

Muzaffar Hussain, Shri
Naidu, Shri V. G.
Naik, Shri D. J.
Naik, Shri Maheswar
Nair, Shri Vasudevan
Nanda, Shri
Naskar, Shri P. S.
Nath Pai, Shri
Nayak, Shri Mohan
Nayar, Dr. Sushila
Nehru, Shri Jawaharlal
Nigam, Shrimati Savitri
Paliwal, Shri
pande, Shri K. N.
Pandey, Shri R. S.
Pandey, Shri Vishwa Nath
Panna Lal, Shri
Pant, Shri K. C.
Paramasivan, Shri
Parashar, Shri
Patel, Shri Chhotubhai
Patel, Shri Man Singh P.
Patel, Shri P. R.
Patil, Shri D. S.
Patil, Shri J. S.
Patil, Shri M. B.
Patil, Shri S. B.
Patil, Shri S. K.
Patil, Shri T. A.
Patnaik, Shri B. C.
Pattabhi Raman, Shri C. R.
Pillai, Shri Nataraja
Pratap Singh, Shri
Puri, Shri D. D.
Raghunath Singh, Shri
Raghuramaiah, Shri
Rai, Shrimati Sahodrabai
Raj Bahadur, Shri
Raja, Shri C. R.
Raju, Dr. D. S.
Raju, Shri D. B.
Ram Sewak, Shri
Ram Singh, Shri
Ram Subhag Singh, Dr.
Ram Swarup, Shri
Ramakrishnan, Shri P. R.
Ramaswamy, Shri S. V.
Ramaswamy, Shri V. K.

Ramdhani Das, Shri
Ramanjai Singh, Shri
Rane, Shri
Ranga Rao, Shri
Rao, Dr. K. L.
Rao, Shri Jaganatha
Rao, Shri Krishnamoorthy
Rao, Shri Muthyal
Rao, Shri Ramapathi
Rao, Shri Rameshwar,
Rao, Shri Thirumala
Rattan Lal, Shri
Raut, Shri Bhola
Ray, Shrimati, Ronuka
Reddi, Dr. B. Golpala
Reddair, Shri
Reddy, Shrimati Yashoda
Roy, Dr. Saradish
Roy, Shri Bishwanath
Sadhu Ram, Shri
Saha, Dr. S. K.
Sahu, Shri Rameshwar
Saigal, Shri A. S.
Samanta, Shri S. C.
Samnani, Shri
Sanji Rupji, Shri
Saraf, Shri Sham Lal
Sarma, Shri A. T.
Satyabhama Devi, Shrimati
Sen, Dr. Ranen
Sen, Shri A. K.
Sen, Shri P. G.
Shah, Shri Manubendra
Shah, Shri Manubhai
Shah, Shrimati Jayaben
Sham Nath, Shri
Shankaraiya, Shri
Sharma, Shri A. P.
Sharma, Shri D. C.
Shashank Manjari, Shrimati
Shashi Ranjan, Shri
Shastri, Shri Lal Bahadur
Shastri, Shri Ramanand
Sheo Narain, Shri
Shinde, Shri
Shree Narayan Das, Shri
Shrimati, Dr. K. L.
Siddiah, Shri

Sidheshwar Prasad, Shri
Singh, Shri D. N.
Singhvi, Dr. L. M.
Sinha, Shri Satya Narayan
Sinha, Shrimati Terkeswari
Sinha, Shri
Sonavane, Shri
Srinivasan, Dr. P.
Subbaraman, Shri C.
Subramanyam, Shri T.
Surendra Pal Singh, Shri
Swamy, Shri M. P.
Swamy, Shri Sivamurthi
Swaran Singh, Shri
Tahir, Shri Mohammad
Tantia, Shri Rameshwar
Thengondar, Shri
Thevar, Shri U. M.
Thimmaiah, Shri
Thomas, Shri A. M.
Tiwary, Shri D. N.
Tiwary, Shri K. N.
Tiwary, Shri R. S.
Tombl, Shri
Tripathi, Shri Krishna Deo
Tyagi, Shri
Uikey, Shri
Ulka, Shri
Upadhyaya, Shri Shiva Dutt
Vaishya, Shri M. B.
Valvi, Shri
Varma, Shri Ravindra
Vecrabasappa, Shri
Veerappa, Shri
Verma, Shri Balgovind
Verma, Shri K. K.
Vidyalankar, Shri A. N.
Vyas, Shri Radhelal
Wadiwa, Shri
Warior, Shri
Wasmik, Shri Balkrishna
Yadav, Shri N. P.
Yadav, Shri Ram Harkh
Yadav, Shri B. P.
Yashpal Singh, Shri
Yusuf, Shri Mohammad

NOES
Nil

Mr. Speaker: The result of the Division is: Ayes 300, Noes nil

This is a unanimous vote and certainly we ought to congratulate ourselves. The 'Ayes' have it, the 'Ayes' have it. The motion is carried and the Constitution (Sixteenth Amendment) Bill, 1963 is passed by a majority of the total membership of the House and by a majority of not less than two-thirds of the Members present and voting.

The motion was adopted.

15.40 hrs.

EXPORT (QUALITY CONTROL
AND INSPECTION) BILL

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): Sir, I beg to move:

"That the Bill to provide for the sound development of the export trade of India through quality control and inspection and for matters connected therewith be taken into consideration."

The hon. Members are already aware of the need for foreign exchange for implementing the various development schemes of our Five Year Plans. To meet this need, our earnings from exports have to be stepped up. Of the various measures necessary to increase our exports, one of the most important ones relates to quality control and pre-shipment inspection of export goods. Furthermore, in order to increase the sale of our goods abroad, the goods have not only to be of high quality but the overseas importers should be convinced of that quality. In other words, a reputation for the quality of our export products has to be established. Mere absence of complaints is no test of the quality of our products.

In the present context of growing competition in the international market and even to maintain the volume of trade on traditional items, our goods have to be made attractive to the foreign buyers and competitive with the products of more advanced countries. We cannot, therefore, hope to achieve this position unless concrete steps are taken. It is only through specific measures of quality control at the stage of production and careful inspection prior to exportation that the quality and reputation of the products can be established and maintained in overseas markets.

The question of quality control on goods exported has been under constant review of the Government, since 1949 when an Export Promotion Committee appointed in that year recommended that something direct and positive should be done to maintain the quality of India's merchandise abroad. Another Export Promotion Committee in 1957 also examined this aspect. In 1960 the Government appointed an *ad hoc* committee on quality control and pre-shipment inspection for the purpose of examining the entire question of quality control and pre-shipment inspection of India's export goods and suggesting steps for im-

provement. This committee found that several different kinds of quality control were being applied to different kinds of commodities; and agencies, official as well as non-official, were engaged in administering quality control and pre-shipment inspection schemes. Some of these schemes were mandatory under certain legislative enactments while others were in the nature of voluntary service to those who wanted to take advantage of it. On the whole, the position was far from satisfactory. These different schemes had been brought into effect in an *ad hoc* manner and consequently suffered from lack of proper co-ordination.

The mandatory schemes have been deriving their powers either from Drugs Act, Fruit Products Control Order under the Essential Commodities Act; Prevention of Food Adulteration Act, etc., or prohibition of export of goods under the Customs Act unless the goods carry certification marks under the Agricultural Produce (Grading & Marking) Act, ISI Certification Marks Act and the like. In the case of a few other commodities the schemes of quality control and pre-shipment inspection have been purely voluntary without the backing of a legislative enactment, with the result that a considerable part of the exports have continued without adhering to quality standards. The *ad hoc* committee, therefore, rightly felt that the provisions of the Customs Act not having been designed to deal with quality control or pre-shipment inspection were inadequate to deal with all aspects of quality control. In order to remove such deficiencies and weaknesses in the measures for quality control and pre-shipment inspection, it has been considered necessary to move the present Bill which is comprehensive and is particularly directed to ensure not only the quality of our products but that the exports be made only of those products which satisfy the requisite standards.

It has also been felt that for the ultimate objective of improving the

[Shri Manubhai Shah]

quality of all Indian exports and for establishing increasing demands for Indian goods abroad, Government should have the advice of a Council comprising individuals and officials who are intimately concerned with the problems of quality control of indigenous products and with export promotion. By a provision of the Bill, the Government will be empowered to establish a Council to be known as the Export Inspection Council with a Chairman and fifteen members. This Council will advise the Government regarding measures for enforcement of quality control and inspection in relation to commodities intended for export and draw up programmes in this regard. The Council will be a body corporate and it can receive grants from the Government and donations from bodies or institutions approved by the Central Government, thus having its own funds. With the concurrence of the Central Government, the Council will also be able to make grants-in-aid to the agencies established or recognised for exercising quality control and pre-shipment inspection.

As a central authority for administering quality control and pre-shipment inspection, and for the purpose of coordinating various activities in this behalf, the legislation provides for the appointment of a Director of Quality Control and Inspection by the Central Government. This Director will also be the member-secretary of the Export Inspection Council.

Under the authority of the proposed legislation, the Government, after consulting the Council, will be able to notify the commodities which shall be subject to quality control and inspection prior to export, and specify the types of quality control or inspection that will be applied to the notified commodities. The legislation will enable the Government to establish new standards or adopt or recognise existing ones for ensuring quality

control of export goods and prohibit export unless the notified commodities carry recognised certification marks or seals in token of conformity of the goods to the specified standards, and to establish or recognise agencies for the purpose of exercising quality control and inspection.

I am sure that hon. Members will agree that export of sub-standard or spurious goods damages the country's reputation and hence it is necessary to take stringent action against persons found guilty of contravening the provisions of the Act. Penalties have, therefore, been provided for export of sub-standard goods extending to imprisonment upto two years or fine of Rs. 5000 or both. In case of second and subsequent offences, the legislation contemplates a heavier punishment, i.e., a minimum term of imprisonment and also a fine.

While it is not our intention to interfere with the existing regulations under which quality control and pre-shipment inspections are being exercised over a number of export commodities, the hon. Members will, I hope, agree that Government should have the authority, should the need arise, to bring any such commodity within the ambit of this comprehensive legislation. An enabling clause has, therefore, been incorporated in the Bill by virtue of which the arrangement for quality control and pre-shipment can be modified for a notified commodity even though the existing arrangements may be under some legislative provisions.

Here I want to assure the trading community of the country that while enforcing quality control and pre-shipment inspection, we shall try to accommodate all such international export contracts under which specified qualities and specifications are agreed upon between the sellers in India and the buyers abroad.

It is hoped that with this enactment, it will be possible to ensure that India's export commodities are looked upon with the highest esteem in the international market and that foreign buyers having been assured of the quality of India's products, will buy India's goods in larger quantities. As I said earlier, not only is quality control beneficial and in the country's interests, but quality pays. We have seen that our experience in the last four months since we brought several measures of quality control has been very good. As the House is aware, since January 1963, we have brought about 39 major commodities of India's export under some system of quality control. We have brought under quality control practically all the agricultural products, textiles, woollen textiles, silk textiles, sugar and various other products. Some of the quality controls are being exercised under the Agricultural Marketing Act. Recently we have brought cashew under the quality control of the Export Promotion Council. It is hoped that in the coming year or two, we shall be able to bring under the ambit of this Bill the major export items which play a vital role in India's exports.

I can assure the trading community that with their fullest cooperation and with a pragmatic approach to this problem, we want to bring in a new sense of quality control during the current year. The year 1963 in India's history of foreign trade will go down as the "quality control year", in which the trading community of this country, the business-houses and the commercial community have fully cooperated with the Government and with this House in bringing out a correct image of India abroad, by way of maintenance of quality standards in its commodities. I shall not take further time of the House.

Sir, I move.

Mr. Speaker: Motion moved:

"That the Bill to provide for the sound development of the export

trade of India through quality control and inspection and for matters connected therewith, be taken into consideration."

Shri Hari Vishnu Kamath (Hoshangabad): What is the time allotted for this Bill?

Mr. Speaker: Two hours.

Shri Warior (Trichur): Mr. Speaker, I fully support the measure brought forward by the Minister of International Trade. This is a problem which should be tackled, but it is a very difficult problem to tackle with. The main point is that our export promotion has not gathered as much momentum as it should have been. Our statistics show that the export of our country is standing at a stagnant figure of around Rs. 600 crores per year.

15.51 hrs.

[SHRI KHADILKAR *in the Chair*]

Last year, the figure had shown some improvement, and it went up to something like Rs. 662 crores. We do not know what will be the position this year, because some of the economic journals say that this year there will be a deficit of Rs. 30 crores to 40 crores from the targeted figure of Rs. 720 crores. So, we cannot under-estimate the importance of quality control at this juncture when we are straining every nerve to improve our export promotion.

We have to search for new markets for our goods because we find it very difficult to sell our goods in the traditional markets on account of stiff competition from other countries and because of their own indigenous production. So, all these things have their effect on our export. Therefore, the attention and energy of the entire economy has to be turned in the direction of promoting exports to such an extent that we will get the badly needed foreign exchange in spite of

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facing competition from other countries.

Therefore, I am glad that this measure has come, though none too early. Then, when it is a question of foreign exchange, the import trade must also receive some more scrutiny. It has come to the notice of the Public Accounts Committee, at least in the case of two purchases that we had of sleepers from America and Australia, that we had lost lakhs of rupees because of the supply of sub-standard quality goods, though it was expressly provided in the contracts that such things should not be supplied. It has become an international practice, especially, with big importers and exporters, to supply sub-standard qualities and then go for long-winded arbitration of disputes. In that way, we are losing quite a lot of foreign exchange. Therefore, quality control is very important not only for export but also for import.

As far as quality control is concerned, there are one or two aspects. At present, the Indian market is very fertile market, which is expanding. It has become more or less, according to economists, a sellers market. So, any sub-standard goods is saleable in the Indian market and good profits can be made. Therefore, some way must be found to prevent the sale of sub-standard goods for internal consumption also. Unless that is done, there is no incentive for people to export good quality material. Because, why should they bother about all the difficult procedures, all the administrative impediments to export when there is an open market, a free market within the country where they can sell all sorts of sub-standard goods.

Not only that. By manufacturing sub-standard goods, they exploit not only the consumers but also the workers. The workers are paid very poor salaries. Unless and until Government come forward to help the workers organise their trade unions

more and more and thereby strengthen the collective bargaining capacity of the workers, I do not think there is any possibility of eliminating from our market all these sub-standard and useless goods which are now placed at the disposal of our people. Now this tendency has spread to the export market also, and the traders are indulging in it wherever possible.

Some time back we heard a discussion on the distinction between honest and dishonest businessmen. I do not know where the question of honesty or dishonesty comes in, so far as business is concerned, because, when it is a question of profit, everybody is in the same category. There is no question of distinction between honest and dishonest businessmen, when the question of profit is involved.

The worst sufferers in this country, so far as traditional items are concerned, are the agriculturists. It is very easy to control the standard of export goods, because the items are limited, about 25 or so, although the Minister has said that we have already extended quality control to about 30 or 40 items.

Though there are 25 items in this list, 40 per cent of the export is covered by jute, tea and cotton textiles. There is competition between tea and jute as to which is to rank first. Who is controlling these markets? Some people corner all the produce available in the country and ship it to the export market. Who is controlling them. In jute, for instance, as everybody knows, there has been debate here many a time and questions were asked, in the jute market the worst sufferers are the agriculturists and the best harvesters are the middlemen. The real price, or a major share of the price, is not going to the agriculturist who produces the raw jute or the worker who processes it, though it is one of the main items of export and we are getting a good price for it in the international market. Of course, now even in the foreign mar-

ket other types of hessians are also coming at competitive rates, and our jute market is becoming more and more difficult.

Then I come to tea. I know it is a cry in the wilderness to ask that the entire tea industry, from the production stage to the consumption stage should be controlled by Government. Even now, in spite of the stiff competition, cut throat competition, in the continental Europe, we have got a very good and potential market in Europe. As far as I know, the complaint from the European countries is that they do not get quality goods in tea. So far as the internal market of tea is concerned, the less I speak the better. We are getting only dust. Sand and dust is passed on as tea. I agree with the view that the best tea has to be exported. But it does not mean that sub-standard tea should be supplied for the home market.

Now, our entire export of tea is channelised through Great Britain, with the result that Britain gets a commission on every sale. Whenever any tea goes to the Continent from India, they open and close it and get a commission, and we lose in the transaction.

Therefore, so far as the tea industry is concerned, I am of the firm opinion that unless and until the tea industry is taken over by the Government, if that is not possible, at least controlled by Government, no remedy is possible to rectify the present bad situation. I am saying this because I have visited all the hill stations in our place. So far as the Kannan Dewan Tea estates are concerned, what is the position? The workers are not properly paid, they are not properly housed and all the labour regulations of our country are ignored by the tea bosses, who are getting huge amounts in the form of allowances. They get allowances even for raisings. But they do not provide the workers with even ordinary common habitation. So, I do not understand why all the exports to the foreign countries should be channel-

led through Britain. Therefore, unless we control tea production and tea marketing, I do not think we will get that much foreign exchange which we expect from tea.

As far as textiles are concerned, I need not mention about it. It is all in a muddle.

16 hrs.

Now coming to other produce, spices etc., formerly we had reports that pepper which comes first among spices exported, was detained in USA some time back. Now-a-days, it is reported, it is not seized. But actually there is very much of adulteration in pepper.

Shri Hari Vishnu Kamath: In everything.

Shri Warrior: Our people even do not know why pepper is exported and what use pepper has got in the USA in such bulk quantity. Kerala is the best pepper-producing part in this country and I know the ins and outs of this trade not only here but in Java also. Pepper is used in the packing houses in Chicago and other places in the United States in order to cover meat because if meat is packed soaked in pepper powder it will not germinate. But we have a competitor in Indonesia which also produces pepper and which is called white pepper. Our pepper is called black pepper. Our pepper is actually more pungent than that of Indonesia. But how can this pepper be exported? We cannot have genuine pepper. All sorts of small seeds available from forests and bushes are included in this. There is a great amount of adulteration.

But more than that, pepper which is taken in the months of December, January and February is cornered by certain interested parties, that is, middlemen and big trading houses in Cochin, Calicut and other sea ports of Kerala and they keep it there for some time, that is, until the market rises. Because of the poverty the

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peasants who produce pepper sell it even before the harvest season. They sell it in advance so that they may get the money easy enough. They take it before the pepper is mature. This raw pepper which is taken prematurely is not dried properly before it is exported. When it goes to the United States and is unpacked there, they see the mould there because of the moisture that remains in the pepper. Thus, the market has gone down and we have lost and our agriculturists have lost so much.

This is the state of affairs of all the hill produce, that is cardamom, ginger, turmeric—everything. Hence, I will suggest that, in order to have a better quality for export, we should at least try to have auction sale in any of the major ports, like Cochin. If we have an auction room in Cochin for this hill produce including pepper, it will give some more lift to the actual producers. Then at least the producers can wait until the market rises, the foreign markets also. They can keep the stock with them till then and can sell it when actually a good price is coming forth instead of mortgaging the entire crop in the hands of these middlemen, take it prematurely and get the most sub-standard stuff. Therefore if there is an auction room where the agriculturists can also get credit, I think, much can be done for making the quality better. We can do that for all the hill produce.

In this connection, I will say that apart from these agricultural and traditional stuffs that we are marketing, we must try for more and more new things to be taken to foreign markets. I do not think that we can rely upon the traditional materials like jute or for that matter, even tea. Tea is also having very stiff competition from countries like Ceylon and other places. So, it is high time that we supply the foreign markets with goods, like manufactured goods, engineering goods or some other stuff. For

instance, the South-East Asian market is still a potential market for us for these things. It will not take much time for them also to have their indigenous manufacture and industrialisation, but by that time our industries will also be in a position to tackle these things. This is the position as far as I can see about the export market.

While I welcome this Bill, one or two things must be said as a precaution. Firstly, there is always the possibility of these inspecting agencies harassing the small holders. There are very many exporters who are at the mercy even now of the big monopolistic concerns. As far as our part of the country is concerned, I know that the whole pepper trade is cornered by three or four people. You will be amazed to know, Sir, that the biggest pepper cornerer in that part of the world is Volkart Brothers, a Swiss firm with German traditions having a second head office started after starting it in Europe at Bombay. Another firm is Pearce, Leslie and Company. They are the dictators of the market. They are monopolists of the market and the small growers and exporters are at their mercy. This sort of thing must not be transported to this checking and inspecting business also. The small people must be protected and there should be no harassment. The biggest possibility is that of delaying the exports. If the exports are delayed, that may contravene the agreements entered into with exporters and people on the other side. The inspection may cause very much delay in exports and it will mean harassment. That should be done away with. Certainly, I will suggest that for the bigger people there should not be any laxity in imposing punishment. For instance, in Japan, I am told, it is "three years" whereas we have put it at "two years". Japan is a country which is well ahead in the export market. Japan is a country which has already established itself in the markets of almost all South-East Asia and is expanding up to Europe whereas our

country is even now limping in the export market. So, why should we be more lenient than those people who can afford to be lenient? I do not know why it is put as "two years' imprisonment." Even then, the minimum is not given there. I fear that the minimum will be one month or less because for the second offence the minimum is put as "three months." So, naturally, for the first offence it must be something less than three months and Rs. 1,000/- or something as fine. I think, more than the fine, imprisonment will be the more deterrent punishment because that will exclude them from the market for some time and they will not be able to have their business carried on. These people are just like smugglers. If we impose a fine even of Rs. 1 lakh, the smugglers do not mind it; they will pay it. But one day's imprisonment is much more than that for them.

Mr. Chairman: The hon. Member's time is up.

Shri Warrior: I do not think there will be many more hon. Members to speak.

Mr. Chairman: He has already taken 20 minutes.

Shri Warrior: Two hours have been allotted for this Bill. There is not much dispute about the clauses. So, let us bring out all these things at least.

Shri Sham Lal Saraf (Jammu and Kashmir): I think, the hon. Member is trying to distribute the time between himself and the hon. Minister. He should know that there are other hon. Members also who are anxious to speak.

Shri Warrior: I do not exclude them. If I speak, they will only have to support the major portion of it and it will be an easy job for them. I do not want to monopolise.

Shri Hari Vishnu Kamath: As the hon. Minister said, quality is impor-

tant. His speech has got quality; so, let him continue.

Shri Warrior: Thank you very much. The provision about the formation of the council is also an important provision in this Bill. When we form this council, due attention must be paid to giving sufficient representation to those people whose voices are not usually heard in the higher circles. They must also be given, because I fear that most of these nominations will go to representatives of Chambers of commerce. Other associations, if at all they are, they will be neglected. Until and unless the Government makes up its mind to ask these small holders and merchants and exporters to form their own associations and come into their own, there will not be any hope. Encouragement must be given for small exporters and manufacturers to have their own associations and then the Government must encourage them by giving them more representation in the councils.

About the agencies also, there is that fear that unless the Government sees that most of the Promotion councils are not entrusted with this work of checking, pre-shipment inspection as well as arbitration, I think, there will be difficulty for these people. This must be borne in mind. About arbitration also, I must say a word. Always I do not think that the importers are correct and right in disputing the quality of our stuff. At times, the market situation may give them the reason for that. Suppose the market is very dull and the consignment comes at that time, these people have a tendency to dispute the quality so that it can be kept at abeyance and some reduction can be forced on the exporter who is at their tender mercy. Naturally these disputes are taken up. The Government agencies concerned must see that proper protection is given to our people. This much protection is given by all other Governments. I have seen, attending the P. A. C. meetings, when we scrutinised the timber business, the highest

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representatives of the foreign countries intervened on behalf of those merchants who sent us spurious material here. They intervened and squared up the whole affair to their advantage and to our disadvantage. The sleepers are still sleeping in the dockyards and they are cracking. We lost lakhs of rupees. This protection must be given to our exporters whenever there is a possibility of fraudulently picking up some quarrels or disputes. This must be borne in mind. All are not honest there also and here also. There are also possibilities of our people being at the mercy of so many elements, for instance, the shipping element, agents and all these things. This also must be taken care of.

We are not properly, scientifically equipped for exporting all these materials. For instance, perishables. If they are properly packed and sent, there will be protection for them. Where is the scientific equipment for that? Our biggest deficiency is in fish exports. Suppose we have sufficient equipment and co-operation from Government for fish exports, what will be the nature of our fish export?

Mr. Chairman: You have taken 25 minutes.

Shri Warior: Five minutes more. Quality will be better.

Mr. Chairman: Others also have quality in their contributions.

Shri Warior: All these things must be borne in mind. It is not in the processing of legislation, but in the implementation of legislation that more care should be taken. I hope that by these measures, our exports will go up at least by a few more crores this year.

Shri V. B. Gandhi (Bombay—Central South): Mr. Chairman, I thank you for this opportunity to speak.

The measure that is before the House today is the result of the recommendations of the *ad hoc* committee appointed by the Government in November, 1960 to consider the question of quality control and pre-shipment inspection. The committee worked with record speed, and in a short time produced a very useful document.

Among the chief recommendations of the committee can be mentioned, firstly, that they recommended separate legislation covering all aspects of the quality control and inspection regarding export commodities; the next recommendation, a very important recommendation, is about the composition of the export inspection council. This council is to have a chairman and 15 members. The composition seems to me to be of a very good character, and it offers a fair proportion of representation to officials who would possess specialised knowledge in their respective fields. There are to be four such officials. That leaves 11 to be considered. There will be three out of these 11, who would be representing the agencies to be set up. That still leaves 8 to be considered. I hope in considering these remaining eight, the hon. Minister will consider the claims of private inspection agencies like surveyors and such others.

I am glad to say that all these years our Government have been quite active in the export field, active in considering measures of export promotion. I can give an account of a hurried list here, a kind of a resume of what Government have been doing about export promotion lately.

It will be appreciated here in the first place that whatever we are saying here is in the context of our export trade. Here is the list of what Government have been doing. Export control has been liberalised. Incentives for export promotion schemes have been offered. Freight concessions with railway priority claims for export have been arranged. Drawback re-

bates have been offered, rebates in respect of Central excise duties and customs duties and such others. Industrial licensing has been oriented for exports, that is, for increasing the export potential of the industries. Recognition of export houses has been granted, and that is a kind of a new scheme which takes notice of business-houses of a new class altogether. Credit facilities have been extended, and actually, as we know, we find that new credit institutions like refinance corporations and others have been functioning satisfactorily. Then, assistance to Chambers of Commerce in various forms including grants-in-aid has also been established. Then minimum prices of export commodities in certain schemes have been fixed. Bilateral trade agreements with 28 countries have been negotiated and are actually functioning satisfactorily; most of these have been made through our State Trading Corporation. Finally, we all read in our newspapers about a large number of trade delegations moving all over the world in the interest of promotion of our export trade. This, I think, should be considered quite an impressive list and we would congratulate Government on the progress made so far.

But we do not like to allow ourselves to forget that our sights have to be set higher. In the Third Five Year Plan, the estimated requirements of export earnings have been set at something between Rs. 3,700—3,800 crores. That is not a very large target, but a target yet to be achieved.

I need hardly say that this is a legislation which is essential and has been overdue for quite sometime and it will help complete the good work that has so far been done.

Before I close, I would support some of the things that Shri Warior had to say, particularly in respect of the attractions that domestic trade still has in our home market. Some kind of a restraint is called for. I do not know how; I have no precise idea of what

kind of restraint we can devise, but I might just pass it on to the Minister for his consideration. We find that domestic trade is still very attractive to our people and something must be done. A few days ago I think I made a suggestion in this House that it is even worthwhile to consider a scheme in which some kind of compulsion could be introduced and our exporters made to allocate a certain percentage in selected export items for export only.

Finally, I would say that we must have a first-rate reputation in our export markets. Our material and workmanship must be attractive. Prices, above all, are an important thing and they must be right and even competitive. Goods must be such as will squarely meet the claims made in their behalf. Understatement should be considered a good form of advertisement especially when we advertise abroad. Above all, let us not lower our standards of quality, let us not cheapen our quality. That is a wrong thing to do. We know that before the war, Japan had a reputation for cheap quality. But we know that Japan has learnt its lesson and today it is one of the outstanding examples of countries that produce very high quality and expensive products like cameras and such other things—absolutely high class products. There is saying in the export world, which I shall repeat and end my speech. They always say that quality is remembered long after price is forgotten.

Thank you.

Shri A. C. Guha (Barasat): I think this House will generally welcome this Bill, and will consider that the Government has been rather late in bringing a Bill of this nature. It was long over-due.

As the previous speaker stated, an *ad hoc* committee was appointed in 1960 to go into this question, and it promptly submitted its report, recommending enactment of a legislation of this nature. I do not know

[Shri A. C. Guha]

why Government should have taken near about three years to draft a small legislation of this nature.

Shri Gauri Shankar Kakkar (Fatehpur): It appears the hon. Members are not very much interested in export quality that is being discussed. There is hardly any quorum in the House.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): Members are sitting outside.

Mr. Chairman: Does he challenge?

Shri Gauri Shankar Kakkar: I challenge it especially because both the whips happen to be present in the House, and it is a pity that still there is no quorum in the House.

Shri Satya Narayan Sinha: We are going to remedy that position tomorrow, with your help. We are going to take up that Bill tomorrow to remove this lack of quorum which is a running sore.

Mr. Chairman: The bell is being rung. . . . Now there is quorum.

The hon. Member, Shri Guha, may continue.

Shri A. C. Guha: Some time back the matter came to the notice of this House that purchasers abroad very often refused our goods on account of quality, that there was such a lack of commercial morality prevailing in the country that often the exported goods were below the specifications or not according to the samples previously supplied.

Further, the foreign purchasers often refused to accept the ISI mark or the AGMARK. It was a question of our national prestige that the two standard marks so long prevalent in the country were not recognised by our

foreign purchasers. So, it should have been the duty of the Government to rectify this position at least for the vindication of our national honour and our commercial prestige. Of course, the question of exports is surely there.

For the last few years our foreign exchange position has been rather precarious, and the urgency of increasing our export earnings has been repeatedly mentioned in this House and outside. Still, the percentage of our total export to world trade has remained more or less static. I think it has not increased. Even though there might have been some increase recently in the total amount of our export earnings, compared to the total world trade, our share has not increased. There are two factors responsible for this: quality and price. Both the previous speakers referred to the domestic market. The commercial community has got here a protected market, very lucrative. They do not care for any foreign market or for improvement in the quality or for reducing the price. In spite of the protection for the last 10 or 12 years, several of the protected industries have not improved their quality or reduced the cost of production. Some have done so but most of them have not done so. Many consumers here would like to have foreign products in preference to Indian products. Take for instance, paper, newsprint or art paper or even ordinary white paper. The quality of newsprint or art paper is deplorable. Even Pakistan has a much better quality in her newsprint.

Even now most of our exports are of primary commodities—ores, jute, tea, oil seeds, etc. Manufactured or industrial goods constitute a small percentage of our products. Government has to be very vigilant and see that the quality and price of our manufactured goods can compete in the world market and their export can be promoted.

There are three main items of traditional exports: tea, jute and textiles.

Textile exports had been going down primarily on account of the price and quality. Japanese, or even Chinese textiles are competing with us in the nearabout markets. We have been holding good position in respect of jute. Jute and tea are our two biggest items of export. Competition in jute is becoming keener every year because Pakistan is setting up jute mills. Hardly anything has been done about quality improvement of jute. The Indian farmers have increased the output by about 300 per cent but for quality improvement, one depends upon Government. Attention should be paid to this if we are to continue our jute exports. Otherwise, we may be ousted by Pakistan jute goods in not very distant future.

In quality and price of tea we are facing competition from Ceylon, Kenya and other countries. Two years ago, I mentioned in this House about the deteriorating quality of Indian tea. Tea Industry is gradually passing into the hands of a commercial community which is not so keen about maintaining its quality or even a business standard. The Government should be vigilant about the quality of tea also.

In this connection, I would like to refer to the remark made by the Minister of Health that in India there are factories which have been producing adulteration materials to be mixed with drugs and food articles, including tea. If this state of affairs can be allowed, how can we expect the quality of our commodities either for internal use or for export purposes, to be improved or to be maintained at a proper standard?

I now come to some of the provisions of the Bill. The Council that this Bill proposes to set up, I am afraid, may be a bit costly affair. Our export commodities are even now, I am afraid, higher in price than the foreign commodities. But now I hope the Government will see that in view of this Council and other paraphernalia of inspection the cost may not be

further increased and may not create a handicap for our export.

The financial memorandum says:

"It is, however, anticipated that a substantial portion of the recurring expenditure that may be incurred on such agencies and authorities will be recouped by the fees charged under clause 7(2) and the rules made under clause 17."

This, I am afraid, may create some difficulties for our export by increasing the price of our commodities. It has been stated that every rule made by the Central Government shall be laid as soon as may be after it is made before each House of Parliament. But besides these rules, I think there is provision for some notifications being issued by the Government which may not be just in the form of rules. Clause 17 says that the Central Government may, by notification in the Official Gazette, make rules. That is quite clear and the notification will be covered by the rules. But clause 13 says:

"The Central Government may, by notification in the Official Gazette, direct that any power exercisable by it under this Act shall, in relation to such matters and subject to such conditions, if any, as may be specified in the direction, be exercisable also by—"

and then it mentions the authorities.

16.38 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

This delegation of powers may be simply by notification. I am not sure if this also will be called rules. If not, such notifications should also be laid before the Parliament. This delegation of power which in Parliamentary terminology may be called subordinate legislation should not be done without bringing it to the notice of Parliament. I would suggest that either this may be made clear in clause 13 that this notification should also be

[Shri Priya Gupta]

considered as a rule or it may be laid down in sub-clause (3) of clause 17 that every rule made and notification issued by the Central Government should be laid before Parliament.

With these words, I commend this Bill, and I hope that Government will surely try to improve the quality not only for export but also for internal consumption and to reduce the cost of production also. I am not sure if the Government have got adequate powers to control or check or examine the cost of production of any industrial goods in the country. Taking advantage of the protected western market, the manufacturers have been putting up sometimes very high prices for their commodities. Had there been any alternative source of getting these commodities through import, there would have been some urge for the manufacturers both to improve their quality and also to reduce the price. I hope Government will see to this and carry out the provisions of the Act in a way which will increase the exports of our country.

श्री श्रीकारलाल बेरवा (कोटा) :

उपाध्यक्ष महोदय, मैं इस बिल का समर्थन करता हूँ। अगर इस बिल को उसी समय लाया गया होता, जब कि हम ने स्वतंत्रता प्राप्त की थी, तो हमारा एक्सपोर्ट इतना न गिरता। आज हमारा साठ परसेंट एक्सपोर्ट गिर गया है और इस कारण हम को काफी नुकसान हो रहा है। हमें मिलने वाली विदेशी मुद्रा में भी कटौती हो गई है। अगर सबेरे का भूला हुआ शाम को भी घर आ जाता है, तो उसे भूला हुआ नहीं मानना चाहिये क्योंकि अगर कोई गलती करता है और बाद में उसकी दवा कूडता है, तो वह उचित ही है। अगर इस बिल को पहले ही लाया जाता, तो हमारे माल की क्वालिटी इतनी न गिरती और एक्सपोर्ट भी न कम होता।

हमारे यहां से विदेशों में माल का जो सैम्पल भेजा जाता है, बाद में माल उस सैम्पल

के विपरीत भेजा जाता है, जिससे हमारे देश की बदनामी होती है और इस के साथ ही माल लेने वाले भी उस सौदे से मुकर जाते हैं।

सरकार का विचार जांच करने के लिये एक समिति बनाने का है। हयें तो यह चाहिये कि कारखाने के ऊपर ही ऐसे एक्सपर्ट इंजीनियर या एक्सपर्ट आफिसर रखे जायें, ताकि वहां पर माल के बनते ही उस को देख लिया जाये। अगर वह माल निश्चित क्वालिटी में नीचे हो, तो उसे उसी वक्त डिस्मेटल कर के कम्पनी को वापस कर दिया जाये। सरकार की ओर से कहा गया है कि माल की प्रीशपमेंट इंस्पेक्शन की व्यवस्था की जायगी और माल की क्वालिटी खराब होने पर उसे कम्पनी को वापस भेज दिया जायगा। मैं समझता हूँ कि इस में गवर्नमेंट का भी बहुत खर्च होगा और कम्पनी वालों का भी बहुत खर्च पड़ेगा। इसलिए बेहतर यही होगा कि एक्सपर्ट आफिसर कारखाने पर हा माल को एग्जामिन कर के आवश्यकता पड़ने पर वही पर उसको कम्पनी को वापस कर दें।

यह समिति बनाने से एक तो खराब माल नहीं बनेगा, दूसरे, देश की बदनामी नहीं होगी, और तीसरे, उद्योगपतियों को प्रेरणा मिलेगी कि वे अच्छा माल बनायें, ताकि दूसरे देशों में हमारे माल की इज्जत हो। मैं आप को बताना चाहता हूँ कि कुछ दिन पहले जापान का माल हमारे यहां काफी तादाद में आता था, लेकिन उस की कोई कद्र नहीं थी, कोई इज्जत नहीं थी। सब उस माल को ठुकराते थे, लेकिन उस के मुकाबले में इंग्लैंड के वने हुये माल को पसन्द करते थे, क्योंकि इंग्लैंड वाले अपनी चीजों को इतना अच्छा बनाते थे कि वे सालों तक चलती थीं जब कि जापान का माल दो चार महीनों में टूट फूट जाता था। आज हमारे माल की भी वही स्थिति है। अगर हम पहले

से इस बारे में ध्यान रखते, तो इंग्लैंड और कई दूसरे देशों की तरह हम भी अपना नाम कमा सकते थे। उदाहरण के लिये हम ने 'लैंडमास्टर' ट्रक बनाया, लेकिन चूंकि वह कुछ दिनों के बाद खराब हो जाता है और नहीं चलता है, इसलिये लोग उसको 'बैंडमास्टर' कहने लगे हैं। क्वालिटी खराब होने से हमारे देश की बदनामी होती है।

हमारी एक गलती यह भी है कि जितनी इंडस्ट्रीज और फैक्ट्रीज आदि हैं, उन पर साइन बोर्ड लगा दिया जाता है, जवाहर फैक्ट्री, गांधी फैक्ट्री, गांधी आइसश्रीम, जवाहर सोप, गांधी सोप आदि। इन नामों को आधार बना कर उन फैक्ट्रीज का उद्घाटन किसी मिनिस्टर साहब से करा लिया जाता है। उस के बाद वे लोग ग्रंट-शंट माल बनाते हैं और समझते हैं कि मिनिस्टर साहब से उद्घाटन तो करा ही लिया है, अब हमारे खिलाफ क्या कार्यवाही होगी। मेरे विचार में ऐसी कम्पनीज पर ज्यादा निगाह रखनी चाहिये। हम को केवल क्वालिटी की तरफ ही ध्यान नहीं देना चाहिये, बल्कि उस के साथ साथ क्वालिटी भी अच्छी बनाये रखनी चाहिये। चाय, जूट और इन्स्टाइल वगैरह जो चीजें हम एक्सपोर्ट करते हैं, उनकी क्वालिटी अच्छी होनी चाहिये। क्वालिटी अच्छी न होने की वजह से हमारा एक्सपोर्ट गिरता जा रहा है और करोड़ों रुपयों का नुकसान हो रहा है। कुछ समय पहले हमारे यहां से रूस को जूतों का जो सैंपल भेजा गया, जूते उस सैंपल से भिन्न भेजे गये, जिसका परिणाम यह हुआ कि उन्होंने आधे जूते खराब कह कर वापस कर दिये। ऐसी बातों से हमारे देश की बदनामी होती है।

इसलिये जो जांच कमेटी बनाई जा रही है, उसका मैं स्वागत करता हूं, लेकिन मैं देखता हूं कि उस कमेटी में सिर्फ सरकारी कर्मचारी ही रखे गये हैं और बाहर के लोगों

या पार्लियामेंट के सदस्यों को उस में स्थान नहीं दिया गया है। मैं समझता हूं कि उस में इस बारे में जानकारी रखने वाले बाहर के लोग भी होने चाहियें। आज तक यह देखा गया है कि जितनी जांच समितियां बनी हैं, उतना ही भ्रष्टाचार बढ़ा है। इसलिये मेरा निवेदन है कि इस जांच समिति में ऐसे आदमी नहीं होने चाहियें, जिन के कारण भ्रष्टाचार बढ़े। यह न हो कि जांच समिति भ्रष्टाचार कर के ग्रंट शंट माल को चलाती रहे। इसलिये उस पर ऐसी निगरानी रखनी चाहिये कि उस जांच समिति के लिये भी किसी और जांच समिति को न रखना पड़े। भ्रष्टाचार को खत्म करने के लिये इस जांच समिति पर भी कुछ प्रतिबन्ध होना चाहिये, ताकि ग्रंट शंट माल बाहर न भेजा जा सके और हमारा देश बदनाम न हो।

Shri Priya Gupta (Katihar): Sir, I rise to support the Bill. This is a pointer. The loss in the national character has been timely cautioned by this *ad hoc* committee that has been set up. I am glad the Government has taken action according to its recommendation.

I have two or three observations to make. One is that sample checking of export goods should not be resorted to. Let there be some expenditure, I do not mind,—not the expenditure as has been provided for the director's post, for the top-heavy organisation suggested in this Bill—I mean, just as it is done in the Excise Department in the manufacture of safety matches, a vigilant watch should be kept at the site of production itself. It should be ascertained from the very beginning what would be the quality that would be exported, what would be the amount required to be exported etc., and they should be packed safely according to specifications. The standard quality of materials should be packed and everything should be made ready from the site of production itself. I am not in favour of having only a sample checking and

[Shri Priya Gupta]

then checking again. All the goods going outside India should be checked individually.

Secondly, I am afraid, just as it happens in most of the organisations, people have a slant to this capitalist group or that capitalist group. They must be evenly sorted out in the matter of export materials. If the committee members—I do not make any castigation about anybody—have a slant towards a particular capitalist group that might lead to the cancellation of articles pertaining to that group for exports. That should be kept a very close watch upon,

Thirdly, the penal actions proposed should be very severe. We have seen how our trade, how our export has suffered in tea and other commodities. Shri Warior and others made a reference to it. The companies, the manufacturers or the industrialists must be made known as to what should be the standard specifications, what should be the particulars in respect of the goods for export, what should be the packing assistance to be utilised, etc. All these things must be ready and made known to them also and then only penal actions to be proposed.

Lastly, I hail this Bill, this step of the Government to put a check on inspection and quality on the export of inanimate items. I am looking for the day when Government will exercise control over the animate exports in respect of quality, I mean samples of men who are sent out of India in the shape of High Commissioners, Ambassadors, etc. I mean there should be quality control on animate exports also.

Shri Gauri Shankar Kakkar: Mr. Deputy-Speaker, I rise to support this measure. It is very encouraging that items of export are being scrutinised and the quality of such items is being looked into. Here I would like to say one thing. Simple enactment of certain measures without proper implementation will not help the improve-

ment of quality. As a matter of fact, the quality of such items has to be scrutinised and judged at the very initial stage of manufacture. It would not help if the checking takes place at the time when they are brought for being exported.

A perusal of the export report which has been supplied to us will show that out of the 18 items of export, in the case of 11 items the figure has already become a minus figure. It is very shocking that at this juncture when our country is in need of foreign exchange very badly, many of the items are being priced out. It shows that there is some fundamental defect somewhere. Therefore, very great caution is necessary in the case of our items of export so that they can compete with the exports of other countries.

Secondly, though the quality of the exportable items has to be given primary importance, there is competition of prices offered or quoted by countries exporting similar commodities. For example, very recently, China and other countries have come forward to supply the same items which we are supplying at cheaper rates. So, this is the second aspect we have to keep in view. The items that are exported should be not only of fine quality but they should be cheaper in price so that they can compete with other countries which are also attempting to export similar commodities.

Then, there is a general tendency among many of the manufacturers to use base materials and then try to get better prices for such items. This, of course, relates to the moral side of the people who are engaged in manufacture. Strict measures should be adopted whenever such malpractices come to the notice of the authorities. The quality should be guaranteed at the initial stage of manufacture. Then here should be some legislation whereby the manufacturers, whether in the public sector or private sector, should conform to quality and in case

they fail in their attempt or indulge in malpractices they should not be allowed to continue to manufacture.

While supporting the Bill, I again submit that it is the actual implementation of the measure which is more important than the passing of it, and I hope that it will be implemented in the spirit in which it is enacted so that it will encourage our export trade in a big way.

Shri T. Abdul Wahid (Vellore): Mr. Deputy-Speaker, Sir, I rise to welcome this very important Bill which aims at promotion of exports of our country and also to establish a name for our country and for our exports. While welcoming this Bill, I have to say that it is a very delicate and a very difficult Bill to administer. It should be administered very cautiously.

Its intention is to promote exports and not to put any kind of harassment or obstruction in the way of our exports. The export business is a very intricate business. Its handling is very difficult. For example, I will take hides and skins. Hides and skins is a commodity which is exported to the tune of about Rs. 30 crores and we are all at it to see that its export is further promoted and that the quality improves as also the value increases. But while applying quality-control and pre-inspection to this commodity, one has to be extremely cautious as it is a very intricate and difficult commodity to handle.

The malpractices in it may be of many kinds. It may be regarding pelts. An exporter may sell southern pelts which cost double the northern pelts and export mixed pelts or purely northern pelts and get complaints regarding quality. Then there may be malpractices in selection. A man may sell run-selection and pack inferior grade of run or it may be purely fifths. Or, he may sell fifths and pack purely inferior fifths.

Tanned hides and skins have got various qualities. Each centre pro-

duces its own quality. For example, sheepskins produced in Salem and Coimbatore cannot be produced in Ambur. Goatskins that are produced in Ambur cannot be produced in any other place. Cowhides that are produced in Ranipet cannot be produced in Pernambut. What can be produced in Pernambut cannot be produced in Pallavaram. So, there are different qualities. Each mark is known by its quality and all that.

Then, there is adulteration and various kinds of malpractices. If we try to have quality control on one particular thing that will not satisfy the whole thing. For example, at present we have got voluntary quality control and control on malpractices about adulteration. But this adulteration is practised only by 5 to 10 per cent. of small tanners. Because 5 to 10 per cent. of small tanners practise it, all the other people have to suffer. So, what I suggest is that while administering this quality-control, extreme caution has to be practised and the trade to which it is applied should be thoroughly consulted and its advice taken. Quality control should be administered with full co-operation of the trade to which it is going to be applied.

This Bill is a welcome Bill because it will promote our exports. While speaking of export promotion, some hon. Member here, I think, Shri Warior, said that our exports had not made any kind of progress despite all our export promotion measures. I might tell him that last year our exports were of the tune of Rs. 720 crores and not Rs. 600 crores. They are not stagnant as he mentioned. Our exports under the dynamic personality of Shri Manubhai Shah as the Minister for foreign trade are making very good progress and, I am sure, they will show still more progress this year and in the coming year and we will be able to fulfil our target for the Third Five Year Plan.

Mr. Deputy-Speaker: The hon. Minister.

Shri Manubhai Shah: Mr. Deputy-Speaker,

Shri Gauri Shankar Kakkar: How long the House will sit? It is 5 o'clock.

Mr. Deputy-Speaker: He will just begin and continue tomorrow.

Shri Sinhasan Singh (Gorakhpur): Are you closing the general discussion today?

Mr. Deputy-Speaker: Only forty minutes are left. Two hours was the time allotted.

Shri Sinhasan Singh: Three hours.

Mr. Deputy-Speaker: Two hours.

Shri Manubhai Shah: I am very grateful to the hon. House for the unanimous way in which this Bill is being supported by all hon. Members.

Mr. Deputy-Speaker: He will continue tomorrow.

17.00 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, May 3, 1963/Vaisakha 13, 1885 (Saka).
