendations of the Chari Committee, the first one was that a development rebate on new plantation and replantation should be given. That has been granted, not to the same extent as the Committee has suggested. 50 per cent rebate was recommended for new plantation and 40 per cent for replantation. The Government has already agreed and announced 40 per cent for new plantations and 20 per cent for replantations. I have already assured the House that a Tea Finance and Guarantee Corporation will be in the offing in the next two months. We are establishing or constituting a new Corporation called the Tea Finance and Guarantee Corporation, whose main functions will be to give guarantee to tea planters. Today, we are having no guarantee institutions. Many economists have asked why a new corporation is coming. But the majority view is that we should bring in a Tea Finance and Guarantee Corporation. I want to explain it. Today, there is no agency in this country which can stand guarantee to the various banking institutions which want to give long-term medium-term and short-term loans to stabilise and develop the tea industry. This Corporation will perform that function, and that part of the report will be implemented.

Then there is the question of giving a tax rebate. The Chari Committee recommended 18 nP per kilogramme. I can assure the House and the hon. Members that the Joshi Committee will start functioning under the Tax Credit Certificate Scheme, and I hope the hon. Minister of Finance will very closely go into it and, if possible, before the debate on those Demands under the budget closes, reply about it. I had some discussion with him this morning, and I hope we may be able to announce some tax credit certificate on tea and some other products and commodities by that time when he gives his final reply to the debate on the Finance Bill. By that time, we can expect a few commodities to get the benefit of the scheme. Apart from the fact as to who gets it or which commodity gets it, I can assure the House that the Joshi committee will go into it,—whatever it may be, a little here or a little there. The Chari Committee was a committee which consisted of all the interests of the tea industry, including all the Ministries, and we are going to see that most of the contents of that report are fully accepted by us.

The third important commodity is iron ore. I need not dilate on iron ore, because I had many opportunities to place before the House the master plan on iron ore. We have approved schemes for Rs. 370 crores for the next seven years. Under the master plan, all the major ports of India will be developed to certain capacities to export 30 million tons of iron ore by 1970-72. It is no dream. I can assure the hon. Member—he seems to be much astonished.

**Shri Ranga:** It is astronomical.

**Shri Manubhai Shah:** It is not an astronomical figure, because the national Plan of India runs to Rs. 21,000 crores. We saw in Australia, the other day, when I was there, that the development of iron ore and the steel industry is very fast, and the whole thing is completely mechanised. The

loading rate is 2,000 tons per hour, whereas in our country it is not even 2,000 tons per day. We want to modernise all our major ports for handling the iron ore,—the six major ports including Madras, Vizagapatam, and also Paradip, Haldia, Mangalore and Goa.

**Shri Joachim Alva (Kanara):** Also Karwar.

**Shri Basappa (Tiptur):** And have good broad gauge rail system.

**Shri Manubhai Shah:** Well, Karwar is not a major port, but it should also get the benefit.

**An Hon. Member:** Goa can serve Karwar also.

**Shri Manubhai Shah:** Then they have to settle it in between themselves. All the six major ports are being modernised in the country along with the railway system.

**Shri P. Venkatasubbaiah (Adoni):** What is the difficulty at Masulipatam port? I am told, it is the cheapest port for export of iron ore. May I know if anything is being done in that direction, to export iron ore from there, and to have export trade?

**Shri Manubhai Shah:** Now that the hon. Member has drawn my attention to it, I can assure him that, while that is not the cheapest port for this purpose, the 30 million tons which we are going to handle in the major ports could certainly help that also. We can certainly help Masuliptam. I would also like hon. Members to remember that a trade like iron ore, is a highly competitive one. where every paisa counts, and the mere question of every port being utilised for iron ore should not be pressed because, here, the question of economics, the question of price, and so on, enters, and we can certainly undertake merchandising other items of export through all these major and medium ports. As far as iron ore is concerned, we will have

to compete with Japan, Australia and Venezuela, Sweden and Soviet Union and Gabon and a number of other countries. Therefore, we should see that these six ports are developed in the most scientific way.

Some hon. Members mentioned about the MMTC not going to Goa and all that. Shri Shinkre and Shri Alvares had occasion to discuss it with me. I can assure them that the established exporters are being tapped only after whatever any small mineowner and the medium exporter or the small exporter is able to offer. I want to repeat it. If any Goa exporter or mineowner, who is a small mineowner or a medium mineowner has anything to offer by way of iron ore, here and now, we are prepared to buy it from him.

**Shri Shinkre (Marmagoa):** You make arrangements to take it and they will offer.

**Shri Manubhai Shah:** I give this solemn assurance on behalf of the Corporation. I had spent three days in Goa and my Secretary also was there. We had a big conference there. Every exporter and mine-owner of Goa is being assured by Government that we shall buy whatever ore they have to offer.

**Shri Shinkre:** The moment you have river transport and road transport there, we will do that.

**Shri Manubhai Shah:** The matter is being complicated by too many issues. Mr. Shinkre was complaining of the present situation. If it is about future development, it will form part of the master plan. For the present, whoever has any ore to offer—small or medium mine-owner of Goa or exporter—we shall buy it.

MMTC entered into Goa at the request of small mine-owners. They have been benefited. I have many letters from them; they have welcomed the intrusion of MMTC. We propose to carry it, so that anybody

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who wants to sell can have satisfaction.

We are trying to put up pelletisation plants, so that the 20 per cent occurring as fines may be converted into pellets. We have already finalised two plants. More plants will be established in the public and private sectors and the MMTTC will financially participate where necessary to see that pelletisation plants are put up in important harbours.

The annual report also deals with our performance in regard to manganese ore. We have reached a record export this year. Many friends last year raised their eyebrows and expressed doubts whether the intrusion of State-trading will be all right. This is the answer. We have contracted for 1.59 million tonnes of manganese ore under various barter and other sales systems. We also exported under the C.C.C. barter agreement with USA.

**Shri Ranga:** This is a world-wide phenomenon.

**Shri Manubhai Shah:** If a good thing takes place, he says it is world-wide. The world trade in manganese ore is 3.7 million tonnes out of which our share is 45 per cent. Let us not confuse the issue.

I come to sugar. Mr. Trivedi was critical about it.

**Shri Ranga:** Orissa Agents!

**Shri Manubhai Shah:** I wish this country is enabled to export 1 million tonnes of sugar, because we have a great potential. By putting large-sized factories in selected southern areas of Maharashtra, Mysore, Madras, Andhra and Kerala, we can produce sugar almost at a competitive rate. There the average is 60 to 75 tonnes of sugarcane per acre like in any Latin American country, Cuba and Australia. So, we should not shut our eyes because of some present difficulty in the price situation. We should be

bold enough to plan for a larger export of sugar. Instead of wishing for reduction or vanishing of our sugar exports, the blessings of the House should be for increasing the export of sugar. . . . . (Interruptions).

श्री हुकम बन्द कछवाय : देवास के ग्रन्दर जो मिल चलने वाली थी उस के लिये क्या हो रहा है ?

श्री मनुभाई शाह : जरा शुगर की बात हो जाने दीजिये तब मैं उस पर आता हूँ ।

**Shri Kapur Singh:** Why are we not allowed to eat our own sugar?

**Shri Manubhai Shah:** We are allowed. 6 or 7 years ago, this country was consuming less than 1 million tonnes. Today the consumption is 2.9 million tonnes. I hope he will tell the people that there should be some sacrifice by the present generation for building up posterity. After all, we cannot consume everything that we produce.

Then I come to the question of oils and oilseeds. Here the performance on the whole has been good. We had to ban the export of groundnut oil last year. The situation is under constant review. For the present, we cannot expect much revenue, export earning, from these vegetable oils. We have imported soya-bean oil and tallow and when the whole oil economy gets saturated then we can review the whole situation, when the price is stabilized.

श्री तुलसीदास जाधव (नांदेड़) : आयाल की खपत बाज़ार में नहीं है और उस का एक्सपोर्ट भी नहीं होता है जिससे कि आयाल मिलें बन्द हो रही हैं और काश्तकारों का नुकसान होता है तो सरकार इसके लिए क्या कर रही है ?

**Shri Manubhai Shah:** Yes, Sir, When we impose a ban, naturally,

there is accumulation and accumulation certainly causes certain hardships. These points have already been looked into. As I had mentioned, when the oil economy stabilizes we can look into the whole matter. But now I would not like to make any statement on oil because it is a highly inflammable commodity and anything that I say may be misinterpreted.

About lemon-grass oil, I do not agree with Shri Warrior, because a synthetic substitute will always be there. We have requested the United Nations Conference on Trade and Development to have a high-power committee on synthetics, because this is a major threat to all the developing countries that some of the new advances in science and technology are coming out to the detriment of the poor developing countries. Synthetic rubber has been replacing natural rubber, sandoil which has been replacing sandal-wood oil and synthetic citrol which is coming out of naptha is killing our lemon-grass oil. But, Government have gone to the aid of the producers. We give price support. We purchased all the lemon-grass oil in Kerala and exported it at a loss. The report of STC will show how beneficial its effect has been. We supported the price and we purchased the whole production and at no time were the growers allowed to suffer heavily though there was loss to the STC. I can give that assurance to hon. Members and I hope the hon. Member will agree with me that we have given satisfactory price support to this agricultural commodity.

About cotton textiles I am happy to report that we have at least gone away from the situation where the exports were falling over the last 13 to 14 years. During the last two years the cycle is being reversed; not that we can export any quantity we like but in the last year, the year which has just closed, we exported textiles worth Rs. 63 crores as compared to Rs. 54 crores earlier. So, there has been a net gain of Rs. 9 crores. This is mostly due to the free foreign exchange coun-

tries, because with the East European countries we do not have any textile sizeable trade.

**Shri Ranga:** Handloom goods are not being helped as much as they should.

**Shri Manubhai Shah:** Bleeding Madras export has gone up to Rs. 6 crores from Rs. 2 crores. If bleeding Madras is not handloom, then what is handloom?

**Shri Ranga:** That is not enough.

**Shri Manubhai Shah:** It is true that it is not enough. I admit that the export of handloom products must be much more.

**Shri Hari Vishnu Kamath:** Why do you not change the name of that brand?

**Shri Manubhai Shah:** I was speaking about textiles. New mills are coming up. The hon. Member, Shri Trivedi referred to the shifting of a mill from Dewas. It is not our fault. The Madhya Pradesh Government was agreeable to that. But I can assure him that if he could find any other industrialist to set up a new mill, the Government would also help him. We want a textile mill to be put up at Dewas, and we are prepared to give a licence. We are interested in the industrial development of Dewas and I can assure him that if he brings up any case, any party who is willing to start a mill, we shall see to it that the mill comes up. As a matter of fact, we have made a departure this year.

**Shri J. P. Jyotishi (Sagar):** Who was responsible for this shifting?

**Shri Manubhai Shah:** This is a democratic country. If both the governments agree, a change can take place. If the transfer or shifting is taking place with the consent of both governments, we will agree to it.

श्री हुकम चन्द कछवाय : विदेशी मुद्रा देवास में मिल लगाने के लिए दी गई थी, लेकिन वह गुजरात में ले गये, इस का क्या कारण है ?

श्री मनुभाई शाह : मैं बता रहा था कि गुजरात में वह ले नहीं गये हैं। उनके पास

[श्री मनुभाई शाह]

गुजरात का भी लाइसेंस था और मध्य प्रदेश का भी लाइसेंस था। बहूतों ने कई एक एरियाज़ में अपना काम करना था, जो उन्होंने नहीं किया है। उस को हम कंसल करने के लिए तैयार हैं और हम देवास के लिए लाइसेंस दिलाने के लिए तैयार हैं। उस के लिए थोड़ी कोशिश करनी पड़ेगी।

What I was saying was that a very great expansion is taking place in the textile industry. There is a great opportunity and then we have made a new major departure in our policy that 50 new textile mills are proposed to be set up in the public sector and in the cooperative sector in the next five years. This is to help areas like Dewas, those under-developed regions where a private entrepreneur does not dare go and we as the Central Government or the State Government are prepared to establish such mills.

**Shri Hari Vishnu Kamath:** They are not under-developed; they are developing.

**Shri Manubhai Shah:** I am talking of those backward regions.

**Shri Shinkre:** Do not say 'backward'.

**Shri Manubhai Shah:** There are less developed regions in the country.

**Shri Kapur Singh:** You say, not so forward.

**Shri Manubhai Shah:** What I was saying was, for the consideration of the hon. House, that we are having a programme and we have gone to the Planning Commission with a proposal that 50 textile spinning units must be established in the public sector and the cooperative sector in the next two Plans and here the preference will be given to areas where the entrepreneurs do not generally go. Many people have questioned as to why Government should enter into the textile industry and the

answer is that the entrepreneurs have not entered into many regions and many districts because they are less developed and because all the facilities are not available there. We cannot allow the people there to suffer the consequences of no industrialisation there. Therefore, with a purposive mind, we have decided, if the proposals go through, and I hope the House will support them, that 50 textile mills will be established in the public sector and in the cooperative sector preferably in backward areas.

श्री हुकम चन्द कछवाय : मध्य प्रदेश में कितनी खोलेंगे ?

**Shri Manubhai Shah:** I cannot go into the details.

Then, there were points mentioned about the cloth control price by Mr. Yashpal Singh. What I can assure him is this that I will be very grateful to him if he can show me any village or any area where 18 per cent rule is not being observed. I say this because 18 per cent is clearly defined, that is, the consumer will pay 18 per cent over the printed ex-mill price. Both retail price and ex-mill price are printed on the cloth. I will be every grateful to the hon. Members who can show any village or a town or a district where cloth of controlled nature is sold at higher than 18 per cent. As a matter of fact, due to increase in production—during the last year the production has gone upto 56 million—there has been a recession in prices and the controlled cloth is selling at 4 to 5 per cent less than the controlled price. The hon. Member was feeling emotional and he was saying that the poor people are not getting the cloth. This control price is fixed for the poor people and the middle-class people only. And we shall see that every yard of the controlled cloth is within the prices fixed by the Government. If any hon. Member has got any difficulty and can point out any case, I

will be much obliged if he can mention the same to us.

Then, a question was raised about the coir yarn because that forms part of textile.

An Hon. Member: What about the powerlooms?

**Shri Manubhai Shah:** All right. I will mention about powerlooms. About powerlooms....

श्री तुलसीदास जाधव सरकार ने एक्समाइज ड्यूटी कम की है. लेकिन मिल वालों ने एक्स-मिल प्राइस बढ़ा दी है। उस से कन्जूमर के लिए रिटेल प्राइस बढ़ गई है।

श्री मनुभाई शह : यह बात गलत है।

It is not so. We have issued a press note on this that the prices have been lowered as a result of the excise duty relief by 5 to 7 per cent and in some cases by 10 per cent.

श्री तुलसीदास जाधव एक्स-मिल प्राइस बढ़ाई है।

**Shri Manubhai Shah:** After all, you are concerned with the retailer. If due to any technical reasons, a particular variety goes up by 1 per cent, the main point is to see at what price does the consumer get. The consumer will get it at 5 to 7 per cent less than the previous month, that is, February and in some cases even 10 per cent reduction has taken place. That means to say that a consumer will have to pay 5 or 7 or even 10 per cent less for a yard of cloth now than before.

Then, about powerlooms, I would like to submit that there was some misunderstanding in regard to the report on powerlooms. We shall be bringing forward the resolution of the Government very soon before the House. We had to consult all the States also. The report was submitted to us in July. The various processes of consultation do take some time. But what I would like to submit on this occasion is that Rs. 25 per powerloom per year is not a hell of a duty which is placed on it. On the

contrary, if hon. Members would scan the report of the Asoka Mehta Committee, they will see that the main basis of that report is that fiscal regulations should be devised as to take away the difference which is very large at present, between mill-made cloth and power loom-made cloth due to excise duty differentials. If that is taken into account, the levy or the burden whether on yarn or on cloth would have been heavy on the basis of that report. But at present, the amount of Rs. 25 is only there and that is just nothing. That is just one rupee per shift per month. Hon. Members will appreciate that the Finance Minister has been rather generous and did not take to the entire recommendation...

**Shri Ranga:** Question. It is thoroughly unjustifiable. It is not intended to yield any money to Government. Why should it not be Rs. 5 only? It is just a token thing.

**Shri Manubhai Shah:** It is a token thing; then, Rs. 25 is as good as Rs. 5, and Rs. 5 is as good as Rs. 25. In any case, what I was trying to draw the attention of the House to is this. I would like the House to consider the wide disparity between what was supposed to be done and what has been done. What has been done is a very mild form of a registration fee of Rs. 25 a year on an industry which is fairly profitable; I would not say that it is highly profitable, but it is fairly profitable, and, therefore, there is a heavy demand. Everybody wants to go in for powerlooms, because the excise relief available is too wide and thus attracts a large number of entrepreneurs.

The decisions of Government on powerlooms will be placed before the House very soon. I hope that when hon. Members see the resolution they will find that Government are trying to harmonise the thing so as not to create conflict between the interests of the four sectors, namely khadi, handloom, powerloom and the mill. We cannot let khadi suffer because of

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our requirements of mill-made yarn. We cannot allow the handlooms to suffer because we want mechanisation and much higher productivity through powerlooms. We cannot allow the powerlooms to stagnate but we should allow them to expand and progress, but at the same time we have to see that technically good cloth of a better variety produced by the mills does not suffer from an undue and unhealthy competition from the powerlooms.

**Shri P. Venkatasubbaiah:** May I know whether Government have considered the possibility of reserving certain designs for the handloom and the powerloom sector?

**Shri Manubhai Shah:** If the hon. Member would read the **Asoka Mehta** Committee's report, he will find that certain reservations have been advocated, and the Government's decision on that matter also will be made known to the House.

श्री नुलशंदास जाधव : एक बात है।  
25 रुपये जो एक्सचेंज ड्यूटी . . . . .

**Mr. Deputy-Speaker:** Order, order. The hon. Member cannot go on interrupting like this.

**Shri Manubhai Shah:** If my hon. friend writes to me whatever he wants to say now, I shall go into the matter.

I have completed the details on commodities. Now I would take a few minutes to make some general observations about the conference on World Trade. . . .

**Shri Warrior:** The hon. Minister started about coir and just finished there.

**Shri Manubhai Shah:** In regard to coir, my hon. friend has rightly complained that we are not able to export as much of mattings and mats as yarn. But that is a historical thing. For the last hundred years or so,

coir yarn export has always been more. It is only during the last few years that we are trying to see that more and more of our mats and mattings go out than yarn. The figures for the last year are well-known. If my hon. friend would go through them he will see that Government have given greater incentive or impetus to the export of mats and mattings. In the coming years also, I can assure the House that the policy will be so devised that yarn will go to a lesser and lesser extent. But I can assure him of one thing, if he thinks that we have made a foolish mistake by not banning export of coir yarn, that but for this, there would be unemployment to a terrible extent in the State of Kerala, because nowhere in the world is any country prepared to buy all our coir mats and mattings. If wishes were horses, people would certainly have done that but coir yarn has a definite world market; there is not the same market for mats and mattings. We shall to discuss with Belgium, Denmark and Holland, and Germany etc. who are producers of coir goods from our yarn that gradually they may allow, through the international division of labour principle our export of yarn to be reduced and more of our mats and matting to be sold to them, and they must close down gradually in a phased manner their industries of coir matting and mats. Therefore, we are quite alive to the situation. In regard to the coir question, we had brought forward an amending Bill before the House some time back in order to establish a public sector mechanised unit of powerlooms. My hon. friend knows about it, and the House also knows about it that that Bill or Act has been brought into force, and we are putting up the mechanised factory very soon.

Now I just want to give hon. Members a bird's-eye-view of developments regarding UNCTAD, ECAFE and GATT. The year 1964 that has gone has witnessed many revolutionary phenomena in the sphere of international trade. The first was the



Kennedy Round. The great President of the US, the late Mr. Kennedy, brought about the Kennedy Round under which across-the-board cuts are to materialise. I appealed in Wellington to the industrialised powers, particularly the US, and I take this opportunity again to appeal to them, on behalf of the people of this country, the Government and the House and myself, to see that the Kennedy Round is made a success. 'Wait and see' has been too dilatory a method of negotiation—negotiations, bargaining. The needs and requirements of under-developed countries and the upsurge that is taking place in this vast part of mankind are so irresistible that the Kennedy Round must succeed and succeed quickly, if it is to make an impact on international trade. If it is to go the way of the Dillon Round, if it is to go the way the previous agreements on tariff reductions have gone, it will be a bad day, because the Kennedy Round is well-conceived; it has been so formulated by the Congress of the US that it has given the full powers to the President and the executive authority of the US Government to cut across the board, that is, two trading partners sit round the table and cut out 50 per cent of the US tariff in favour of the under-developed countries.

I am glad to report that UNCTAD also accepted non-reciprocity on the part of under-developed countries, that is, we will not be expected to give reciprocal concessions for receiving tariff cuts, that is, for the export products of India or the under-developed countries, where there will be a reduction across the board of 50 per cent tariff for their import in the U.S., we will not be expected to reciprocate by giving a like concession for their goods being imported into India, because we just cannot afford it. We are having our revenues largely from customs; under-developed countries like ours have their budgets balanced largely by these duties. Therefore, this feature of the Kennedy Round as well as the UNCTAD resolution that no reciproc-

city will be expected of the less developed countries has been now accepted by all countries, include the US.

There may be some technical requirements of a nominal reduction because the US Act does not accept total non-reciprocity. We are prepared for such negotiations. I can assure the US Government that if they take the initiative to start negotiations, because we have been pleading for it, with the under-developed countries rather than the developed countries which are taking so much time, there will be a great success of the Kennedy Round.

Today in New York, the first meeting of the Board of Trade and Development is taking place. It is a historic day. For the first time, the UN Board on Trade and Development is meeting in New York today, the 5th of April, 1965. We wish it well because on this day will be decided the large measure of policies which will implement the final act of UNCTAD which was approved last year. There are three Commissions to be appointed UNCTAD, the Commission on Commodities, the Commission on shipping and invisibles and the Commission on manufactures. In all these Commissions, we have great interest. The Commission on commodities will decide how to give price support to the primary products and the semi-processed products of under-developed countries. The Commission on manufactures will decide the preferences, we want industrialisation to be fostered in the less developed countries through preferential entry, what they would call the preferred entry, and freer and fuller access of the semi-manufactured and manufactured goods originating in the less developed countries into the markets of the industrialised countries. Hence the Commission on manufactures is very vital to us.

The Third Commission is on shipping and invisibles. You know how under-developed we are in shipping. For a great country like India, not even 10-12 per cent of our goods are

[Shri Manubhai Shah]

being carried by Indian bottoms. Therefore, we have appealed that shipping must be reorganised and soft-term credit and long-term repayments should be devised so that India and under-developed countries like her can acquire large tonnages of shipping consistent with their foreign trade. So that is the part UNCTAD is going to play.

The GATT adopted Chapter IV, which is called the model chapter. This chapter reorients the policy of the rich man's club, which it was called at one time. The General Agreement on Tariffs and Trade is no more going to be a rich men's club. Let us hope so, because the start has been good. What the performance will be, I do not know. But as the history of the world has developed, as world consciousness has developed, we hope the industrialised countries will listen to the great urges of the vast mankind living in the under-developed countries and the appeal that part is making to them.

With these words, I commend the Demands of the Ministry to the acceptance of the House.

I want to lay Resolution No. 2(5) 65—O&M dated 31-3-65 on recommendation of the Mathur Committee on the Table of the House.

18 hrs.

**Mr. Deputy-Speaker:** All right.

**Shri Manubhai Shah:** Sir, I lay it on the Table of the House. [Placed in Library. See No. LT-4135/65].

**Mr. Deputy-Speaker:** Now I put Cut Motion Nos. 16 to 21 to the House.

Cut motions Nos. 16 to 21 were put and negatived.

**Mr. Deputy-Speaker:** Cut Motions Nos. 25 to 32 and 34 to 36 of Shri Warrior.

**Shri Warrior:** I do not press.

**Mr. Deputy-Speaker:** Has he the leave of the House to withdraw his Cut Motions?

**Hon. Members:** Yes.

*The Cut Motions were, by leave, withdrawn.*

**Mr. Deputy-Speaker:** Cut Motion Nos. 3 to 8. Shri Yashpal Singh.

**Shri Yashpal Singh:** I do not press.

**Mr. Deputy-Speaker:** Has he the leave of the House to withdraw his Cut Motions?

**Hon. Members:** Yes.

*The Cut Motions were, by leave, withdrawn.*

**Mr. Deputy-Speaker:** Now I put Cut Motions Nos. 14 and 15 to the House.

*Cut Motions Nos. 14 and 15 were put and negatived.*

**Mr. Deputy-Speaker:** The question is:

"That the respective sums not exceeding the amounts shown in the fourth column of the order paper, be granted to the President, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1966, in respect of the heads of Demands Nos. 5 to 7 and 115 relating to the Ministry of Commerce."

*The motion was adopted.*

18.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, April 6 1965/Chaitra 16, 1887 (Saka).*