

LOK SABHA DEBATES

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LOK SABHA

*Friday, August 21, 1981/Sravana
30, 1903 (Saka)*

*The Lok Sabha met at Eleven of the
Clock*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Trade with Pakistan

*81. SHRI CHITTA MAHATA :
Will the Minister of COMMERCE
be pleased to state :

(a) whether Government of India
have formulated any modalities of
trade with Pakistan;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE :
(a) and (b) : Government have not formulated any special modalities for trade with Pakistan. Trade with Pakistan is taking place in accordance with the Government's existing export-import policies and prescribed procedures. However, the Government of Pakistan have permitted only their public sector agencies to trade with India and our exports to Pakistan are, therefore, restricted to what these agencies wish to import from us.

(c) Several rounds of discussions have been held with Pakistan for the conclusion of a new Trade Agreement which could formulate the scope and modalities of trade between the two countries. However, no such Agreement has yet been finalised.

SHRI CHITTA MAHATA :
Pakistan is our next-door neighbour and we should try to maintain good relations with that country, of course, not at the cost of the sovereignty and integrity of our country. And, trade is one of the best weapons which may be used to make for good relations. So, I would like to know from the Hon. Minister as to when he expects to reach an agreement for finalisation of the scope and the modalities of the Agreement between the two countries.

SHRI PRANAB MUKHERJEE :
The Hon. Member would be aware that in 1975 we concluded a Trade Agreement with Pakistan for a period of three years. That expired in January, 1978. After that we had a series of discussions with Pakistani authorities at the level of officers. But there are certain areas of disagreement which we could not narrow down as a result of which it has not been possible to finalise the agreement as I have mentioned in the text of my reply.

SHRI CHITTA MAHATA : I request the Hon. Minister to tell us according to the Export-import Policy, what are the main items that are being exported and imported between the two countries. It is clear from the side of Pakistan that only their public sector is working. But from out side I want to know whether public sector is working or private sector is working.

SHRI PRANAB MUKHERJEE :
 We entered into an agreement with Pakistan in 1975. After that there was a change and both the sides agreed that both public and private sectors would participate in that trade. So, this change was brought about in 1976. As a result, the volume of trade between the two countries increased in 1977-78. One of the points which we are trying to impress upon Pakistan authorities is this : When the first agreement was concluded in 1975, it was as per the GATT directive. 'Most-favoured nation treatment' was given to both these countries. We tried to impress upon them that there should not be any discrimination. So, far as Pakistan is concerned they are giving this treatment when they are entering into Agreement-with other developing countries. We expect that similar treatment would be given to us also. But unfortunately we have not been able to convince them till now. As a result the trade agreement could not be finalised. In so far as the items are concerned, the present level of trade is very insignificant and the balance of trade is in favour of Pakistan. We are exporting engineering goods, sometime back we exported sugar also, iron and steel materials. So far as Pakistan is concerned, we are importing from them vegetables, spices etc. Recently I have taken a decision on importing one lakh bales of cotton. Some time back we had entered into an arrangement of providing three lakh tonnes of iron ore to Pakistan and Pakistan had also appreciated our iron ore and in course of time the quantum may increase.

DR. SUBRAMANIAM SWAMY :
 Sir, I would like to know whether the Minister is aware that there are many items which Pakistan is importing from far off South Korea, for example, bicycles, and paying three times the price which is available in our factory in Amritsar. But the Government of India has failed to take advantage of these opportunities

to export many items, not only iron ore and cotton but bicycles, magazines and a variety of items. Now, the reason is that the Government of Pakistan is worried about its own domestic industry and is insisting on the trade being at the Government level I wonder whether the Government has studied the Pakistan Five Year Plan and taken an aggressive or dynamic attitude in persuading Pakistan to get those items from India. Is there any concrete proposal in this regard ? Except the general discussions, have you taken any step to study their five year plan and compare it with our Plan so that you could find out the trade advantages ?

SHRI PRANAB MUKHERJEE :
 We had discussions in that light and what we have suggested to them is only those commodities which they are importing from far off places could be imported from us and if our goods are not competitive price-wise and quantity-wise, they need not take those goods from us. This is the impression we tried to create in them.

We had earlier pointed out that it was thought that both the private sector and the public sector should be encouraged. They are having trade with private and public sectors of other countries also and that was the arrangement which was entered into in 1976. I have gone to this extent also and I am prepared to concede whatever be the agency they may like to determine, they can do so. It is their option. But what I am interested in is that the commodities which they are purchasing from other countries, if they are available with us at a competitive price, they can purchase them from us. But unfortunately they have not yet agreed to this. During the last visit of the Foreign Minister, though it was not a detailed discussion, this point was mentioned. And when I had a discussion with the Pakistan Ambassador, His Excellency, Mr. Abdul Sattar, I had tried to impress

upon him that it would be necessary to take locational advantages so that both the countries can be benefited out of the agreements and we are having discussions further and I hope something would possibly be done.

श्री रामलाल राही : अध्यक्ष महोदय, श्री मन्त्री ने बताया है कि पाकिस्तान से साय-सब्जी आयात किया जाता है और रुई की गांठें आयात करने का फैसला किया गया है। सेंधा नमक, जिसे साहीरी नमक के नाम से जाना जाता है, इस मुल्क में पाकिस्तान से आता है। मैं जानना चाहता हूँ कि क्या सेंधा नमक का यहाँ आना बन्द हो गया है। उस नमक की हमारे देश में कमी है और इस लिए वह काफी महंगा है। क्या उसके आयात के बारे में पाकिस्तान से कोई सौदा हुआ है, अगर नहीं, तो क्या सरकार पाकिस्तान के साथ इस प्रकार का कोई सौदा करने का विचार कर रही है यथवा नहीं ?

SHRI PRANAB MUKHERJEE :
Sir, we have not tried to have any bargain in respect of any individual commodity. But my objective is to expand the volume of trade between these two countries and a large number of items are there in which we are mutually interested and I have tried to identify those items so that we can take from them as also they can take from us. So far as cotton is concerned, I find that purchase of cotton from them would work out to be cheaper, convenient and advantageous to us. And in that I did not suggest to him that you are to take certain things from us because you can not expect that with every country you will have a balance of trade. With some countries you may have an adverse balance and with some you may have surplus. So, that way international trade goes on. Here, I have rather expressed my keenness to accommodate Pakistan's point of view in a better manner.

श्री राम लाल राही : मन्त्री महोदय ने सेंधा नमक के बारे में नहीं बताया है।

MR. SPEAKER : He has clearly stated.

Rise in prices of Controlled Cloth

*82. **SHRI RASHEED MASOOD :**
SHRI MANGAL RAM PREMI :
Will the Minister of **COMMERCE** be pleased to state :

(a) whether the prices of controlled cloth have been raised, despite Government allowing a higher subsidy to the producers;

(b) if so, the extent to which higher subsidy is allowed by Government to the producers;

(c) the reasons for the upward revision of the prices "Janata" Cloth; and

(d) its likely impact on the consumers?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) : (a) to (d) : A statement is laid on the Table of the House.

Statement

(a) and (b) : Controlled cloth prices were fixed by Government in 1974 and Government was committed to pay a subsidy to the producers of controlled cloth which was equivalent to the difference between the price of controlled cloth and its cost of production. While the subsidy paid varied from time to time depending on the cost of production, the difference between price of controlled cloth and its cost of production had exceeded Rs. 3/- per sq. mt. on the basis of current cost. As against this, the subsidy entitlement under the revised scheme is Rs. 2/- per sq. mt. for sarces and dhoties