

[Shri Biren Dutta]

After formation of the company the Government sanctioned a loan of Rs. 20.25 crores to the company through the Shipping Development Fund Committee which amounted to 90 per cent of the actual cost of ships. One wonders why the Government could not arrange remaining 10 per cent of the funds and have the ships in the public sector. These ships were to be constructed in Japan and an irrevocable guarantee was given by the State Bank of India to the Japanese shipyard.

16.59 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

At the end of 1964-65, the company's fleet consisted of a total tonnage of about 5,33,000 Dead weight tons out of which carriers totalling 3,28,020 DWT were financed to the extent of 90 per cent of their cost price by a loan sanctioned by the Shipping Development Fund Committee.

Sir, the official assistance to this company whose chairman, who most of his time lives in South France, is really intriguing. A small industrialist in this country very well knows how it is extremely difficult to obtain credit from the Government. In this case, however, we find more than Rs. 22 crores were offered to this company without any proper investigation. The Government had its own director on this company. But there is no evidence to show that they have ever cared to report the matters to the Government. There is a *prima facie* case against these directors also. If the Government, after taking over the management of this company, reappoints the Government-nominated directors, I do not know the future fate of this company.

The enquiry committee has pointed out that the management refused to give any record to the committee. One wonders why the Government

observed studied silence when the recalcitrant management was not cooperating with the committee.

**Mr. Deputy-Speaker:** Order, order. Even Ministers are talking.

**Shri Biren Dutta:** It is seen from the records that the enquiry committee wrote to the Government on 21st May, 1966 to give definite instructions to the Chairman,—

**Mr. Deputy-Speaker:** Order, order. The hon. Member may continue tomorrow. We will now take up the half-hour discussion.

17 hrs.

#### \*EXPORT OF TRUCKS TO SOUTH VIETNAM

**Shri Indrajit Gupta** (Calcutta South West): Mr. Deputy-Speaker, Sir, this half-an-hour discussion arises out of the answer given by the hon. Commerce Minister to a question regarding the export of trucks manufactured in this country to South Vietnam. In the reply that the hon. Minister gave, he admitted that these trucks were being exported and he claimed that this was a normal trade practice; as part of the normal trade these trucks have been going and that there was no question of their being military vehicles but vehicles which are used for commercial or other purposes.

I am of course rather sorry in a way that this subject is being dealt with by the Ministry of Commerce, because the context in which I wish to raise it and the context in which the question was put originally was not in that narrow commercial sense at all. But since it has been allotted to my hon. friend Shri Manubhai Shah, I hope that when he replies he will also for a moment not consider himself only as a Minister of Commerce but also as a Member of this Government who is responsible for

the total policies of this Government including its foreign policy.

It is reported from time to time in various sections of the press that not only trucks but iron and steel, diesel engines, oxygen cylinders, electrical appliances and chemicals of various kinds are being supplied from India to South Vietnam. Since full information is not available, I would like to take this opportunity of asking the Minister, when he replies, to give us some more facts: whether all these items have been supplied, since when that supply has been going on, what are the quantities in which these various articles have been sent and what is their, at least, approximate value.

I found from a reply which he gave to a question on the same subject in the other House that during 1965-66 trucks and other vehicles of the total value of some Rs. 13.33 lakhs have been sent from India to South Vietnam. I would like to know who are the exporting parties; are they all private parties? If they are private parties they must have been given export licences by my hon. friend the Minister himself, that is, by his Ministry. I would like to know who are those private parties; are they known to the Government; they must have been approved by the Government. Who are the importing parties at the other end? Is it the Government of South Vietnam itself purchasing all or any of these articles or are they the so-called private parties at the other end? I want to know this. We want to know whether specific approval was sought from the Government and given by the Government for the export of these various articles. That is as far as the information which I am seeking.

Now, I am given to understand from a certain reliable source that as far as the export of these trucks manufactured at the TELCO plant in Jamshedpur is concerned, pressure was put for these contracts by the West Germans who are the partners, collaborators, in this TELCO project; that is to say, the

famous Daimler-Benz Company of West Germany. The US forces operating in Vietnam, we are told, wanted trucks to be supplied at less cost incurred on transportation and also at lower prices, i.e. subsidised prices. My information is, due to the pressure of Daimler-Benz, partners of Tatas collaborating in TELCO, these contracts were entered into. I am told that the supplies of spare parts and components for these TELCO trucks which are imported from West Germany under the terms of the agreement were offered by Daimler-Benz at more liberal rates, provided a certain number of trucks manufactured at Jamshedpur were allocated for export to Vietnam. (*Interruption*). The Minister, of course, is always amused by these things, but people in other countries abroad are not amused.

I have come across a letter dated 2nd July 1966—quite a recent letter—which has been published in a journal also and it has not been contradicted to my knowledge. The letter was from the Export Promotion Officer of the Ministry of Commerce, in the Office of the Joint Controller of Exports and Imports, addressed to the Secretary of the Indian Chamber of Commerce, Calcutta. It is worth quoting this letter:

“Sub: Shipments to Saigon under USAID.

You are aware that one great bottleneck in the way of export of goods to Vietnam, particularly iron and steel, diesel engines, electrical appliances and chemicals, etc. was the insistence that the goods ordered under USAID had to be transported in American ships, which were not available because of heavy congestion and interminable delay experienced in Saigon. This matter was taken up with USAID authorities”—taken up by the Government of India. I take it—“who have agreed that they will not raise objection to shipments from India to Saigon through non-US flag vessels when US flag vessels are not available, but

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freight for such shipments would have to be met by the consignees in Vietnam in free foreign exchange. We are further informed that the Government of Vietnam has also now agreed to make needed amounts of foreign exchange available in order to facilitate the timely movement of cargoes aboard non-US flag vessels, when US flag vessels are not available. Indian shippers should, therefore, contact their Vietnamese consignees to seek from them confirmation of the Government of Vietnam's new policy and then upon confirmation obtain the needed amendments to their letters of credit."

I suggest that this letter makes certain things very obvious. One is that the volume of exports from India that is involved cannot be all that insignificant and negligible as the Minister sought to make out in the other House, because if it were so negligible and insignificant, so much concern would not have been aroused in his ministry that they took all the trouble to approach the Americans saying "Can we please send these things in non-American ships, if American ships are not available?" and then officially informing the Indian Chamber of Commerce, Calcutta, "You please contact your consignees to see that their things can be sent with suitable amendments in the letters of credit" etc. This means, whatever may be the intention, in practice, these goods of the type described in this letter are being sent there and are obviously going as assistance to the total war effort of the USA in Vietnam. In the present day conditions it is no use doing this kind of tight-rope walking and saying that we are sending things which are not military goods. The point is in Vietnam today, in South Vietnam, a total war is being carried on, and everybody knows the conditions in South Vietnam. Even the Americans, even their most prominent commentators and journalists like Mr. Salig Harrison and Mr. Walter Lippmann do not pretend for a single moment that in South

Vietnam there is any type of democracy or representative or elected Government. What exists there is only a facade of a government. It is a colony of the Americans who are carrying on their warfare there.

If to that country a steady supply of such things as oxygen cylinders, electrical goods, chemicals, chassis and parts of vehicles are sent from India. I want to know, is it not incumbent upon the Government of India to satisfy themselves, which it has not done, that they are not used for military purposes? The Minister simply stated in the other House that if they choose to use any of these things for military purposes, that is their look out. I want to know this, could we be parties in this way? I am not saying that we are deliberately doing this. I hope not, but we cannot ignore the reality of the situation, and that this is the kind of thing which is encouraging the Americans.

A report has appeared in yesterday's newspapers that some American oil company which operates in India has recently transferred a number of its Indian employees to South Vietnam to man certain oil storage and supply depots there, which are run by this company for the use of the United States Air Force. Now, the Minister may say that we cannot do anything about it, but what is gradually happening, what is the cumulative result of all this? Whatever your intentions may be, the United States Government has been clamouring, we know, and making representations at diplomatic levels some time ago for the Indian presence to be felt in Vietnam, which will give moral stature to their war of aggression. But we refused to send anything in the way of medical mission or material supplies or anything like that. It is a good thing. But the Americans with their propaganda machine can pass off as Indian moral support to them the Indian physical presence in Vietnam of employees of an American concern and the supply of Indian goods, including vehicles. I find from the list which was part of the statement submitted in the other

House that so many vehicles are being sent, but only the chassis is being sent, not the body. So, what is the use of saying that these are only for civilian purposes? We know that even military trucks have bodies. If only chassis are sent, there is nothing to prevent a vehicle being constructed on that chassis and then put to use for military purposes for transporting troops or military supplies.

Therefore, I say, all this cannot be dismissed in today's conditions simply in the name of normal trade, because a war is raging there and India is supposed to be non-aligned. This is the statement which is being made time and again by the Government of India that between the two States we are not only non-aligned, but we as a member of the International Control Commission are supposed to be strictly neutral; otherwise, it cannot perform its role.

It is a political question, it is not a commercial question. The Minister is trying all the time to bring this point that this is done at a purely commercial level and that we have to look at it that way. I suggest in all seriousness that this is a moral and political question today and it will do no good to our prestige there to make these pretensions and claims because then our non-alignment will be suspect in the eyes of many people, many of our friends, when they find that supplies are being sent to Vietnam in this way.

I want to know whether it is not a fact that at present though theoretically the position is that we can trade with North Vietnam also, the position is that we are not trading with North Vietnam? It is practically—why practically, I can say entirely—at a standstill.

So, we are partial in the eyes of the world. Though we claim to be non-aligned between these two Governments, we are trading only with South Vietnam. Also, it is not as though the South Vietnam Government have come rushing and asked us and we have given supplies in order to oblige them.

The letter, which I quoted, from the Export Promotion Officer, shows that our Government and our Ministry of Commerce has taken the initiative, and this is encouraging private businessmen in this country to enter into certain agreements with their counterparts, or with the Government, in South Vietnam. I do not know whom, and providing them with facilities, negotiating on their behalf with the American authorities to see that these goods could be sent in non-American vessels if necessary. We are sending material much of which can be used, if desired, for war purposes.

Thirdly, these Indian supplies can be used by the United States authorities if they want. We have no control over the South Vietnamese nor have the South Vietnamese, as far as I understand, any control over the United States forces which are running that country.

Therefore I want to know whether these exports are to be given higher priority than our prestige in the international world. This has to be treated as a political question and it is making a mockery of our pretensions of peace, non-alignment and our desire for an early settlement of the Vietnamese question. We should be very cautious in such matters. Even though we see to it that our hands are not stained with blood, at least our conscience should not be stained with blood too because the mass butchery which is going on there should not in any way be able to be connected by anybody with the supplies which we are sending from here.

Therefore I press upon the Government that they should clarify the position here and not take refuge behind commercial technicalities, treat it broadly as a political and moral question and ensure that this kind of thing will be stopped so that India's prestige can be saved.

**Shri Umanath (Pudukkottal):** I wish to know the figures of trade between our country and North Vietnam and

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between our country and South Viet-nam, that is, between our country and the two Vietnams, for the past five years as also the concrete steps taken by the Government to step up our country's trade with North Vietnam whether at governmental level or at private level.

**Shri Warior (Trichur):** From which day or date did the Government of India begin to send these transport vehicles and other materials and equipment to South Vietnam and is it a fact that it is only after the USA asked the Indian Government to send them that they are sending them or, is it at the request of the South Vietnam Government?

**Dr. Ranen Sen (Calcutta East):** As we all know, our Government stands on the principle of non-alignment. While this export to Saigon was being made how far did the Government of India try to explore the possibilities of our trade with other countries like North Vietnam and has any attempt been made in that direction; if so, what is the nature of that attempt?

**Shri Vasudevan Nair (Ambalabuzha):** The hon. Minister has claimed a strictly commercial approach to this question but I should like to remind him that he and his own Government have taken a political position in commerce; for example, we are not trading with countries like Portugal and South Africa. I should like to know from the Minister whether he cannot take a political position on this question also because as the whole world knows for this pittance of Rs. 10 lakhs or Rs. 13 lakhs our name is brought down in the Afro-Asian world. Why, consistent with non-alignment, anti-imperialism and sympathy for countries which are fighting for freedom, can the Government not take up a position of having no trade with a country which has a puppet government and where open aggression is taking place?

**Mr. Deputy-Speaker:** Shri Manubhai Shah.

**Shri Nambiar (Tiruchirapalli):** I have given notice.

**Mr. Deputy-Speaker:** No more.

**Shri Nambiar:** I have sent a letter to the Speaker, Sir.

**Mr. Deputy-Speaker:** I am sorry. Shri Manubhai Shah.

**The Minister of Commerce (Shri Manubhai Shah):** Mr. Deputy-Speaker, Sir, I am glad that the hon. Member, Shri Indrajit Gupta, had brought this discussion here. At the outset I may state that the trade between India and South Vietnam and between India and North Vietnam is absolutely a normal trade. We have not broken off trade relations with either of the two countries.

The second point which I would like to urge and place before the hon. House is that it is a trade between marchants and merchants; Government of India at no stage has been involved in trade, direct or indirect, with either North Vietnam or South Vietnam. Today, any exporter or importer in this country is free to buy or sell goods between those two countries and our country.

Now, the hon. Member, Shri Indrajit Gupta, wanted to know some of the figures. These are all published figures. The Government of India has nothing to hide about this. I may give a typical example of 1964-65 of which I have got the full year's figures. These are as follows:

Shellac . . . . .	Rs.	11,52,033
Cinematographic films exposed . . . . .	Rs.	2,52,000
Leather . . . . .	Rs.	3,000
Oils, fats, greases, etc.	Rs.	12,000
Rubberised and other im- pregnated fabrics and felts	Rs.	2,63,000
Machinery other than Electric . . . . .	Rs.	57,33,000
Sugar . . . . .	Rs.	1,39,29,000
Chemicals, Elements and compounds . . . . .	Rs.	1,52,000

Dyeing, tanning and coloring materials	Rs.	1,63,000
Electric machinery, apparatus and appliances	Rs.	9,22,000
Transport equipment	Rs.	12,000
Animal and vegetable crude materials inedible,	..	..
m.e.s.	Rs.	4,000
Iron and steel	Rs.	59,17,000

What I answered in the other House is that during the current year, the total transport equipment that has gone is worth about Rs. 13,72,000. Now, my friend, Mr. Umanath asked whether the transport equipment started going only recently. No. It has been consistently going for the last several years to South Vietnam through normal trade channels.

Now, the letter written by the Export Promotion officer is in the usual form of things. All the U.S.I.D. assistance requires a certain flat clarification. He has written not only to South Vietnam but to all the countries where U.S.I.D. helps to promote export to this country or to other countries. As to what are the stipulations, that has been made clear.

I would like the House to consider that the political question, even though paramount and very important, should not be confused with normal trade relations. Unless and until a country is at war with a particular country, whereby a legal statutory notifications, as in the case of South Africa or Rhodesia or South West Africa, we have legally broke off trade relations with those countries, the trade remains in a normal trade manner. There has been no interference by this country or other countries excepting during the times of legally declared war that the trade comes to a halt. Recently, during the Indo-Pak hostilities, for instance, we had issued a trade ban between our country and that country and as soon as the Tashkent Declaration was signed, the trade was again normalised as far as we are concerned. I am giving an example of Pakistan to suggest that as far as North Vietnam or South Vietnam is

concerned, we are not at war with those countries. The trade is normal if they want to trade.

It is true that the trade is very small in quantity because the inclination of the North Vietnam is to trade with this country. Trade cannot be done by force. That we allow our people to buy and sell goods to North Vietnam is clear. I can reiterate that if any merchant or exporter or importer of this country wants to trade with that country as with other countries, he is completely free to do so. I do not issue any export licence. As he was suggesting, all the export trade, barring a few restrictive items, is totally free and most of it does not require a licence?

**Shri Indrajit Gupta:** Trucks do not require a licence?

**Shri Manubhai Shah:** Trucks also do not require a licence and it is also wrong to suggest that the German company intervened and gave any concession to components of Dalmia brand of trucks to be exported. Out of a total export trade of Rs. 2,87,00,000 and odd, the trucks do not form more than Rs. 5 to Rs. 6 lakhs.

**Shri Nambiar:** Even trucks worth Rs. 5 or Rs. 6 lakhs can carry many people.

**Shri Manubhai Shah:** I am again clarifying as I did in the other House. These are not military trucks. Chassis really make the load factor and what amount of military cargo or other things are specifically mentioned into such types of categories of trucks which are required for military transport purposes. These are ordinary buses and trucks which carry 2½ tons or 3 tons or 5 tons load in India to carry the road transport. These are the ordinary road transport vehicles and there are many other items as I mentioned before, all the normal consumer goods.

I would urge the House to take it in proper perspective that the trade with

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that country is normal, that it is completely free and not motivated by any political considerations, that nobody in the world, not even those who are hostile to each other, breaks off the normal trade channels and normal trade relations until a legal war or a legal trade ban is issued between that two fighting countries. In that light, we should not over-emphasize our normal trade relationship with North Vietnam or South Vietnam and it will be wrong to suggest that commercial relations and political relations deflect from each other. We have clearly stated our position and our Prime Minister and the late Prime Minister have repeatedly made clear that we want the Vietnam war to end, the bombing to end and that peace should be restored and that the Geneva Conference of which we have the privilege to be the Chairman should be convened. These positions remain and we re-state them off and on in order to emphasize the great desire of India for peace in this part of the world. Peace is paramount; particularly, peace in Asia is more important to us than any other country because we are a very big part of Asia. But that does not mean that this ordinary type of human relationship or commercial relationship, which has no element of any type of words which my hon. friends have used....

**Shri Nambiar:** What commercial relations have we with North Vietnam?

**Shri Manubhai Shah:** What can we do, if they do not want? At no point of time have we said that we are breaking our trade relations with North Vietnam. Trade is a bilateral thing. Only two hands can make the clap; single-handed you cannot clap. If they want to trade, our traders are free to trade and we invite the hon. members to take interest in that....

**Shri Umanath:** What steps were taken for North Vietnam and what steps were taken for South Vietnam?

**Shri Manubhai Shah:** We have not taken one step for South Vietnam and another step for North Vietnam. If North Vietnam want this type of

ordinary facilities, they will be made available to them also. At no point of time we have withheld any facility for trade for North Vietnam nor have we extended any extraordinary facility to South Vietnam.

**Shri A. C. Guha (Barasat):** Is there a Trade Commissioner here for North Vietnam?

**Shri Manubhai Shah:** That depends on the volume of political, economic and commercial relations between two countries; that should justify it. We do not have Commissioners where the country is small....

**Dr. Ranen Sen:** North Vietnam is bigger in population and also size.

**Shri Manubhai Shah:** It is totally an irrelevant question whether it has to be done through a Trade Commissioner or otherwise. The question here is this. Between these two countries and ourselves, there is a friendly tie existing politically, economically and commercially and commercial relations are not governed by any other consideration excepting purely commercial.

**Shri Nambiar:** In view of the fact that our fair name should not be spoiled by certain war materials to Vietnam, will the Government consider the question of desisting from sending the trucks, particularly the Shaktiman trucks produced by our Defence Department and ordnance factories, so that we can keep completely neutral as the Government of India desires, from the Vietnam war which has been going on for several years?

**Shri Manubhai Shah:** I can give a categorical assurance that Shaktiman trucks will not be sent.

**An hon. Member:** Have they been sent?

**Shri Manubhai Shah:** No. I can say that only Mercedes Benz were sent.

**Mr. Deputy-Speaker:** The House stands adjourned till 11 A.M. tomorrow.  
17.26 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, August, 25, 1966/Bhadra, 3, 1888 (Saka).*