

chance to others also. The hon. Member may table a question. There is plenty of time.

What about the cut motions? Shall I put them all together?

Some Hon. Members: Yes.

Mr. Deputy-Speaker: I shall now put all the cut motions to the vote of the House.

All the cut motions 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, 1965, in respect of the heads of demands entered in the second column thereof against Demands Nos. 77, 78 and 135 relating to the Minister of Petroleum and Chemicals."

The motion was adopted.

[The motions for Demands for grants which were adopted by the Lok Sabha, are reproduced below—Ed.]

DEMAND NO. 77—MINISTRY OF PETROLEUM AND CHEMICALS

That a sum not exceeding Rs. 16,18,000 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 March, 1965, in respect of "Ministry of Petroleum and Chemicals".

DEMAND NO. 78—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF PETROLEUM AND CHEMICALS

That a sum not exceeding Rs. 87,17,000 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, 1965, in respect of "Capital outlay of the Ministry of Petroleum and Chemicals".

DEMAND NO. 135—CAPITAL OUTLAY OF THE MINISTRY OF PETROLEUM AND CHEMICALS

That a sum not exceeding Rs. 47,23,96,000 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, 1965, in respect of "Capital outlay of the Ministry of Petroleum and Chemicals".

14.30 hrs.

MINISTRY OF INTERNATIONAL TRADE

Mr. Deputy-Speaker: We will now take up the Demands for Grants in respect of the Ministry of International Trade. Does the Minister want to say anything?

The Minister of International Trade (Shri Manubhai Shah): Yes, Sir.

Mr. Deputy-Speaker Sir, normally it has not been the practice with me in the past to make any opening remarks while moving the Demands for Grants. But I thought that this time as this is a new Ministry formed only in July 1963 and hardly having nine month's career as a separate entity...

Shri Sham Lal Saraf: Why not we give our reactions first, and then you speak?

Shri Manubhai Shah: As the World Trade Conference is coming very soon I thought I might post Members with some facts, so that I can have the advantage and the benefit of their considered views on some of the problems coming before the forthcoming World Trade Conference.

[Shri Manubhai Shah]

I should like to make only a very brief opening statement on the three principal items of my Ministry, namely, the import policy, the export policy, and the forthcoming United Nations World Trade Conference.

As far as the import side is concerned, the Ministry's annual report gives it in such an elaborate manner that I will not take the time of the House to go into the individual matters. But I can say that over the year we have tried to further rationalise the approach to import problems of this country. There has been an anxiety felt in the whole country that import restrictions should be tightened and what is avoidable should not be imported, and yet to keep the production machinery of the country going up in an accelerated manner, wherever possible, essential basic raw materials and machinery must be allowed to be imported in larger quantity both for extra production and simultaneously for the maintenance of the economy on a sound basis with modernisation and rehabilitation of the existing apparatus. This is the basic framework which the country and the House have been placing before us and which we have followed in the import policy of this country, particularly as covered by this report.

I had the privilege to place certain figures before the recently-held Export-Import Advisory Council. It is now one council made out of the two separate councils, because we wanted to build up a closer link between export and import. There I mentioned the figure that 67 per cent of our national bill of import is today used for the import of raw materials: that is, out of Rs. 1100 crores import, more than 67 per cent is exclusively used for raw materials, about 17 per cent for capital goods. And over the years, and particularly in the last one year, the imports of raw materials and capital goods have therefore increased and not decreased; and

increased in spite of the fact that over the year we have tried to save through import substitution, through import rationalisation and through import scrutiny, stricter scrutiny, nearly Rs. 45 crores in the calendar year, and in the ten months of the fiscal year about Rs. 29 crores.

So, while the import bill has slightly come down it is not as if it is at the cost of the economy; but it is only in respect of those which are avoidable items or where the country has moved forward to produce things which can be used in substitution or replacement of the imported stuff. At the same time we have tried to see that more imports take place of raw materials and capital goods. That is the framework within which we have tried to work on the import policy.

The new policy will now be announced on the due date, that is on the 31st of March, as framed after taking into consideration the representations made by different bodies and consumers and interests and also by the debates that took place in the meetings of the Advisory Council on Export and Import. And we are now trying to firmly adhere to that date, so that there need be no room for any anxiety or any speculation on that account.

There also, if I may summarise the basic approach to the policy, we are not yet out of the woods, even though exports have increased and the aid utilisation has perhaps slightly improved. But we are not yet out of the woods, and there is not much scope for greater import liberalisation. Even then, I had assured, and I would like to take this opportunity to assure the House, that in matters of industrial raw material, particularly for export-oriented industries and defence requirements, we shall try to meet the requirements of the country in full.

Regarding agricultural requirements, like fertilizers, tractors, tractor parts

and diesel engines for irrigation purposes, those which are not yet made in India we shall also try to meet in full.

These are the two national priorities which we have taken in the import structure of the country. Those items which are of a lower priority, we might have to slightly cut down; and where the local production has already come up in a certain larger quantity, as per the usual policy of import substitution, those items also may have to be slightly cut down. We will also try to liberalise the import of some spare parts like thin wall bearings, tractor parts and vehicle parts, because times without number both in the House and elsewhere the feeling has been expressed that many machines are lying idle for want of a small value of these imported spare parts and components which can make a much larger capital investment move forward if these spare parts are available. I would not go into the details of those, which I will try to make out at the end, in my reply. But, broadly speaking, this will be the broad priority.

And as far as the small-scale industries are concerned, we will restore the cut which unfortunately had been imposed upon them before two years. This was a demand from the small-scale sector. But I would also like to go one step forward and say that if in the course of the year we find that the small-scale sector, even after the restoration, is crying for the Heaven which we do not have, if they cry for a very substantial increase which we do not have, we cannot do anything; but we will certainly try to be a little more sympathetic as far as our resources will permit, a little more than even the restoration of the quota. That is for the import side.

As far as the import policy is concerned it is also linked with the customs regulation. We had a convention in 1927, International Con-

vention on Customs Tariff. It is still this Convention which has caught hold of the Indian economy. It is completely out of date. Several times suggestions have been made to modernise the structure. We are issuing a notification today itself appointing a high-power committee of the Government for a thorough overhaul of, firstly, the nomenclature of the customs items, so that they are more in harmony and tune with modern international practices evolved by the Brussels Convention and various other international conventions and so that on the point of nomenclature and classification the compendium becomes simple, compact and more comprehensible to the common man and in tune with what obtains in the rest of the World.

Along with tariff rationalisation, because over the years different rulings have been given by different customs authorities and the Central Board of Revenue at different times which have caused a lot of hardship both to the importers and the exporters, this committee, which will consist of fifteen members represented from the main Ministries and also from the Federation of Chambers of Commerce and Industry, the All India Manufacturers' Organisation and various bodies of importers and exporters, will go into and recommend to Government as to what should be the rational, scientific commercial basis of this revaluation so that the tariff structure becomes modernised. This was a long-standing demand and today we have issued a notification, after approval at the highest level, appointing such a committee. So much on the customs side.

On the export side, if I may switch over quickly—because I do not want to dwell at any length on these matters, as I have already informed the House that I will make only certain minor introductory remarks—on the export side the picture has been fortunately somewhat more satisfactory, even though there is no

[Shri Manubhai Shah]

room for complacency and much more would have to be done in the coming years if we have to fight and win the battle for foreign exchange and exports for this great country of ours in order to see that its requirements of economic progress are fulfilled in the next seven to eight years.

This year ends, as the report shows, with Rs. 104 crores of extra export over the previous year; and in terms of the financial year, the ten months that have gone by from April to January, the figures are slightly more heartening; by Rs. 82 crores the exports have increased in the ten months, reaching the record figure of Rs. 665 crores in ten months—which was not even our annual total in the previous year—and another two months should show better results. On the whole the exports have increased throughout—I will not go into the details about the commodities, because much of the details have been given in the report itself. And this has been earned with very little export promotion incentive. Because, there is sometimes a wrong feeling somewhere that much of the export is going up due to incentives. We have given the breakup in the annual report. More than 80 per cent of the total export, including the increase, is without incentive, on its own locomotion, like tea, jute, tobacco, cashew, coir and various other traditional and non-traditional items. Sometimes a distinction is made by some intellectual economists and thinkers that it is only traditional items. It is not so. Even non-traditional items are moving without any incentive. Where incentives are given, the basic approach is to give raw materials and machinery so that the production apparatus becomes modernised and it gets more raw materials so that as a result of our exports the community does not suffer from scarcity of goods equal to our exports but gains something more as a result of export and even after exporting we produce more

for the local economy. That is the built-in scheme and the main thing there, as given in the report, is that modernisation is built in into the whole apparatus of the export scheme.

On the items of textiles, cotton and jute, although these have now been transferred to another Ministry, you will find from the reports during the years gone by that jute production had a record production and textile exports which at one time were almost stagnant or were declining over the last eighty years have now been increased. We have halted the decline. We have stone-walled that decline. The decrease has been halted. There has been an increase of Rs. 8 crores over all the items of textiles.

Shri Sham Lal Saraf: With regard to cotton textiles and jute products, will the trade part of it remain with the same Ministry?

Shri Manubhai Shah: The export part will be here, and the production and other parts will be with the other Ministry. That is why I am not dealing with production here. The hon. House will have ample opportunity to debate on that when the Demands for Grants relating to the Ministry of Industry come up before the House. But on the export side, as I said, in jute we had a record export increase of Rs. 10 crores and it is now to the tune of Rs. 170 crores in the current year. In regard to textiles also we stone-walled the decline which was there continuously for the last ten years. For the first time we are reversing the gear and getting exports to the tune of about Rs. 8 crores to Rs. 9 crores more, and it is going to be a little more in the coming years.

On tea also there has been a considerable increase of about Rs. 9 crores in exports, from about Rs. 124 crores in the previous year to about Rs. 238 crores in the current year. In the matter of tea, because it is a

subject directly under this Ministry I may say, our's is the highest productivity of all the tea producing countries in the world. Sometimes there is a misunderstanding on that point. 1032 Kilograms per hectare is the production of our country as against 880 Kilograms in the neighbouring country—I would not name the country—which is the second in the world. Then comes Indonesia. This is the result of planters both in the south and in the north having worked, because this is really their industry. The Tea Board is more like a co-ordinating body and not directly a promotional corporation owing all these things and managing the affairs. We do not want to interfere with the process of agricultural plantation which really can be done in the field level. Merely for information, I would like to say, over the last decade the production in South India has gone up from 110 million pounds to 194 million pounds. That is to say, we had a record increase in the south of 77 per cent of production in an agricultural crop because, after all, even though tea comes under plantation, it is an agricultural crop. In the north, where the climatic conditions are very unfavourable, the increase was from 504 million pounds to 566 million pounds—an increase of 12 per cent. It is true that cyclic changes in monsoonic periods comes and they affect our crops twice in five years. Therefore, it is true that last year there was a drop from 580 million pounds to 566 million pounds, a drop of $1\frac{1}{2}$ per cent or, let us say, about 2 per cent. But over the last ten years there has been a rise even in the north of about 12 per cent and about 77 per cent, which is a record rise, in the south. It is my request to the planters in the north that we should also learn from our colleagues in the south where a 77 per cent increase has taken place in a decade.

In the matter of financing and other arrangements, it is for the first time that the Government of India through the Tea Board started making three schemes to finance partly the planta-

tion programme. Otherwise, historically, over years and over centuries, this crop has been financed through private banks. In the last two years we started three schemes. One is the plantation finance scheme where we have already given Rs. 2,66,00,000. The second is the higher purchase machinery scheme where we have given Rs. 2,38,00,000. The third is the irrigation equipment scheme which we have just started in November and there we have given Rs. 50,00,000. In all, in the last two years, more than Rs. 5 crores has been granted to the tea industry. We hope to receive the benefit of it only after some time because it takes seven years for any grant of this kind to make an impact. Replantation, provision of irrigation equipment and other things are slow moving things. I am saying this only to explain that the export figures have gone up in one year to Rs. 9 crores. It is true that in the year 1956 we had the suez crisis due to which there was heavy stock piling in overseas market was of the order of Rs. 141 crores. But after that it continuously went down to Rs. 120 crores, to Rs. 115 crores to Rs. 124 crores and to Rs. 125 crores. It is only this year that we have caught up and brought it to Rs. 133 crores, and I hope it will continue to expand.

On coffee, the prospects this year has been very good. I need not repeat the details here. The production has gone up considerably over the previous year. About rubber plantation also, hon. Members from the South know that there has been a good increase and it has helped us to reduce the imports which otherwise we would have to do.

This is on the export side. Sir, I do not want to take much time of the House. If hon. Members go through the report they will find that the export increase is practically shared by all commodities excepting two or three. Even the 'sick baby' of export, manganese ore, has now really come to such a stage when we look forward to brighter days in the coming year. That is the only 'sick baby' of the

[Shri Manubhai Shah]

export trade so far. It may be that sometimes something may dwindle in the next year, but so far we have been able to pull up the strings in respect of every other item. Some of them have shown a very good increase and some have shown a modest increase. Even the new items, which are more hopeful, have shown a very great rise of Rs. 30 crores in all. All the new items like engineering, chemicals, pharmaceuticals, drugs, paints, varnishes, bangles, plastics and various other things have together shown an increase.

Another feature is, this increase of Rs. 104 crores over one year or Rs. 82 crores over the ten months of the financial year is spread over all regions in a heartening way—that is, American Continent, Oceanic Continent, South-East Asia, Western Europe, United Kingdom, and ECM and Communist countries. The only decline which has taken place is in Africa. We are very much concerned that. We have lost Rs. 5 crores in Africa in the year that has gone by over what was the performance before. Even the previous performance in Africa was not good, we are vitally concerned, because this is an emerging country—I would not call it a continent because each country in Africa has a personality of its own—and we would like to see that our relations with them are strengthened, and this year we are going to give special emphasis on our export promotion to Africa. Besides that, in all the rest of the regions in the world, individually country-wise and also region-wise, our exports have gone up. But I would only caution the House saying that this is a very uphill task. What we performed last year need not necessarily be the aspect of the coming year. I would be happy if the Rs. 40 crores annual increase envisaged by the Planning Commission after great thought is adhered to or fulfilled by us.

Dr. M. S. Aney (Nagpur): What is the position of textile export to Ceylon this year.

Shri Manubhai Shah: When the hon. Member makes his observations during his speech, I can in my reply give specific answers to specific questions. Just at this moment I would not like to take the time of the House on various details. But on the side of textiles, Ceylon has liberalised recently very well. It has had a very great balance of payment difficulty. As a matter of fact, most of the countries in Asia and Africa are undergoing severe hardship in the matter of balance of payment. The statement of the Finance Minister of Ceylon which appeared in the newspapers some three years back show the precarious condition of their balance of payment. So there is restriction on imports. We are grateful to the Ceylonese Government for having liberalised on various items, at our request, of import of Indian goods.

I was saying, while passing, that while we will be happy to achieve what the Planning Commission has envisaged for us, there was a point about tea promotion which we looked up. In respect of tea the increase in production that took place in the first and second Plans was 30 million lbs. We have been urging the Planning Commission that all of a sudden it will not be correct to put a target in the Third Plan of 200 million lbs.—170 lbs. over the production at the beginning of the First Five Year Plan. At the end of the Second Plan we could go up to 700 million lbs. It was just achieved. What is the acceleration that any country can expect in agricultural plantation. In one Five Year Plan you have 30 million lbs. and in another Five Year Plan you want 200 million lbs. As soon as we looked into the matter we have taken it up with them. The Planning Commission also now agrees that the target must be based on realism of performance and possibilities. It should be aspiring. Certainly, I am for a built in expansion because nobody can be satisfied by a static society. An arithmetical expansion of 30 to 50 can be made, or may be even

£0, but it cannot be made to look 200 million lbs from 30 million lbs in the previous five years.

Shri Shree Narayan Das (Darbhanga): Was the Ministry not consulted?

Shri Manubhai Shah: I am not meaning that. Sometimes, in our aim to promote more exports, we aim more production. When we take too many commodities we are prone to make mistakes by oversight and sometimes by over-estimation. I do not think 200 million lbs was ever a possibility. If we reach according to our estimation about 820 million or 830 million pounds, we should really congratulate the planters and the people concerned that we have achieved in five years about 120 million lbs, when in the previous five years successively we had hardly reached 20 million to 30 million lbs.

Then I come to the last point, the World Trade Conference, which was really the purpose of my initiating the discussion. I would like the hon. Members to give me the benefit of their valuable advice during the discussion because I am leaving for London day after tomorrow evening. First I would be attending the Commonwealth Trade Ministers' Conference, which will be for three days. Then I will go to Geneva and will be there for eleven days to attend the open Ministerial session of the trade conference. This is the first time in the world that such a conference is being called and much of the credit for calling such a conference as one of the co-sponsors should go to the Indian Government and the people of India.

The main issue that we are going to tackle is, that the present trade tendency of the world trade is all the time going toward the richer countries, rather against the interests of the less developed countries. It should now be put back into the reverse gear and the terms of trade should be im-

proved because over the last 10 to 15 years out of the expansion of international trade which has taken place which is more than 220 per cent, 80 per cent has gone to 28 per cent of the countries, which is the population of the industrialised countries of the world. They have had a share of the international cake to the extent of 80 per cent whereas we, millions and billions of people of this world who are living in the less developed countries which account for more than 200 million people all over the world had only 20 per cent of the share of the expansion. We should really have had 72 per cent if we look at our poverty, or even 80 to 90 per cent and they should have a little less. It should be entirely reversed.

So, this is the first basic point that the future tendency should be to promote the export earnings of the less developed countries and, to that extent, the share should be raised to, not only have the *per capita* balance restored but also have the export earnings of those countries commensurate with the economic needs. Maybe, it take a long time, but in the great march of human civilisation the steps have to be taken decade by decade over a generation, not just one step. We have to restore the adverse balance by creating the right type of world conscience, the right type of world appreciation of the problems of the less developed countries.

Shri Harish Chandra Mathur (Jalore): Has it no connection with production?

Shri Manubhai Shah: It has connection with production. But there is a vicious circle. More production leads to more exports; more exports leads to more imports; more imports lead to more production. We must break the circle of less production, less exports and less imports at one point.

Shri Morarka: Why do you call it a vicious circle? It is a good circle.

[Shri Morarka]

More imports leads to more production and more exports.

Shri Manubhai Shah: That is a good circle. But what I am saying is that the present circle is vicious. In the present circle production depends upon imports. Imports depend upon exports. So, unless the exports go up, we cannot have either production or imports. We have to puncture this tendency, which is vicious by a more virtuous tendency, a rational structure of world trade as my hon. friend was saying. Then we will have more of exports, and more of earnings. We do not want to stockpile. We do not like to sit on money like a snake. We want to spend it on larger imports. That import will finally result in larger production which will lead to larger exports.

So, this balance has to be struck. At present, there are so many obstacles in the way—tariff barriers, non-tariff barriers, administrative controls, import licences, quota system and internal heavy duties against the entry of our goods into the expanding markets of the richer industrialised countries. We want to see that these imbalances are rectified. The road blocks should be removed completely, the whole strata of the road blocks, i.e., quota restrictions, non-tariff barriers, internal duties and various administrative controls and over the years we should have the road, the highway, completely free for international trade. We do not want trade as charity. We are not asking for charity from nations. What we ask for is our privilege, our right, the fundamental right of the less developed countries to export their goods to the industrialised countries by the removal of these restrictions which they have put in in order to protect their agriculture. On the one hand, they say that we must be prepared to and capable to compete. We say that we are prepared to compete; but do not keep the doors closed against us; do not put stone walls against us and then ask us to fight. We are prepared to fight on the roads

but we cannot fight against a stone wall. That is why we ask for the dismantlement of the tariff barriers, the road blocks which come in the way, the obstacles in the way of expansion of international trade by the less developed countries.

Dr. M. S. Aney: Are you advocating *laissez faire*?

Shri Manubhai Shah: No, not *laissez faire*. What we want is reciprocity. That is, when we buy more from them, they should buy more from us. There should be reciprocity in terms of trade expansion, and that is a legitimate demand, because everything belongs to the human family, the family of mankind. So, we are only asking for our right and our privilege. At the same time, we are conscious of our responsibilities. We do not say "give us our rights; we shall not fulfil our obligations". We shall discharge our obligations, international obligations, but first we should have the right, the fundamental right of every human being of access to the foreign markets, and a legitimate share *per capita*, commensurate with our economic requirements, of the international cake which is growing. If it were shrinking, we would not have asked for such a share but the cake is growing and we are being deprived of that cake. So, we are asking for a legitimate share of that expanding cake of the international trade.

In that connection, we are also saying that the existing institutions are inadequate. Therefore, a world forum for discussing the problem of international trade should be created in terms of a permanent world trade conferences to be called periodically, every two years if possible, as we have said in the Tehran Conference resolution which I had the privilege to move in Tehran the other day and which has been adopted unanimously by all the Asian nations. So, we want a forum where the world trade policies can be enunciated though the detailed items could be worked out by the existing institutions. This is the object of

the World Trade Conference. We want a liberalisation of all the restrictions, we want the removal of all obstacles. We want the Conference to come into being as a permanent body with a proper Secretariat to help us to evolve, to discuss, to review the policies and performances of the trade so that the less-developed countries can get a rightful place.

DEMAND No. 64—MINISTRY OF INTERNATIONAL TRADE

Mr. Deputy-Speaker: Motion moved:

"That a sum not exceeding Rs. 30,52,000 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, 1965, in respect of 'Ministry of International Trade'."

DEMAND No. 65—FOREIGN TRADE

Mr. Deputy-Speaker: Motion moved:

"That a sum not exceeding Rs. 8,55,56,000 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, 1965, in respect of 'Foreign Trade'."

DEMAND No. 66—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF INTERNATIONAL TRADE

Mr. Deputy-Speaker: Motion moved:

"That a sum not exceeding Rs. 2,92,88,000 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, 1965, in respect of 'Other Revenue Expenditure of the Ministry of International Trade'."

DEMAND No. 131—CAPITAL OUTLAY OF THE MINISTRY OF INTERNATIONAL TRADE

Mr. Deputy-Speaker: Motion moved:

"That a sum not exceeding Rs. 55,00,000 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, 1965, in respect of 'Capital Outlay of the Ministry of International Trade'."

The hon. Members may now move their motions relating to the Demands under the Ministry of International Trade subject to their being otherwise admissible.

Shri P. K. Deo (Kalahandi): I beg to move:

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to take steps for reduction of cost of production of various indigenous exportable commodities. (1)]

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to streamline the Department of Commercial Intelligence and Statistics. (2)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to arrange credit facilities for the exporters. (3)]

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to have quality control on exports. (4)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Shri P. K. Deo]
[Need to insist on fair trading practices. (5)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to set up a free trade zone at Visakhapatnam. (6)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the free trade zone at Kandla. (7)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the Commercial Sections of the Indian Embassies abroad. (8)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the Indian Council of Trade Fair and Exhibition for better publicity of our exports. (9)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the Indian Motion Picture Export Corporation Limited. (10)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the State Trading Corporation of India Limited. (11)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need for negotiation of a general reduction in tariff barriers in various countries to facilitate the export of less-developed countries according

to the action programme of GATT. (12)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need for measures to take advantage of the tariff concessions in European Markets of Indian goods on the basis of Aide Memoire presented to the Commission of European Economic Community by the Government of India on which some agreement had been reached between EEC Member States and the UK. (13)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to prevent declining trend of export of Indian tea in foreign markets, particularly the traditional ones. (14)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to improve the quality of tea and at the same time reducing its cost of production by advanced technique so as to compete with Ceylonese tea. (15)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Need to stop the export of crocodile, python and lizard skins and peacock feathers, deer horns and musk. (16)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[Working of the Export Risks Insurance Corporation Ltd., Bombay. (17)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Encroachment to the Handloom Export Corporation on direct trading in handicrafts and handloom products contrary to breach of assurances.* (18)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Need to export Indian films to African and Asian countries.* (19)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Need to lower the incidence of sale-tax and other taxes on export commodities.* (20)].

Dr. M. S. Aney: I beg to move:

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

[*Need to discuss the position of Indian foreign trade and the effect of the European Common Market on the position of the exports and Imports trade of India.* (21)].

Shri Sivamurthi Swamy (Koppal): I beg to move:

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Need to appoint an independent judicial commission to issue export and import licenses.* (22)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Need to liberalise rules for export licenses for small traders, merchants and cooperative societies.* (23)].

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Need to supply International Market rates every week to all regional language papers.* (24)].

Shri Alvares (Panjim): I beg to move:

"That the demand under the head Ministry of International Trade be reduced by Rs. 100."

[*Principles and policies underlying International Trade.* (25)].

Mr. Deputy-Speaker: These cut motions are now before the House.

Shri Umanath (Pudukkottai): Mr. Deputy-Speaker, Sir, while dealing with the external trade of our country during 1963, two major features are to be welcomed. One is that our exports have increased by about Rs. 104 crores over 1962 and the second is that our trade deficit declined by Rs. 138 crores, as compared to 1962 figures. Notwithstanding this welcome feature and notwithstanding the fact that trade with Communist bloc countries has increased, the basic pattern of our trade still continues to operate, viz., too much dependance on Western countries, a greater part being monopolised by U.K. and the U.S.A., the result of which is that the phenomenon of unequal prices continues to operate to our disadvantage.

This question has been dealt with in the past by the United Nations Survey Committee but, referring to this question of unequal prices even at the present time, the continuance of the relevant pattern was seen in today's *Hindustan Times* where they had dealt with the question of unequal prices. The paper says:

"These countries" (meaning thereby the under-developed countries) "say that the prices of many primary products have declined over the years although the prices of the finished products have gone up . . . While the prices of capital goods in the world market have gone up by about 70 per cent in the last ten years, those of raw

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materials have not risen by more than 12 per cent. The prices of manganese and iron ore have particularly slumped during the last few years.

Almost 90 per cent of the exports of the less developed countries constitute primary products such as rice, tea, rubber, copra, cotton and tobacco."

Finally, it says:

"This is hitting the foreign trade of most Asian and African countries and preventing them from improving the standard of living of their people."

The U.N. Economic Survey in 1960 gives us an idea as to the effects of this unequal prices on our country's economy.

15 hrs.

Giving figures of such unequal prices for the years 1954 to 1958, it goes on to say:—

"To give an idea of the effects of variations in the above figures, it has been calculated that a 5 per cent rise in the average price of raw materials puts at the disposal of under-developed countries additional export revenue equivalent to all the private and public capital invested in those countries in one year."

That is the result that we see. So, when this position continues even now notwithstanding the two major welcome features, this is pregnant with the dangerous possibility, namely, that in the period of international economic recession the Western countries always are able to shift their payment burden on to us, continuing to keep us in dependence and vulnerability, *ipso facto* making it impossible to rely on exports proceeds to finance our plans. It is these circumstances that explain the amount of our trade deficit to the tune of Rs. 2,179 crores between

1957-58 and 1961-62. Now, the total upto 1963 will be about Rs. 2,900 crores.

To eliminate this colonial hang-over, we will have firstly, to eliminate the main reliance on one set of countries only; secondly, organise diversification of trade not just in terms of mere direction but on a scale which will fundamentally change our pattern of external trade.

On the question of unequal prices, now that the U.N. Trade Conference is going to meet from the 23rd March this year this question of unequal prices between the under-developed and the developed countries will come up for major discussion. I hope, as the hon. Minister said, our Government and our delegation which goes there, will take a firm stand, whether it is in the Commonwealth Ministers' Conference or the U.N. Trade Conference, in favour of the underdeveloped countries. If we take a firm stand on this question in this Conference, I am quite hopeful that as far as the participant Communist countries are concerned, they will definitely support the cause of the underdeveloped countries. I understand that in the very preparation for the Conference the Communist countries are giving their full co-operation. But that is not the case with the Western countries. I would like to mention to the hon. Minister who is going to lead the delegation that this question of prices is going to meet with hurdles from the Western countries. *The Economic Weekly* of February 29, 1964 says:—

"It is no secret that Britain, in common with the U.S. and other Western powers were very lukewarm about the idea of this conference, and would much rather that it had never been held."

This is what the *Economic Weekly* which is uncommitted to any party—this is not a Communist weekly—has said.

What is the reason? Why are the United States and the U.K. lukewarm about this conference? It is because in this conference the question of prices will loom large. And what is the position of Britain with regard to these prices? The same *Economic Weekly* says:—

“The U.K. Government's attitude on commodity agreements is definitely ambivalent. While it sees the need to stabilise commodity prices, it is extremely worried that these prices may be stabilised at too high a level. As a large importer of primary products and raw materials, it is anxious to keep these prices as low as possible in order to reduce its own costs. Therefore, it is not anxious to support schemes that lead to higher prices of commodities, which, in essence, is what the producing countries want from a commodity agreement.”

So, the reason or the motive, as far as the Western countries are concerned, for their being lukewarm about this U.N. Conference is clear.

I am bringing these facts to the notice of the leader of our delegation so that he may be prepared in advance to meet these obstacles and have our arguments ready which will be hundred per cent in the interest of our country and other underdeveloped countries. I wish, our delegation to champion not only the cause of our country but also to become the leader and champion of underdeveloped countries about the problems that will come up in this conference.

Coming to the declarations of our Government, our Government has been repeatedly declaring to curb monopoly by encouraging the growth of small-scale industries. Relying on this profession of the Government many people started investing in small-scale industries. Yet, what did our Government do? While allocating foreign exchange for the purpose of

importing raw materials, Government allotted to the scheduled industries, mostly controlled by big business and monopolists, foreign exchange on the basis of their full capacity, whereas to the small-scale industry they made *ad hoc* allocations having absolutely nothing to do with their capacity or requirement, and which fell far short of their requirements. The result is that these small-scale industries were compelled to purchase them in black market leading to an increase in the cost of production and resultant unfair competition from the big monopolists, rendering more than 50 per cent of their capacity idle.

After the emergency the situation has worsened. Even now after repeated representations the hon. Finance Minister seems to agree to ensure only up to 50 per cent of their requirement. I would like to know this from this Government. Was it the crime of these small-scale industrialists to have taken the professions of this Government at its word and at their face value? I submit that the Government change its policy with regard to the allocation of foreign exchange for the purpose of importing raw materials in a direction that ensures allocation to full capacity as far as small-scale industries are concerned. As far as allocations to basic industries are concerned, if they fall short of their requirements, the scheduled major industries can afford to buy from the black market but not the small-scale industries. The black market is the market of the monopolists and they can manipulate it any way if they are compelled to go to the black market.

The question of nationalisation of export-import has become a major controversy in the life of the country. The moment I mention nationalisation, Shri Masani or Professor Ranga will strike the gong apprehending danger. The striking of the gong by Shri Masani will strike a sympathetic chord in the heart of our Finance Minister as well, when it is the question of nationalisation. But let us see what

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the import-export trade in the hands of foreign and Indian monopolists has turned out to be. It has turned out to be an instrument to rob the country of its foreign exchange, loot the consumers within the country and a breeding ground of corruption in higher circles. The *modus operandi* is underinvoicing and overinvoicing of exports and imports. This robbery of the nation was laid bare by certain activities of the State Trading Corporation and I must thank the STC for this. When certain items of import were exclusively canalised through the STC, it revealed that caustic soda could be imported at 57 per cent of the price involved by private importers till then; that the procurement price of soda ash could be brought down to 45 per cent; that the procurement price of Chilean Nitrate could be brought down by 20 per cent and that of mercury could be brought down by 25 per cent. Such vast difference in prices cannot be solely due to bulk purchase though that may be an aspect; Is it not obvious that the private importers were invoicing at more than the real prices?

With regard to exports it was underinvoicing that was resorted to. The loss of foreign exchange to the country because of this unfair method is calculated by an expert opinion to be of the tune of Rs. 250 crores annually. Is it not obvious that nationalisation of the external trade would conserve substantial foreign exchange for the country? Yet, what action do the Government take to check this huge fraud on this country? We are told that the Board of Trade met in 1962. What action did it take? It recognised that the solution would have to be found which would deal with the evil without hampering exports. It just recognised. Was it the need to eliminate underinvoicing and overinvoicing? No, it just recognised that the solution would have to be found which would deal with the evil without hampering exports. In other words, it is an indirect threat that measures

against this fraud on the country will be met by a 'Go slow' in exports.

Another measure was that a system of voluntary registration of contracts for exports was arranged. They leave it to the sweet will and pleasure of the very interests who were resorting to it. Thirdly, discussions seem to have been going on between the Department, the Ministry and the Directorate. Rome was on fire and Nero was fiddling.

An Hon. Member: Who is Nero?

Shri Umanath: Nero are the concerned people, the officers, the Director, the Ministry and the Government as a whole.

Why are these state of affairs? Why is it that the Board of Trade takes up such a position? It is because the policy of our Government is such that when a board, corporation or directorate is constituted, the representatives chosen by the Government are the blood brothers of those very unfair interests. The blood brothers of the very interests who are resorting to underinvoicing and overinvoicing are represented on the Board of Trade. Otherwise, there can be no other explanation when such a huge loss is taking place as far as our country is concerned to take such a lukewarm attitude and just put things at that.

Now, I come to another aspect. How are the private importers looting the consumers? In fact, the S.T.C. has been helpful to us in this also. The State Trading Corporation has been importing items which are imported by private sector even at present. How does the selling prices compare? I will give you a few examples. Sodium nitrate—the E.T.C.'s selling price is Rs. 886 per metric tonne and the private sector whom Mr. Masani day in and day out is defending, charges Rs. 2092 per metric tonne; Potassium Carbonate—S.T.C.'s selling price is Rs. 1266 as against the private sector

price of Rs. 2977; Copper—S.T.C.'s price is Rs. 3402 as against Rs. 6420 of the private sector; Lead—S.T.C. price is Rs. 883 and that of private sector is Rs. 2000 and to crown it all, as regards tin, the S.T.C. price is Rs. 12000 while that of private sector is Rs. 40,000.

Shri Rameshwar Tantia (Sikar):
How do you know that?

Shri Umanath: These are facts that I have gathered. I am always open to correction by the hon. Minister on the other side.

When Mr. Masani speaks of the defence of the rights of the private sector, he means its right to loot the consumer and the country. When our Finance Minister says that he stands for the growth of the private sector, he means the growth of this loot. Why is it that the S.T.C. has not yet been able to influence these market prices? That is another problem. It is because the major share of the imports of all these very materials are controlled by the private sector. That is why the State Trading Corporation is not able to influence even though it is able to charge a lesser price. What is the way out found out by the S.T.C.? Instead of taking over this major share from the private sector, according to the S.T.C., they are also fixing the prices higher than what they should charge, i.e., on the basis of the recommendations of the Tariff Commission. That means, instead of really taking over things and making them available to the consumers at cheaper prices, the S.T.C. is also joining in the loot and having some profits to themselves.

Then, I come to the other point. This state of affairs is a means by which large-scale corruption is taking place. It is because these import and export licences are money-making magic wand that extensive corruption is rampant. As long as this source is not blocked, Nandaji's anti-corruption fight will remain a phantom.

Thus, the nationalisation will conserve foreign exchange, protect the consumers, weaken corruption and

reduce our dependence on foreign aid. Instead of doing this, our Government is resorting always, off and on, to these export promotion incentive measures. Now, since 1962, the Government gave two kinds of rebates on income-tax and super tax on exports. They gave the rebate on excise duties also. They allowed them to import scarce materials for black-marketing in return for exports. That is one of the incentives for exports, i.e., allowing black-market by importing scarce materials. Then, they also allowed drawback on customs duties. After giving all these incentives, what is the position? I take the example of cotton textiles which is one of the major items of export. What was its performance? As against the export worth of Rs. 57.5 crores in 1960-61, it fell to Rs. 48.3 crores in 1961-62 and it further fell to Rs. 46.5 crores in 1962-63. Notwithstanding all these incentives and promotions, the export of our basic material, the cotton textiles, is going like this. Apart from that even after these measures, even after these incentives, what about utilisation? In regard to those materials which have got tremendous opportunities for export, under-utilisation is taking place. I can give you an example. Take chemical industries, where export promotion schemes apply, where these incentives are given, and you will find under-utilisation is to the extent of 12½ per cent to 71 per cent in various materials. What is the reason for this state of affairs? The one important reason is that for the big business, profit stands above patriotism. Unless our Government looks into this, this situation cannot be rectified. To confirm that, I will give another example of oils, oilseeds and oil cakes. In 1955, the international price was higher, all rushed for exports in those items and we got about Rs. 50 crores. Those people who rushed for exports said, "We are patriotic to our country; come on all workers and farmers you must produce more because it gives us foreign exchange." So, they started exporting. Then, in 1957, when the internal price was higher than the international

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nal price, suddenly the said patriotism started waning and they all rushed to the internal market and the export market fell from Rs. 50 crores to only Rs. 14-15 crores. They will rather let down the nation than let down their loot. This brings us to the question of internal prices again which we are facing every now and then. Unless the price line is held within the country, the profit promotion will guide our exports and not export promotion schemes. That will be the position.

In conclusion, I say, our pattern of external trade should change from its present leaning heavily on one set of countries; price line must be held and the export-import trade in materials needed for country's development should be nationalised. If this is not done, if these minimum essential things are not done, our country will repeatedly face, as it has been facing before, foreign exchange crisis; our economy will be subjected to price manipulations by foreign monopolies and finally it will hinder independent development of our country.

Shri Heda: Mr. Deputy-Speaker, Sir, the Ministry of International Trade is fortunate in a sense that it is in-charge of a person who has got a grip on the subject, who has got a practical acumen and whose vigour has been such that even in the past wherever he worked he paid us with good dividends and I would be expressing the general consensus of the House when I say that on the whole people belonging to all parties do express greater satisfaction over the performance of this Ministry.

A few years before, when the Ministry of Commerce and Industry was down-graded by bifurcating it into the Ministry of Industries and the Ministry of International Trade, I had made my remarks that this was not a good development. As the time has passed, I feel more so. On the top of it, what we find is that

this year a good chunk of work has been taken away from the Minister of International Trade. When we know that a person, who is very well-conversant with his work, is doing a nice work, the work should have been added. Instead of that, the work is being taken away from him. It is time that Government rethink this whole problem and I would suggest that some of the public sector projects—I am not talking of the projects which are very major and they should be independent—which have more concern with the administration and general industrial management should be in-charge of this Ministry and I have no doubt that the socialist approach that we proclaim could be better fulfilled when such a development takes place.

The hon. Minister was good enough to give us an idea about the conference and the discussion over the prices. In fact, this is a subject that has been in the minds of the people all over the world particularly those from the under-developed countries for the past decade or more. In a few international meetings, whenever I had an occasion to meet different politicians, I found that they were serious on this point. The point is that these under-developed countries are eager to add to their exports and therefore, there is a sort of cut-throat competition. No doubt, some useful work will be done in the conference to which the hon. Minister is leading and representing our country. But at the same time, very persistent efforts will be needed, and that would be by direct talks with the under-developed countries which export raw materials or semi-finished goods as we do, and coming to certain understanding with them. In some commodities such an understanding has been arrived at, but I find that that has not been to the advantage of the exporting countries. Take the case of tea, sugar and some other goods. Generally, this understanding is between the

exporting and importing countries, and the result is that the importing countries, being developed, always get an upper hand and rather they have been dictating terms. So, I think that there is a need for making persistent efforts, and not merely from one angle and in one sphere, but from more than one angle and on more than one sphere.

Now, I come to the question of exports, which is uppermost in our mind. It is gratifying to note that the trade gap between our exports and imports has been narrowed down by Rs. 104 crores during the year 1963, which is by no means a small achievement. However this should not give rise to any sense of complacency, because still the gap between our exports and imports is very high, being of the order of more than Rs. 300 crores a year, and it calls for continuous and sustained efforts from our side to bridge this gap as quickly as possible.

One of the major factors in the export trade is that most of our foreign trade is with UK. The trade with UK accounts for about one-fourth to one-third of our aggregate export earnings. About 70 per cent of Indian exports of manufactured tobacco go to UK while more than half of the total exports of tea, leather goods, woollen carpets, coir mats and mattings are with UK. The growth of this trade in the fifties is quite significant. In 1950 we exported to UK Rs. 140 crores worth of goods, while in 1960, our exports were valued at Rs. 174.37 crores. It is not only the growth that would give the real picture. Apart from the growth, the nature of the export is also equally important. It had been diversified broadly with the developments of the pattern of Indian agricultural and industrial production. It covers the entire range of our raw materials, primary goods, semi-processed and finished goods.

While expressing my general satisfaction over this increase in trade. I would like to make two points. The first is that I have a feeling that we are not taking full advantage of the trade that we have with UK. The preferential treatment that we get, lack of restrictions, tariff and others are such that had we desired, we could have glutted and dumped the entire UK market. Why do we not do it? I have a feeling that the reason is that we do not control this trade.

Take, for instance, the case of tea. Not only has UK a sizable interest in the tea plantations in our country, and being pioneers in the field they direct the pattern of production, but the export trade is also in their hands. In the Calcutta market, they are the masters, and since the same trading interests are there in UK which control the other tea markets of tea exporting countries, they decide and regulate the quantum of trade from India, and this goes many times against our own advantage or interest. Therefore, we have to judiciously and steadfastly take measures so that this control is passed on from British hands to Indian hands and we become thereby in the real sense masters of our own exports to UK and other countries.

Secondly, we must take care to see that the balance of payments is always in our favour. If we study the figures from that angle, we find that never was it in our favour during the past few years. The best year was 1958 when the balance of payments was minus 2.24 crores. The balance of payments had been ranging widely and in 1957, it was minus Rs. 77.48 crores. Therefore, we should apply our minds from the point of view of this pattern also. If we could impress upon UK that we cannot allow an adverse balance of payments position any longer, the trade channels would get suitably adjusted. There is nothing wrong in doing so. Such a feeling exists in Japan. So, let us also

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convey our feeling to UK that we cannot allow an adverse balance of payments position, so far as our trade with UK is concerned. If that is done, then, I have no doubt that the trade as a whole will adjust itself.

The recent Geneva Conference leaves behind an impression on us that the Western, European countries would follow the same strategy as the UK is doing, that is, maintaining adverse balance of payments position in respect of us. In fact, they have been doing so with the result that our trade with the West European countries has been bringing an adverse balance of payments position. If only we convey our impression to them that we have made it a national policy not to allow such a position with any country for a long time, I am sure the trade everywhere will settle down to proper levels, and in the long range, it would be beneficial to us.

Along with the exports, the display of our products at the various exhibitions that we hold in the foreign countries are also of great importance. The display of our products in the exhibitions in foreign countries is a common method for popularising our export products. The budget provision for this item is Rs. 52,57,000. It is however, observed that in the past, in quite a number of cases, the funds sanctioned by Government were found to be in excess of the requirements of the local authorities. Take the case of Casablanca International Trade Fair in 1961. The unspent amount was of the order of Rs. 34,500. In the case of the Indian Exhibition at Accra in 1961, the unspent balance amounted to Rs. 1.15 lakhs. In the case of the Leipzig Fair, 1961, the unspent balance was again Rs. 47,610. This obviously points to the need for issuing sanctions on some rational basis otherwise, such a practice of excessive sanctions not only provides a temptation for extravagance but also leads to sufficient waste.

Along with this, we have arranged certain show-rooms, and they have been doing very good work. I would submit that we should have more show-rooms in UK, in Europe, in the Arab world etc. and work them very steadfastly, and if we do so, I am certain that in the long run, these show-rooms would give us very good dividends.

Nearly one-fourth to one-third of the tea imported into Austria in 1963 was from India. Here, I would like to bring to your notice one other point, namely that our exports were not direct. They were normally made via London, Hamburg or Rotterdam. The quantity imported directly from India was extremely small. This points to the need of our exploring the possibility of directly exporting in all such cases, because then we may be able to supply such products at cheaper rates which may give a fillip to a quantitative increase in our exports.

Moreover, there is also this possibility. When the Indian tea goes to a particular country and from that country it goes to some other country, then that particular country which imports it first may take advantage of the fact that Indian tea has got a good name, and they may mix it with tea from some other countries, which may be of an inferior quality and which may be from the other countries which are coming up in the tea market, and, thereby, the name of Indian tea may be exploited without our getting a proper increase in our export earnings. This again is a very important factor, and from this angle, we should give as much attention to tea as is possible.

From this point of view, the import of tea machinery and packing materials becomes very necessary. There are certain countries which insist that the tea packing should be of a particular type. In fact, we have not got arrangements to pack

tea in the particular way or to the particular size. Now, we must make those arrangements, because already that type of packing has gone home in that country and therefore that country will not accept our tea, however best it may be; rather, they would go on for inferior tea from other countries. Therefore, from this angle also, we should allow adequate import of tea machinery and packing materials so that our tea can find its market everywhere.

15.28 hrs.

[MR. SPEAKER in the Chair]

In this connection, the rigidity of the control over the different items of machinery and spare parts with c.i.f. value of Rs. 10,000 and diesel engine of 80 HP and generator-alternator sets of 60 k.w. and above has been relaxed by Government with effect from 1st November, 1963. This is a good step but not enough. In fact, when we are allowing one per cent advantage to them of the export earnings, it should not have been restricted by this or that condition, and when the industry is making imports in the interests of increasing exports, then we should give them some sort of OGL, and we should have gone much further than the one per cent earning that we have allowed them.

Now I come to the Export Risks Insurance Corporation and similar bodies. I am glad to note that Government have come forward with greater credit facilities for exporters. They knew that our foreign trade is suffering because of such a facility being lacking. They appointed a study group on export finance in May 1962 and reviewed the credit facilities available then. The Government have already implemented the following recommendations of the study group submitted to them in April 1963; (1) Export Risks Insurance Corporation has raised its indemnity to banks in the case of their packing credit

policy from 50 to 66-2/3%. This facility has helped the exports to secure line of credit from banks for the purpose of buying, processing and packing goods this time for the export market. This has already become very familiar and my own estimate is that more than Rs. 4 crores have been availed of by the exports in the last 3 months. We will soon find that the money provided will fall short of the requirements. (2) Export-oriented credit system was created by reconstituting ERIC into a full-fledged Export Credit and Guarantee Corporation. This Corporation has taken over all the jobs that Government were performing through different agencies. The Corporation has just started and it would be interesting to watch its progress. I have no doubt in my mind that its progress would be steady and it would certainly help our exports.

Since I come from Andhra Pradesh, I would like to refer to one commodity which though not exported in great quantity from my State, is of very vital importance, and that is mica. Indian mica is accepted as the best quality mica in the whole world.

Shri Kashi Ram Gupta: Rajasthan and Bihar also export.

Shri Sham Lal Saraf: He said Indian mica.

Shri Alvares: No regional preference.

Shri Heda: I had said that it is not a very big quantity and then I said that Indian mica is accepted as the best in the world. So he should not feel about it. But let me tell him that Bihar and Rajasthan mica are far inferior to Andhra mica.

Mr. Speaker: Let his be the second best.

Shri Heda: It possesses the unique combination of elasticity, toughness, flexibility, transparency, constancy of

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volume under high heat and extreme cold, high dielectric strength and the property of splitting into thin films. Therefore, it has been exported in good quantity to USA. But the USA has been playing one trick. The trick is that they purchase from us the splittings and try to avoid paying for mica of the best quality. Therefore, the Ministry should stop the export of splittings or inferior left-overs and thereby in a way compel USA and other countries to purchase the best quality mica from us, thereby enabling us to earn the full amount of foreign exchange.

Shri Ranga (Chittoor): What happens to the rest of it?

Shri Heda: In the end, I would mention a point dealt with by the hon. Member who spoke before, namely, small scale industries. These days small scale and rural industries have come up in great numbers. I would like to make one submission, that in terms of capital invested, small-scale industries are expected to give us far better production, anything between 75 and 200% more production than large-scale industries. But what is our experience? They are not able to give that result. Why? Because they are not getting the raw materials as they want. There are certain cases where a small scale industry is not able to run even for 25 days in the year. So if we are short of raw materials, if we cannot import them, for God's sake, do not give them licence, do not allow the money to be blocked and do not allow the importer of this valuable machinery the foreign exchange to get it—if production cannot go ahead.

Again, I have come across a very strange development in the name of rural industries. A friend came to me and said he had started an industry in a rural area. I asked what it was. He said Transistors. I was surprised. I asked how he could set up such an industry in such a small place. He

said, 'No, no. I purchase all the components from Japan and make the case here. I assemble them and go to the market. There is a good market for it'. I asked, 'What is your problem?' He said, 'The problem is that I am not getting the components in sufficient quantity. I am able to work only 3 days in the year.'

So if we want to develop rural industries, they should start rural industries which have got some base in the rural area, production or processing industries depending on rurally available resources. Starting such industries as the one I mentioned is neither here nor there. Setting up such industries in the name of small industries would rather constitute a handicap and impediment to industrial progress.

With these words, I support the Demands.

Shri P. K. Deo: Taking into consideration the important role the Ministry has to play in building up the country, it has been rightly decided to upgrade the former Department of International Trade to the status of the Ministry of International Trade and place it under a Minister reputed for his dynamism. It is the need of every country to earn foreign exchange; it is all the more great in a country which has a developing economy and is facing an unfavourable balance of trade.

So far as our country is concerned, we have not only to wipe out a deficit of Rs. 301 crores in our balance of trade this year but have at the same time to earn more to clear our mounting foreign debts to the tune of Rs. 1800 crores utilised out of nearly Rs. 300 crores authorised, and internal debts, to the tune of Rs. 5,000 crores. Unless we take sincere steps in this regard, we will be accused by

posterity of selfishness and charged with following the Charvakas theory:

“यावज्जीवेत सुखमूर्जवेत् ऋणकृत्वा घृतम्पित्रेत्

For earning more foreign exchange, we have to search for new markets, at the same time expand the existing ones. Trade in the international field is becoming difficult, competitive and severe. A seller's market is going to be turned into a buyer's market. Every country has been competing with others to woo their foreign buyers and to offer more attractive terms.

So far as India is concerned, most of our industries are primarily oriented to the internal market. We export only 4-5 per cent of our national products. Now it is Government's duty to make all concerned conscious of the fact that unless we export, we will perish. So the slogan of the country should be, export or perish.

Here I would cite two instances—West Germany and Japan. In the last war, these countries were completely destroyed. But they strained every nerve and made every endeavour to promote their export. Today they are not only prosperous but are extending their helping hand to developing countries like India.

The Third Plan target of our exports is Rs. 3,700 crores, which excludes the exports from Goa which come to about Rs. 90 crores. In 1961-62 and 1962-63 we have actually exported Rs. 660 crores and Rs. 693 crores respectively, recording a shortfall of Rs. 16 crores. According to the Third Plan mid-term appraisal, by the end of the Third Plan period we will be short by Rs. 90 crores. So, every endeavour should be made to reach the target fixed for the Third Plan.

Seventy-five per cent of our overseas trade is based on agricultural commodities or on agriculture-based manufactured goods. It is a good thing that realising its importance, the department has been upgraded to be-

come a Ministry, but I fail to understand why textiles and jute, which have formed an integral part of this Ministry, have been taken over by the Ministry of Commerce and Industry. I also cannot appreciate the reason why, even though this Ministry controls the activities of our various commercial missions abroad, the missions at Kuwait and Washington have been transferred to the Ministry of External Affairs.

Shri Heda referred to small-scale industries. I do not know why a step-motherly treatment is being accorded to them so far as import of raw materials required by them are concerned. The big scheduled industries got their import quota, but the small industries are not treated on a par with them.

In the issue of import and export licences, there has been talk all over the place regarding favouritism. Without pinpointing individuals, I would only say that the whole system is wrong. We have been pointing out from these Benches that so long as permits and licences are there, there is bound to be favouritism. So, Rajaji, our revered leader, has suggested that it is high time we had a non-political, impartial body, a judicial body, properly insulated against all political pressure, to issue licenses and permits.

Considerable difficulty is experienced by trade and industry as Government's import policy is not announced simultaneously for all the items in the Red Book. In the latest book there was no mention of rayon, soda ash and steel, which led to speculation and rise in prices, and naturally advantage was taken by some of this omission.

There are two bodies functioning which advise the Government on this part of their activity, and they are the Board of Trade and the Export and Import Advisory Council. The activities of these bodies overlap and are more or less the same. So, I do-

[Shri P. K. Deo]

not see why two bodies should function, separately and why we cannot have only one body.

Sometimes we see that licences are issued for countries which do not manufacture the particular goods required. For instance, a particular Indian company had to wait for 2½ years because Czechoslovakia does not produce the type of engineering goods they required. Similarly, an import licence was issued to an Indian firm to import bearings from USSR, but they could get only one type of bearing after waiting for two years, though their indent was for five types of bearings.

My remarks regarding imports will not be complete if I do not state that the Import Substitution Committee should function effectively. Due to the emergency, it is all the more imperative that we must have substitutes for imports, and that we should try to conserve our precious foreign exchange. I do not know why the technical panel for import substitution was dissolved.

Coming to exports, I would point out that cost reduction in our manufactures is of primary importance. The expert one-man committee on cost reduction, consisting of Dr. S. K. Muranjan, submitted its report on cotton textiles nine months ago, but no action has been taken so far. This ineffectiveness of the Ministry has completely belied the dynamism to which I referred earlier.

Shri Manubhai Shah: On a point of information the committee was appointed last year. The report on the textile industry was submitted only a few months back and it was an interim report. It is a very vast industry on which no committee can make a report in a short time.

Shri P. K. Deo: My information is that it submitted its report in July, 1963.

Coming to the issue of licences to

industries under the Industries (Development and Regulation) Act, preference has always been given to industries with export potential, but I am very sorry to remark that the necessary vigilance is lacking, and there has been non-fulfilment of the export obligation on the part of the industries, which again reflects the ineffectiveness of the Ministry.

It was for the first time in the Finance Act of 1962 that relief from income-tax was given to exports, but I think it is far from adequate. In Japan, for instance, there has been in existence for a long time a scheme of accelerated depreciation on fixed assets in export figures we find that 80 per cent of our exports has been without any incentive from Government. Whatever little has been given only affects the rest of our export trade. So, I suggest that the techniques employed and the concessions given in foreign countries for export promotion should be studied and given effect to.

The export sector of our manufacturing industries has to be modernised. In jute, which is one of our main export items, and in which we have to face competition from Pakistan, 15 per cent of our mills have not yet been modernised.

Coming to tea, it is a commodity of international commerce, and it holds the pride of place in India's foreign trade. India occupies the first place in the world in acreage and production of tea, as pointed out by the Minister himself in his speech. We export 64 per cent of our produce and earned Rs. 129.60 crores. Ceylon has stolen a march ahead of us; she is capturing our traditional markets in UK and elsewhere. This is evident from the fact that since 1954 Ceylon has increased its export by 41 million kg compared to India's increase by 10.8 million kg. This is mainly due to lack of adequate propaganda of Indian tea. The picture of Indian tea is not well

projected in foreign countries. Ceylon has been spending much more on export publicity on tea than our country. I do not want to go into more details. Every step should be taken to improve the quality of our tea and at the same time reduce our price. The Estimates and the Public Accounts Committees have pointed out time and again that it is no use spending money on tea propaganda inside the country. In fact we find that we should discourage Indian people from consuming more tea as tea needs to be exported to earn foreign exchange. We have been spending so much for publicity of tea by having tea centres in this country which incur losses to the tune of Rs. 1.16 lakhs last year. The Tea Board runs a tea centre in this Parliament which incurs a loss of Rs. 2,500 every year. I do not think there is need for spending money on tea promotion inside the country.

Mr. Speaker: Does he advise that we should stop it here in Parliament? Should I do that?

Shri P. K. Deo: Yes, Sir; I respectfully submit it can be done.... (Interruptions)

Mr. Speaker: I was asked again and again to arrange for this.

Shri P. K. Deo: Coming to tobacco, I submit that the market of cured virginia tobacco in Andhra Pradesh has completely collapsed due to the Government's policy. There has been slump in the market and nearly 5000 agricultural and three lakhs of agricultural and industrial labourers are unemployed. UK and USSR are our buyers and they are negotiating with a few exporters. Our export industries should be broad-based and all these agriculturists should be given the privilege of exporting on their own . . .

15:55 hrs.

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

At the same time minimum price has to be assured for the tobacco grown.

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The minimum prices were declared very late this year, after the produce came into the market. This should not be repeated in future.

Mr. Deputy-Speaker: The hon. Member must conclude now. He has taken 20 minutes.

Shri P. K. Deo: I am the only speaker of my Party, I shall take 45 minutes.

Mr. Deputy-Speaker: The time allotted is only five hours; so, there is no 45 minutes. The larger Party has taken only 20 minutes.

Shri P. K. Deo: Because he did not have any material. Export price should be fixed by giving adequate support to the internal market. Region-wise in some of our major traditional markets such as West Germany, Japan, Ceylon, etc. there has been a set-back in our exports; if you study the commodity-wise export also, you will find a set-back of exports, our manganese ore, cotton textile, etc. The Minister pointed out that manganese ore is the sick child. The internal market is very limited in this field. It has a predominantly export base. In 1962-63 export earnings of manganese ore fell to less than Rs. 8 crores—lowest in the entire decade. Some filip has however been given by the Indo-United States barter deal. Taking into account its high unremunerative cost, the STC which has been exporting manganese ore should bear a part of the losses incurred by the producer. My communist friend Shri Umanath stated that the private sector has been making huge profits without corroborating his statement with any statistics. I may point out how the monopoly system whether it is in the State sector or private sector, is harmful to the community. The STC for instance got caustic soda at Rs. 410 per tonne but sells it for Rs. 760 per tonne.

Coming to iron ore, I may say that Japan has been our buyer mainly due to the political conditions in China.

[Shri P. K. Deo]

This market should be further explored, even though lately Japanese have come to some sort of an agreement with African countries and Australia and South American countries. The Minister should see that our iron ore export to Japan should be increased in quantity in future.

The arrangements to give publicity to our products in various international fairs are far from adequate. Last year, I had the privilege to go in the Commonwealth Parliamentary Delegation and I went to the international trade fair at Lagos in Nigeria. I saw the very sorry state of affairs of our Indian pavilion. Except for a few handicrafts goods and some pamphlets of the Air India International, I think there was hardly anything which we had shown to the world of which we could be proud. Some machines produced by the HMT and other latest gadgets could have been there. But I found nothing there. Lastly, I would be failing in my duty if I do not point out in this House the voice of the dumb denizens of the forest in this country. Being a member of the All-India Board of Wild Life, I submit that absolutely a step-motherly treatment is given to the wild animals, and they are being slaughtered for the sake of export, and there has been absolutely no check on their destruction.

16 hrs.

In this connection, I would like to point out the resolution of the Board of Trade in its eighth meeting on the 6th July, 1963, and the resolution reads that "the ban on cow-slaughter affected the raw material supply of the leather industry; likewise, the restriction on the export of wild life has resulted in the falling of this trade." I think a resolution or a recommendation of this type should go to the waste-paper basket, because it deserved no consideration. If we say that cow-slaughter has to be revived, it would be a very sad day when thought

is given towards that end, which runs contrary to the sentiments and goes against the very article 48 of the Constitution.

Shri Manubhai Shah: Sir, on a point of information. The hon. Member was reading out an extract rather in a disjointed manner. That is not the recommendation. It was pointed out that due to want of hides, the production went down, and that was on the analysis submitted by the Ministry, which was being reproduced. I wanted to make it clear lest a wrong impression should be created.

Shri P. K. Deo: He may reply to it later; why take my time? So, any attempt to revive cow-slaughter should not be encouraged. But at the same time, any attempt to increase the export of wild life will lead to further depredation. For the benefit of science, to develop an aesthetic sense, and for the delight of the future generation and also on grounds of ecology, there is a growing necessity for the preservation of wild life.

In this regard, I would also beg to submit that the quota of peacock feathers—the peacock, as you know, is our national bird—has been increased from two million to five million. In Gujarat and Rajasthan, a man would be lynched if he shoots a peacock. We are getting distressing news that peacocks in Gujarat and Rajasthan are being slaughtered for the purpose of peacock feather.

So far as crocodile, python and lizard skins are concerned, even though a limit has been prescribed—namely, 100 skins per year—this Ministry has been pressing on the All-India Board for Wild Life to increase the quota. These animals are very slow breeders and for the purpose of selling their skins they have been destroyed in large numbers. I submit that if the Government is sincere that these skins are to be exported, they must start large breeding farms for crocodiles,

lizards and pythons, and they should not encroach on the already depleted wild life of this country.

Shri V. B. Gandhi (Bombay Central South): Mr. Deputy-Speaker, Sir, we have before us the report of the Ministry of International Trade. It gives us a story of heartening progress all round. I join in the commendations that the Minister has received from other speakers who spoke before me. It is a story, as I said, of all-round progress in the field of export trade. I shall, however, today confine my remarks to two subjects: first, the appointment of an adviser for cost reduction studies, and second, the UN conference on trade and development which is to meet very shortly. Both these subjects—it is not necessary to remind this House—are of basic importance in our export trade. I must confess here that I was caught a little unprepared today. I was under the impression that the debate was to begin tomorrow. But we are always glad to have an opportunity to say a few words on international trade.

Coming to the first point—the appointment of an adviser for cost reduction studies—we do not yet have details enough to clearly appreciate the value of this appointment, but, however, we could say that any step that will help in promoting export is to be welcomed. We should, in the meantime, wait for further details. I am one of those who are a little sceptical over it—an appointment of this kind. I do not know whether such an appointment would really deal with the heart of the problem; it might deal with the periphery but it may not go to the heart of the subject. I do not want to under-rate the value of the work that will probably be achieved by this adviser's study.

The chief problem relating to costs today is the problem of inflationary pressures in this country and also the problem of the methods of taxation and finance employed in this country. We see a spectacle here, sometimes,

that each Ministry is doing some kind of compartmental thinking. Some kind of compartmental thinking goes on in this country. Take, for instance, the railways. They have been going on adding or increasing their freight rates year after year; everytime there is an increase in the railway freight, we know that it leads to increases in costs of production all along the line, over a long range. It increase the cost of coal, steel and a number of products which are inter-dependent, and there is a sort of pyramiding of costs, and this kind of a structural, inflationary push-up to costs in the country has to be carefully considered.

I have pleaded in the past for some kind of a central thinking agency for this purpose. I have sometimes referred to what I have in mind in this House before—something like an Economic Advisers' Council as they have in America. I have had some correspondence on this subject with the Prime Minister and I have also had some discussion with the Chairman of the Planning Commission on this subject. But I got the impression from my discussions with them that they still consider that a proposal of this kind is too premature for this country. I hope the Minister of International Trade will use his very large influence in this matter and see that things move in the directions which are more likely to attack a difficult problem of this sort—the problem of high cost structure in our economy.

Coming to the second point—and that is about the UN Conference on Trade and Development—we are all happy that our Minister of International Trade is proceeding and will be attending the Commonwealth Trade Ministers' Conference as well as the UN Conference on Trade and Development. We wish him god-speed and all success in his mission. This coming session of the UN Conference on Trade and Development, as has been stated in the report of the Ministry, has aroused great hopes among the

[Shri V. B. Gandhi]

less-developed countries. For centuries these less-developed countries, particularly the countries which have been producers of primary commodities, have been unable to deal with the Western and industrially more advanced countries on terms of anything like equality and that is partly because we have never been able to offer an organised front. There has always been a lack of direction and organised effort on the part of these countries producing primary products. The reasons for such lack of organisation are obvious and are such as cannot be remedied immediately.

For instance, the terms of international trade have all along been against the primary producers. We see sometimes the spectacle of a contradiction. For instance, we see these industrially developed countries offering us large sums in aid. But at the same time, in their dealings with us as primary producers, that is, we as primary producers and they as producers of industrial products, we hardly get a chance to deal with them on terms of equality.

Over the decade, we see that the world trade in manufactures has increased by 72 per cent, whereas world trade in primary commodities has increased only by 12 to 13 per cent. That tells us the whole story.

We have listened to the very spirited plea that the Minister for International Trade made just a few minutes ago. His plea was for the removal of all impediments to international trade. He pleaded for the removal of tariff barriers, for the removal of non-tariff barriers, for the removal of internal duties, for the removal of restrictions of all kinds and also for the removal of administrative controls which at present prevail in other countries.

Now, he also went on to make a forceful plea for creating a permanent

world trade conference organisation in Geneva instead of a kind of conference that meets only periodically. It should have a permanent organisation located suitably.

So I would say, these two subjects are of great importance in the context of our international trade and should deserve the attention of the Ministry.

Shri Alvares: Sir, the House is fortunate in being able to discuss the issue of international trade on the eve of the Geneva Conference, where a number of delegates on behalf of government are going to put our prospects *vis-a-vis* the other countries.

International trade, Sir, attracts attention for many purposes, principally because it provides an outlet for our economy, tries to reduce the deficit in the balance of payments and also by its own repercussions generates our own internal economy. Therefore, when there is such a vast balance of payment arrears to be made up and this is going to be accentuated by the need to repay loans and the interest on them, inter-national trade comes in for our special consideration this year because of an acute situation in the country.

The export policy naturally guides what our policy on international trade should be. On the one hand, there is the crying and pressing need to export and, on the other, there is the need to develop indigenous industry. In certain respects and in certain areas there may be an apparent conflict between these two, and I would like to sound a warning that when there is a conflict, considerations of lower tariff should not arise in order that maximum export should be achieved. On the other hand, there should not be too many incentives given to exporters because that will result eventually in the flight of initiative and capital from the industries of a higher priority in our planning.

So, international trade by itself is a pattern that needs consideration. Unfortunately, the pattern of international trade has followed the pattern of international diplomacy. When considering this, we feel that international trade is locked up in three main regional arrangements.

The first arrangement is that of the "Alliance for Progress" in the south of America. The second arrangement is in the EEC—the European Economic Community which is commonly known as the Common Market. The third one is in the COMECON—that is in the Russian hegemony where countries of East Europe are re-arranged. All these three economic arrangements are exclusive and of a closed circuit area and the result has been that under-developed countries find great difficulty in penetrating the closed circuits which are meant primarily for regional development and for regional increase in their own economy. And that is why, all over the world, every under-developed economy is demanding that these regional arrangements be scrapped entirely and whatever arrangement has to be done for the development of the under-developed economies must be on a unified and integrated world pattern.

I must say that we do not have any objection for any country to make any arrangement in order to protect its own economy. But when more favoured developed economies get together in order to form a closed preserve, that must be objectionable because just as peace is indivisible, so also international trade is indivisible and must be developed on a world pattern.

It is not insignificant that France made all efforts, successful efforts, to keep out England from the European Economic Community, it feared that the entry of England would not merely unsettle the political balance but would also unsettle the balance of trade between England and the Commonwealth countries on the one hand, and the European Economic Community on the other. It is significant that after the development of the European Economic Community.

Common Market area as it is freely called, there has been spectacular growth in this community of six nations. We find that in this closed circuit of the European Economic Community, the gross national product increased by 24 per cent, reflecting an annual growth at the rate of 5 per cent. In the same period, industrial production has risen by 37 per cent and the rate doubled by annual growth of 19 per cent. This is the phenomenal growth that more favoured economies have achieved at the cost of the under-developed economies.

Let us consider, in juxtaposition the question of the position of the other group. It is not my interest just now to make a comparison between the two, but only to point out that whatever political persuasion these different regional pacts may follow, the more developed economies in this regional pacts get the better part in the bargain. In the Comecon the position is not very much different from that of the EEC. Russia is the dominant factor in Comecon which consists of Hungary, Poland, Czechoslovakia, Rumanian etc. The Peoples' democracies paid 16 per cent more in 1955 than the Western European countries had paid to Russia during the same period for the same commodities. In the matter of exports, it is the same story. In the majority of cases, in 41 instances, the Comecon countries exported to Russia at prices that were lower than the prices paid to Western European countries. As a result of the total transaction, with the junior partners of the Comecon countries under this arrangement, Russia gained by 413 million roubles. In a majority of cases, all the Comecon countries were paid less for similar imports than Russia paid for imports from Western European countries, and the net result was that Russia, a member of the Comecon, benefited due to the discriminating treatment to its members, by about Rs. 40 crores in one year.

This only shows that whether it is the "Alliance for Progress" in the South of America, whether it is the

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European Economic Community in the West of Europe or the Comecon, the tendency is for all developed countries to progress and to protect their own economies at the cost of the junior partners.

Therefore it is very necessary that the representatives of the Government of India make a very strong plea for the scrapping of all these regional economic pacts, just as we have made hitherto strong pleas for the scrapping of all political pacts, whether they be the NATO or the Warsaw Pact, in their own spheres. Then only, I think, world trade can be arranged on an entirely free basis, and the underdeveloped economies can have their own share of the world trade in order that they may catch up with and make up for the backlog of economic development in the many years that they have lost.

There is a tendency among the more developed countries to put up tariffs against light manufactures, and it is in this precise sphere of light manufactures that the underdeveloped countries can now compete. If the developed countries put up these tariffs—they have already done so,—and keep on maintaining them,—the result will be that the underdeveloped countries will not be able to trade as much as they can because as far as the sophisticated imports or exports are concerned the underdeveloped countries are at a decided disadvantage. It is, therefore, necessary that at this international conference in Geneva, which is to be held next week, the representatives of the Government of India should make a plea that, pending the scrapping or the elimination of these regional pacts, the "Kennedy Round" of negotiations, as it is commonly called, should not be made merely to effect a relaxation of imports with the European Economic Community, but that the "Kennedy Round" should be aimed at providing free trade and preferential trade tariffs for underdeveloped countries wherever and howsoever they may exist.

It was the intention of the late President Kennedy, when the American Congress passed the Bill authorising him to reduce any tariff by 50 per cent of what existed at the moment, to break the stranglehold of the European Economic Community, and if America has to do justice as a major economic power for the development of the underdeveloped economies, it is necessary that the "Kennedy Round" of negotiations should be extended similarly.

After all, in the present circumstances of underdeveloped countries they realise that it is better to provide for development through international trade than to rely upon aid and loans from developed countries. Obviously, the former choice is much better because not only is there an economic base against imports and payment of loans, but it conduces more to self-respect because underdeveloped countries do not always have to rely upon aid clubs and the like for their own particular development.

In addition to the scrapping of both these regional economic arrangements, it will be necessary to effect an equitable distribution of the total volume of international trade between the developed and the underdeveloped economies. I am aware that the developed economies, for some reason or the other find themselves in peculiar difficulties. The instance of the West German economic situation is a case in point. Over-production has resulted in unemployment and the financial wizard of the West German economy had to resort to curtailment of the total number of working hours in order that employment could be maintained up to a regular standard. Whatever the arrangements that have to be made, they have to be made by taking into consideration the needs of all the developed and underdeveloped countries also and a preferential treatment has to be given to the needs of the underdeveloped countries so that

they can catch up with economic development which has by-passed them for the past many years. In addition to this, I realise that while a plea is made for the elimination of regional economic arrangements, that may not be achieved so soon and until such time India and other underdeveloped economies should be able to make bilateral contracts so that wherever it is possible they may be able to make their own separate arrangements for exports both in order to close the gap in the balance of payments and in order that the export promotion itself should generate newer economies in their own respective countries. While considering this situation, it is unfortunate that we find that the major volume of trade of this country is with the more developed countries, and less with the countries of Africa and Asia. In the statistics drawn from the report of the Ministry of International Trade, we find that the total imports from developed countries were worth Rs. 822 crores as against Rs. 264 crores from the countries of Asia and Africa. As regards exports, the position is similar. While we exported Rs. 525 crores worth of commodities to the developed countries, we exported only Rs. 240 crores worth of commodities to the Asian and African countries. This situation calls for a readjustment in the total direction of trade and I am sure that if the countries of Africa and Asia can come together in one big pool like ECAFE, it will be possible for this country to increase its exports to these countries vis-a-vis developed countries, so that by increasing these exports on a mutual basis these countries in Asia and Africa can also be benefited by this arrangement.

Naturally, the volume of international trade is also dictated by the amount of exports that we shall have to achieve during our Third Five Year Plan period. The development imports in the Third Five Year Plan amount to about Rs. 2,100 crores; as far as maintenance exports and imports are concerned, they are to the order of Rs 3,700 crores and food

imports are to the extent of Rs. 600 crores. This is a fantastic amount of money locked up. Therefore, it will be necessary for the Government to develop more and more the export-oriented industries so that the gap in the balance of payments can be speedily closed up. I know that is difficult. I know that underdeveloped countries, particularly our country, have great difficulties in this respect. The developed countries are by themselves trying to shut out these exports. But nevertheless it will be necessary for us to see that these exports are stepped up, provided that in the first instance there is no depression of agricultural prices in order that larger and larger amount of agricultural exports can be made by depressing their prices, and secondly that the incentives for exports are not of such a character that they invite industrialists to take up certain types of export industries at the cost of other planned development.

Thirdly, there is just one more point to which I would like to refer and I will have done; and that is to the economics of the State Trading Corporation. The idea of the STC was mooted by my party many years ago, in 1952 in the election manifesto that we then formulated. The STC, therefore, has been our concern. But two instances, which are illustrative—not a general case—of the manner in which the STC functions need some attention. For instance, there is the profit made on cement. It may be argued that it was necessary to make profits, but if I understand correctly, the profit on cement is not made by actual distribution by the STC—I am open to correction if that is so—but it was entirely and notionally a tax on total distribution of cement in this country. In the manner in which it is levied, it is almost an excise duty. I do not know why this revenue should accrue to the STC when it has nothing to do with—again, I am open to correction—the actual distribution of cement in the country. There is also the question raised by the Public Accounts Committee of the fantastic rent paid by the offices of the STC. I do not

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want to exaggerate this issue out of all proportions, but I do want to say that public-sector undertakings have been established in this country for specific purposes, and if a public-sector undertaking commits the same unabashed mistakes that capitalists commit, I do not think that Government are doing a service either to the spirit or to the organisation of public-sector undertakings. Therefore, I appeal to Government that, in both these instances and such like ones, they should make a thorough examination so that the public-sector undertakings in this country, and the STC in particular, are held up as models for all industries and industrialists in this country to copy.

Shri Hem Raj (Kangra): The Minister of International Trade has to be congratulated on the fact that within a short period of the coming into being of his Ministry, he has been able to give a good account for the economy of the country by boosting up the exports and by reducing imports. At the same time, so far as the ECAFE countries and Africa are concerned, he has himself admitted that there is a great lee-way to be made up, and moreover, when there is some competition also from China and Japan . . .

Shri Manubhai Shah: On a point of information. Our exports to the ECAFE countries have increased during the current year by Rs. 45 crores; it is only in the case of Africa that our exports have gone down.

Shri Hem Raj: I did not say that we had not increased our trade to the ECAFE countries, but I said that a great lee-way had to be made up. I hope that greater attention will be paid to making up the deficiency which has been indicated in Appendix VII of the Report.

So far as the report of the Estimates Committee is concerned the Tea Board has come in for a handy criticism by the Estimates Committee.

When the consumption of tea has increased internally and at the same time we have also to speed up our exports to other countries, it is very necessary that a phased programme for the expansion of the tea industry should have been formulated. For the last so many years, the Tea Board has not woken up to this necessity. It is only during the last two years that they have begun to take greater interest.

So far as the criticism by my hon. friend on the Opposition is concerned, it is not true that our exports have not risen.

The report of the Tea Board itself makes it clear that tea exports have risen from 1961. Ceylon has been boosting up her export also, but India has not lagged behind. At the same time, when we are in competition with a neighbouring country and when production is needed both for internal consumption as well as for export, the need for planned expansion of the tea growing area is very urgent. In this connection, the Estimates Committee has rightly observed in some States, especially Punjab, UP, Himachal Pradesh and Madras, the area which could have been much increased has neither been increased nor given any impetus or development. It was very necessary or the purpose of expansion of the tea growing areas to have a techno-economic survey. But this has been done only in a few areas for the present and that too only in the last two years. So I would request the hon. Minister to impress upon the Tea Board the desirability and necessity of taking greater interest in this direction. So far as the small tea growers are concerned, a techno-economic survey of areas should be undertaken as early as possible.

From the figures supplied by the Board, I learn that Ceylon has got the biggest number of small tea growers. In the tea statistics of 1962, the number of small holdings in

Ceylon is given as 97,497 out of a total of 1,00,617. If small growers can be helped to prosper in Ceylon, I do not see why India where the number of such growers is, roughly, taking both north and south, not more than 9,000, should also not give greater impetus to them for greater production in terms of certain incentives.

In the report itself, so far as development measures are concerned, the same words are used every time—the question of liberalisation of the terms and conditions for the grant of loans for tree planting schemes and the supply of machinery for irrigation, equipment under the hire purchase scheme is under the consideration of the Government. Every time these words appear, but details are not given clearly in the report. I would request that in future more details may be given so that one may be in a position to understand as to what improvement has been made in the terms of these different kinds of loans, so that a Member looking into these things may be able to suggest something more than what has so far been granted. The proposal is there for the setting up of a Tea Research Institute. Formerly there were two private research institutions, one in the north and one in the south, but I understand that both these institutions used to charge very heavy fees for the experiments carried out by them for the tea growers. So, if this Tea Research Institute comes into being, the tea growers will be in a better position to take advantage of the experiments that are made there.

The Estimates Committee has made a valid criticism, which I hope the Ministry will take note of, that in the Annual Report of the Tea Board, a comprehensive picture should be given of the development of the different areas, rather than simple enumeration of facts of what the Tea Board has done in the form of statistics.

Lastly, I want to say something about my own area of Kangra valley and Himachal Pradesh. According to the report of the Tea Board, the number of small tea growers in this area is 1,200, but private sources put the figure at 2,600. So, in the first place I request the Tea Board to make a survey of the tea estates.

Secondly, I want that the techno-economic survey of the area should be taken up at an early date to rehabilitate the industries of the area.

Thirdly, so far as the hire-purchase, irrigation and finance schemes are concerned, the Punjab Government has sent certain recommendations to the Tea Board as well as the Central Government for their modification in respect of areas which are backward where the average produce is not more than 278 k.g. per acre, so as to help the tea growers of such areas. There are also certain other recommendations made by the Punjab Government regarding the supply of improved implements for tea gardens, subsidy for fertilisers, establishment of more co-operative factories etc.

The Government has established a factory at Bir in Kangra District, which will serve both Punjab and Himachal Pradesh, and it has also reduced the excise duty from 15 to 10 nP. I congratulate the Ministry on taking these steps, but I request the Tea Board as well as the Government to set up some more factories in that area, as well as common facility units at Banuri, so that it may serve the whole of the Kangra valley.

An attempt should also be made for the renovation of at least one factory in that area. There are hardly ten or fifteen big tea growers. To encourage all those others who have not got big estates to take loans, this is necessary, because at the present rates of interest they are not able to get loans.

[Shri Hem Raj]

I have always been pressing for the creation of a separate zone so far as green tea area of the North is concerned. I understand that the Tea Board is also agreeable. So, I request the Government and the Minister to look into this.

I think that the hon. Minister, while attending the meeting at Manila of the ECAFE countries, has gained the confidence of countries represented there, by getting more co-operation for intra-regional trade. While attending the World Conference I hope he will have the support of ECAFE countries and gain more and more for the under-developed countries. With these words I support the demands of this Ministry.

Shri Rameshwar Tantia: The Ministry of International Trade deserves whole-hearted congratulations on its fine performance in 1963. But for Chinese aggression its performance would have been better. Then there was the European Common Market also. I do not know whether according to the Communist Member, Shri Umanath, company is the sole selling agent for the items he mentioned; if an enquiry were to be made half of what he said about the prices will be found to be wrong. For instance, he referred to incentives for exports. If he went through the report, he would have found that no incentives were given on 80 per cent of our exports; on 17 per cent alone, incentives were given. The rest 3 per cent was against barter. In other countries even cash vouchers are given as incentives for exports. We are not giving that. Suppose, we export textiles; we give incentives for bringing dyes, chemicals, etc. So he was not right when he said that we gave so many export incentives. During the last year, exports have increased by Rs. 110 crores while imports decreased by Rs. 3 crores; so our trade deficit has been reduced by Rs. 145 crores compared to 1962. We could have done better if conditions were favourable. On the one side there is

Pakistan; on the other there is China; for defence purposes we have to import some materials which we would not have imported during the normal days.

Something was said about our tea exports and internal consumption of tea by Shri P. K. Deo. Because of unfavourable weather conditions, our tea production could not increase last year; we were only able to produce, as the previous year, 344 million kilos; in spite of that we exported 12 million kilos more and we got Rs. 10 crores from tea exports, we got Rs. 135 crores as against Rs. 125 crores in 1962. Our internal consumption did not rise in spite of the increase in population. I feel that we might go up to 408 million kilos, as per our programme in 1967 if we increase production. Although the tea board is doing its best by giving tea plantation machinery and finance. 110 applications have been received for tea plantations finance scheme for Rs. 483 lakhs and 150 applications for hire purchase schemes for Rs. 202 lakhs.

Another thing necessary is to give more incentives to new plantation. In other industries there is a development rebate. In the same way, I request the hon. Minister to look into the matter and give incentives for the new plantations, and, if necessary to give some tax holiday or, let the amount spent for new plantations be put in the revenue account, so that there can be some enthusiasm to go in for new plantations. Otherwise, with the present taxations, I do not think that people will go in for new plantations for tea, and I do not think that we may be able to reach the target which we have fixed, namely, 408 million pounds by 1967.

Mention was made about the Tea Board. I am a member of the Tea Board, and I know the difficulties of the Tea Board. I am sure that the Tea Board, definitely after October, 1962, at least, has done a marvellous work. During the Chinese aggression

in 1962, some of the border tea-gardens were affected. The garden people came leaving the machineries and gardens. Tea plantations work came to an absolute stand-still. The Chairman of the Board took the trouble and, in spite of the dangerous times, went and saw personally to the things that needed attention; the banks were withdrawing the amounts, but the Ministry intervened and persuaded the banks that they should not create chaos at that time. After that also, the Tea Board is doing good work.

Mention was made by Shri Hem Raj about the Estimates Committee. I do not know how the Estimates Committee has said that the Tea Board has not done much for the new plantations. That is not the Tea Board's work. The Tea Board can finance by the hire purchase system to buy machineries. But the Tea Board would not come in otherwise. In respect of the small gardens also, the Tea Board had some scheme and it helped the small gardens to some extent. If some suggestions are put before them, they might attend to them.

Some hon. Members mentioned about the Ceylonese tea. The conditions are different in respect of Ceylonese tea and Indian tea. Ceylon is a small country with big production of tea having enough for the purpose of export. Ours is a country with 450 millions and our internal consumption of tea is growing every year. We have to watch both sides; we cannot send out all our tea without making tea available here. Yet, our exports are increasing, and there is no reason why our exports will not increase. If necessary, the Ministry should be ready to give some incentives for tea export as is given in the case of textiles and other commodities.

Then about the STC. The STC has shown a profit of Rs. 4 crores or so with a paid-up capital of Rs. 2 crores. Last year also, they showed a profit, and this year the profit shown is

more. Last year, it was Rs. 384 lakhs; this year, it is Rs. 436 lakhs. It should not be a profit-making body; at least, it should not make profits to this extent; with a paid-up capital of Rs. 2 crores, it shows a profit of Rs. 4 crores! It is profiteering. After all, we accuse the private sector of profiteering. But what is this body doing, if it is not profiteering? It has got a paid-up capital of just Rs. 2 crores. They have got a monopoly and with that monopoly, they make such big profits. I think the STC should spend that money by subsidising exports.

Shri Mamubhai Shah: On a point of information; Rs. 180 crores is the turnover.

Shri Rameshwar Tantia: The turnover might be so much, but it is with the help of the Government; they have special quotas. That does not mean that with a capital of Rs. 2 crores, they should make this much profit. This does not give a good look. If an individual businessman makes so much profit then the Government will accuse him or the Members will accuse him. So, the STC should spend money back in exports.

Shri Kamalnayan Bajaj (Wardha): The Government will take so much less tax from you. (Interruption).

Shri Rameshwar Tantia: The non-Member from the Opposition, Shri Umanath, was saying that the private sector was doing all sorts of wrongs. I do not know what they are doing. If they are under-invoicing, they must be penalised. There should not be any pity shown to them. But one thing which hinders our exports is the customs. The cases are lying there for months and months for investigation, but nothing is being done, and the people are harassed. I think for one year some cases are lying, but nothing has been done so far. There were so many complaints in jute exports.

[Shri Rameshwar Tantia]

The Jute Commissioner was given powers that the contracts should be examined, so that there may be no trouble at the time of export. In the same way, in regard to other exports also, the contracts and prices may be examined. But after that, customs officials seizing the papers, keeping the papers without going through the cases, etc. should be stopped. Otherwise, exporters will have a panic in their mind. Any customs official will go into any premises, seize the papers and keep them with him, with the result that the cases are pending for a very long time. That should be stopped if we want to increase our exports.

17 hrs.

In some of the commodities like manganese ore, chrome ore, ferromanganese ore, etc. exports have reduced. I do not know the reasons for this reduction. We cannot lose our exports at any cost. With the huge profits made by the STC, they can subsidise these exports.

Our export target is Rs. 840 crores and we have approached Rs. 790 crores this year. I think we might go up to Rs. 840 crores with due efforts. Rs. 250 crores worth of jute and textiles were exported during 1963. But I do not know why jute and textile have been taken away from the Ministry of International Trade and given to the Industry Ministry. These two items were major exporting items. I think this transfer will affect definitely the export of these two commodities, because the Ministry in charge of exports should have the final say as to what incentives they are giving for exports, in what way export should be made and so on. If there are two or three Ministries dealing with it—the International Trade Ministry, the Industry Ministry and the Agriculture Ministry—our exports cannot go up in these ways. There should be a composite Ministry for all the exportable things. That Ministry

should have final say as to how much we want to export and how much we want to keep for our country.

Our Prime Minister has very rightly said:

“If we want to earn money by export, we must do without things here and export them. It is not a question of surpluses. I want to lay stress that we must starve ourselves of goods and export them to get foreign exchange.”

So, we must make all efforts and find out ways and means of reaching the target of Rs. 840 crores by 1966. We have to find out how smoothly it can be achieved. Jute exports alone accounted for Rs. 160 crores. In spite of Pakistan giving so many incentives to jute manufacturers for export we are not giving anything like that in India. We were exporting textiles worth Rs. 60 to Rs. 70 crores, including woollen and cotton textiles. So, if we want to export more, the Ministry of International Trade should have these departments—jute and textiles—so that they can have a final say as to what incentives are needed, how to compete with other countries, etc. There should be a composite Ministry for this instead of a bifurcation.

The Ministry has established two functioning bodies—Board of Trade and the Export Promotion Council. Industrialists and traders from all over India have been represented in them. Now I will point out one difficulty which should be removed. If a businessman wants to visit a foreign country to find out the chances of export, the Finance Ministry do not give even Rs. 500 or Rs. 1000. I think our industrialists and traders should visit other importing countries from India, so that they can find out new markets. So, the Ministry of International Trade should request the Finance Ministry to be more lenient towards people who want to go abroad, not for sight-seeing, but for finding out new

markets. They should be given reasonable facilities so that they can go, find out new markets, see what are the things to be exported there and so on, so that our export can increase.

Shri Kappen (Muvattupuzha): Sir, in supporting this Demand for Grants, I take this opportunity to congratulate the Ministry for the splendid achievement that they have made during 1963. The fact that our exports have gone up by Rs. 104 crores and our trade deficit has gone down by Rs. 138 crores is a matter for great satisfaction.

The Ministry's report for 1963-64, on page 33, mentions that the export of Indian tea to the world market has increased from 214 million kilograms to 223 million kilograms in 1963. Again, the same report mentions that the export to U.K., which is our principal purchaser, has gone up by 9 million kilograms. At the same time, the Estimates Committee has voiced its deep concern in the declining trend of the export of Indian tea to the world market. I do not know how these statements can be reconciled with each other. If only the Ministry had cared to study the total annual purchase of tea by U.K. and other tea purchasing countries during the last ten years and the percentage of Indian tea to the total purchase every year, I think the Ministry would have agreed with the Estimates Committee's report. It is very clear, if we examine the purchases during the last ten years, that U.K. and other countries which were purchasing Indian tea has begun to show a preference for tea of other countries like China, Ceylon, Africa etc. If this trend is to continue, I should like to assure the House that the Indian tea industry, which is the most important foreign exchange earner, will be very seriously hit. I, therefore, urge upon this Ministry to go into this question and find out the reason for this declining trend and suggest remedies for that. If the Indian tea is produced at the cost of production at

which it is produced today, I can assure the House that Indian tea will not be able to compete with tea from other countries and it will go out of the world market.

Coming to another export commodity, namely, rubber, I feel that this Government is going in the wrong direction. The Ministry of Petroleum and Chemicals has issued a circular to the rubber manufacturing industry intimating that if they purchase synthetic rubber they will be allowed to import an equal quantity of natural rubber from outside. I do not understand why the Government should go to subsidise the synthetic rubber production. The Government is taking upon itself the duty of selling synthetic rubber that is produced in the country. The manufacturers, if left to themselves, naturally will choose natural rubber. The reason is that the cost of synthetic rubber is Rs. 4.25 per pound while the cost of natural rubber is only Rs. 1.5 for the best grade. Naturally, the industries will prefer that.

Then, I do not understand why the Government should take the responsibility of selling synthetic rubber and subsidising it. Of course, the Minister will come forward and say that there is a gap between production and consumption in the country. But how did the gap occur? Who is responsible for it? That is a matter to be gone into.

From a paper supplied to me by the Ministry I find that at the end of October November 1963 the total area under cultivation of rubber is 3,61,139 acres. Of this, 3,40,296 acres are in Kerala. So, it will be clearly seen that this is an industry which is concentrated in that State. It has a very great impact on the economy of that State. The employment potential of this industry is probably the greatest on acreage basis. As Kerala has to face a very big unemployment problem, if this industry is hit in any manner, it will create confusion and trouble for that State.

[Shri Kappen]

The rubber plantation industry had its beginning in India in the early part of this century. Since then, during the short period, it had many vicissitudes to face. The economic depression of 1920 to 1930 hit this industry very hard and large areas which were planted with rubber were converted into other crops. But the International Rubber Restriction Agreement stabilised prices. Since then the development of this industry has been fairly steady. Now, during the last fifteen years, a scheme has been under way for replanting with selected planting material areas which were earlier planted with unselected planting material with a view to increase production. During these 15 years, even accepting the exaggerated statement of the Rubber Board, the maximum percentage that has been re-planted is only 38.5 per cent of the total area under plantation. The Rubber Board fixed a target of 46,500 acres to be re-planted between 1957—62. The actual area re-planted is only 19,000 acres. So, it will be clearly seen that an industry which should have and could have met the increasing demand of the manufacturing industry, has completely failed. Who is responsible for it? Has the Ministry gone into this question? Are the growers responsible for it?

There are 60,000 small growers in this country. The economic instability and incapacity of these small growers and their incapacity to get the prices fixed by the Government has been brought to the notice of the Plantation Enquiry Commission of 1955 and they have mentioned it in their report. Yet, the small growers are not getting the price fixed by the Government. They are placed at the mercy of the trader and the manufacturer. The House should remember that 61 per cent of the area under cultivation is in the possession of the small holder. If the small holder is to be left at the mercy of the trader and the manufacturer, will he have

any incentive to produce more? Will he have any incentive to replant with better material so that production may increase? Yet, nothing has been done for him.

Then, again, when there is a gap of 23,000 tons between consumption and production, Government is attempting to produce synthetic rubber. I would like to examine the economics of production of synthetic rubber as compared to that of natural rubber.

There is one synthetic unit now which has gone into production. Rs. 15 crores is the authorised capital of that unit; Rs. 4.5 crores is its subscribed capital, of this the Indian investment is only Rs. 3.375 crores and for an Indian investment of Rs. 3.375 crores the remuneration to be paid for foreign collaboration during ten years is Rs. 6.03 crores. Just compare the two things. On an investment of Rs. 15 crores we will compare the economics of synthetic production and natural production.

In the case of synthetic production 80 per cent of the investment will have to be spent for foreign exchange and for a country which is very very short of foreign exchange will it be wise to go in for synthetic production while the foreign exchange need for natural production is zero? Again, the investment for employment in India in the case of synthetic production is only 15 per cent while in the case of natural production it is 70 per cent. I am not speaking about the indirect employment; I am speaking about the direct employment.

Again, the percentage of the actual income to be spent in India for payment to labour is only 20 per cent in the case of synthetic production while it is 70 per cent in the case of natural production. The raw materials required for synthetic production much of which has to be imported—and that involves foreign exchange....

Shri Manubhai Shah: There is nothing to be imported for making synthetic rubber. All the alcohol made in U.P., Bihar and other places will be used. It is only on a point of information. I do not want to take time to contradict him, but much of the figures that he has given are not very correct.

Shri Kappen: I have quoted these figures from the Rubber News of 1961; if those figures are wrong, those who publish it are responsible for it.

Shri Manubhai Shah: In the House we are discussing serious matters and I am really giving him the correct information that there is nothing to be imported as far as making synthetic rubber is concerned. Then, the cost is not Rs. 4 as he mentioned. The difference in price at an early stage as a result of slump in the price of natural rubber is only 30 to 40 per cent and that also will go.

Shri Kappen: What is the price per pound of synthetic rubber? Is it not Rs. 4.25?

Shri Manubhai Shah: It is per kilo and for the other one he gave the per pound price. When you compare, you compare both either per kilo or per pound.

Shri Kappen: Admittedly, there is 50 per cent difference between the prices of natural rubber and synthetic rubber. If there is no difference, why should you go in for subsidising it?

Shri Sham Lal Saraf: What is the point that he is making?

Shri Kappen: I am making the point that the Government should not go in for synthetic production. They should concentrate upon the natural production. It is possible to fill up the gap in natural production provided the Government had taken to a bold policy of replanting and subsidy had been properly paid.

Take the case of the subsidy. I can speak from experience. It is very

difficult to get subsidy, even though Government is giving subsidy. It was given parsimoniously. At first it was to Rs. 400, then to Rs. 700 and now it has been raised to Rs. 1,000. Anybody knows that with Rs. 200 or Rs. 400 it is not possible to replant. I am one who has replanted and I have not got a pic of subsidy. Even though I applied for it, on technical grounds it was rejected. At the same time people who have not replanted any rubber at all have got large amounts of subsidy. These things are going on. Then how can you blame the growers if they have not produced it? Just go into these matters, study them, find out the remedy and let the small growers get a real good price.

So, I suggest, three important things to be done immediately. The first thing is to assure the grower a fair price for a fairly long period. The second thing is for the Rubber Board to establish purchasing depots in various parts of the country so that the small grower may not be left at the mercy of the manufacturer or the trader. The third thing is to have a bold policy of replanting and necessarily to go about it energetically. Wherever there is red tape and corruption eliminate those things. Let the small grower get a fair price. Let him get the subsidy at the proper time and without difficulty. I can assure the House that the plantation industry will be able to fill up the gap. The hon. Minister would say that it would take 7 to 8 years. After all, you have had 15 years and what have you done? I can assure the House that the gap will be filled up in 7 to 8 years time.

Shri L. N. Bhanja Deo (Keonjhar): Mr. Deputy-Speaker, Sir, while speaking on the Plan appraisal, I had already congratulated the Ministry for their fine performance for the expansion of our export trade. So, I shall not tread on the same footsteps of mine, I am rather unhappy to say that this Ministry which had been doing such a good job of work has been

[Shri L. N. Bhanja Deo]

shorn off two items of export which had been practically built up by this Ministry. It is just like somebody planting a tree and when the fruit is ready he is deprived of enjoying the benefits thereof. One can well imagine what must be the feeling of the Minister and the Ministry concerned in this regard.

Dr. M. S. Aney: Government is indivisible.

Shri L. N. Bhanja Deo: Government may be indivisible. But the policy of one Minister and the other Minister is surely divisible. While one might be going in one tangent, the other might go on the other tangent which will not be beneficial for the economy of the country and the international trade as a whole.

After having said that, I will make some suggestions. The House has had the benefit of hearing the hon. Minister. Because of what the hon. Minister has told us and what many Members who preceded me have stated, there is not much to say about the pattern of our international trade because we are all one in that. The international trade should expand not to the detriment of the under-developed economy which is the goal of both the hon. Members from the side I represent and the other side as well. Therefore, I restrict myself to certain patterns of international trade which are in the limelight now, like, the iron ore which gives us much needed foreign exchange and in that context it is a very happy feature that the ports both on the western and the eastern coast are being developed to off-take the growing export of iron ore that will be developed which I understand, as given by the Ministry, will be about 17 million tons and that also is being geared up to take another 2 million tons including the export from Goa. It is a very happy feature particularly with the ports on the eastern part of India from Madras right upto Haldia including the port

in the region I come from which is being developed. Of course, the hon. Minister will pardon me if I mention particularly about the Paradeep port which is being developed only as a State concern though it is now proposed to be taken as a deep sea port. We have no quarrel with the ports of the other States. Probably, an hon. Member from Andhra, Shrimati Yashoda Reddy misunderstood me while I was speaking on the Plan appraisal. She thought that probably I was trying to take some ore which is being conventionally exported from Vishakhapatnam to be undertaken under the Paradeep port. We have no such grouse or quarrel with any State. The ore that will be produced in Orissa itself can justify the growth of a port. In that connection, I would request the hon. Minister to consider whether we should not have bigger chartered liners, and whether when the port facilities are developing, we should not undertake there what are called 'turn-around-arrangements' so that the bigger liners which are chartered for taking iron ore can bring the commodities that are required in those particular regions. That will not only develop the economy of those areas but will also give a fillip to our international trade.

In that context, I would also mention a word about the working of study group. Though there is a mention about them in the report to the effect that the Ministry is developing such study groups, yet, I should suggest to the hon. Minister that study groups should also be established in relation to other Ministries which deal with the pattern of trade, like the Ministry of Transport, the Ministry of Railways and so on; we should also have a study group as to what subsidies should be given to what particular industries or what railway freight concessions should be given to particular industries to develop them. These things should be considered as a related whole and processed as such so that when we enter the next Plan

period, there will be no inhibitions and there will be nothing lacking in our Plan of development that we propose for the expansion of our international trade.

Besides, I would like to suggest one other thing for the consideration of the hon. Minister and his Ministry. At present, we are only taking up the export of the conventional items of export. Of course, we are trying to develop the other new items of export, but we are not going into them so very well as to build up our economy so that when the country is fully developed, we can expand our export trade and profitably export these goods to the other under-developed countries. I would mention here particularly items like machinery, chemicals, chemical intermediates, electrical goods and porcelain. Porcelain is coming up very well in our country and it can compare very well with the foreign porcelain. Especially, the porcelain that we produce in Bengal, Kerala and also in Gujarat in Jamnagar can hold their ground very well. I do not understand why we are not paying enough attention to the development of these items of export which will considerably augment our much-needed foreign exchange.

Then, I come to the STC. While speaking on the mid-term appraisal of the Third Plan, I could not do full justice to it due to want of time. Of course, within the short time that was available to me, I was a bit too harsh. Of course, they have been doing something; though I would not say that they have done an entirely good job, they have considerably developed certain items of trade. But I am sure hon. Minister will agree with me that yet they have not had the pleasure of clicking the rifle on their own shoulders, though I am afraid they are doing it on the shoulders of others, which is not so good because one does not have the shock and the pleasure of firing a rifle which one would have if one did it on one's own shoulders, by going through the fun of sometimes being successful and at times, of course, facing failure which is but a natural feature of trade.

Mr. Deputy-Speaker: The hon. Member may continue his speech tomorrow.

17.30 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 17, 1964/Phalgun 27, 1885 (Saka).