

**Mr. Deputy-Speaker:** Now, I will put all the amendments together to the vote of the House. Nos. 75, 110 and 111—all to mean that there should be one corporation.

**Shri Nambiar:** Amendment No. 78 also, Sir. I have got an amendment.

**Mr. Deputy-Speaker:** That is to clause 3. Let me finish clause 2 first. The question is:

- (i) In clause 2 omit part (iii).
- (ii) In clause 2,—
  - (1) In part (iii) omit "either of"; and
  - (2) in part (iii) and wherever it occurs in the Bill,— for "corporations" substitute "corporation".
- (iii) In clause (2) for part (iv) substitute:
  - (iv) "Corporation" means "Indian Airlines" established under section 3.

The motions were negatived.

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

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

**Mr. Deputy-Speaker:** We have a half-an-hour discussion now.

#### DISCUSSION REGARDING RESTRICTIONS ON TRADE WITH CHINA.

**Shri H. N. Mukerjee** (Calcutta North-East): On the 14th of last month I asked certain questions regarding the tightening of restrictions of the trade of certain countries with China, and as the answers given on that occasion by the hon. the Prime Minister did not appear to deal adequately with all the implications of those questions, I asked your permission to have a short discussion on the points that I sought to raise on that occasion.

I referred on that occasion to certain goings-on in the British Parliament and the placing on the Table of the House of Commons of the British Control On Trade By Sea (China and North Korea) Order which was done on the 16th March, and I referred also to certain statements by the British Under Secretary for Commonwealth Relations that there were consultations taking place between Britain and certain other Commonwealth countries

including India in regard to a similar measure to be adopted by this country. On that occasion the Prime Minister said that there were no consultations regarding this matter of the trade with China. He said that there might be some circulars somewhere, but he pointed out that there were no consultations as such. He was good enough further to say at the same time, that though he was totally unaware—I am quoting his words—of the various facts or statements that I had made, he was perfectly prepared to inquire into the matter.

I see that yesterday he said in the other place that a reference had actually been made by the United Kingdom Government, but the United Kingdom Government had not subsequently pressed this matter and from our side a formal reply on this point had already been despatched. Now I find that Mr. John Josh, the Under Secretary for Commonwealth Relations in the United Kingdom Government said that the consultations were conducted in accordance with the established Commonwealth practice and were confidential. So I do not expect the Prime Minister to tell me what exactly is the answer which has been formally despatched to the Government of the United Kingdom. But there are certain matters about which we have very serious misgivings and that is why the first point which I wanted to raise in today's discussion was the pattern, in the near future, of our trade with China. As far as we can gather there have been some very disquieting developments. The Prime Minister said yesterday in the other House that we had very little trade with China. He said: "There has not been in the last many years much trade between India and China. We want to continue that and to add to that. But anyhow not much trade could be done. We have not been influenced by any other considerations". That was what he said yesterday.

Now actually I find that the value of our trade with China has fallen quite substantially, and I have got some figures here. From April 1951 to March 1952 the quantity of our imports from China in tons was 98,421 and its value was Rs. 1,589 lakhs. From April 1952 to December 1952 the quantity in tons fell to 18,542 and in value it came down to Rs. 1,296 lakhs. The export figures tell an even worse tale. From April 1951 to March 1952, our exports to China were in quantity 20,982 tons; the value was 706 lakhs. From April 1952 to December 1952, the quantity fell to 13,930 tons and the value fell very remarkably from

706 lakhs to 64 lakhs. I have collected these figures from *Indian Shipping*, April 1953, which mentions as its source the Directorate of Commercial Statistics.

Now this being the position, I wish we get some kind of an assurance from Government that efforts would be made by whatever means are open to us to develop our trade with China. Lately, however, the trade with China has shown signs of recession rather than of development.

The second point I wanted to raise was the repercussion, as far as our trade with China is concerned in particular, of our link with Britain and the Commonwealth. Now we are particularly perturbed about this because the British Order—Control by Sea order—puts a ban on the shipment to China ports of specifically 83 types of goods: scientific, laboratory, surveying and electrical instruments, transformers and generators—I cannot read out the whole list—tractors, motor cars, excavating equipment, motor cycles, all metal working machinery and machine tools, welding machines and equipment, concrete mixing machines, conveyor belting cranes etc. Now this list is rather menacing because it appears to cover all items which the American Battle Act declares must not be the object of East-West trade. This is a matter on which we wish our Government to state its position categorically.

I know that the Prime Minister has said yesterday that we are not influenced by any other considerations than considerations of the interests of our country, but actually the position as far as the British Order is concerned does appear to us to be somewhat disturbing.

Then again on the 17th March, Mr. Eden made a statement in the House of Commons to the effect that Britain and the United States would try to get other maritime and trading nations to make the control of shipments to China effective. He also admitted for the first time in the House of Commons that the British Government was in favour of the Chiang-kai-Shek regime continuing to represent China permanently in the United Nations Security Council. These things hang together in a rather dangerous fashion.

I want also to refer to what has happened already as a result, I imagine, of the link with the Commonwealth of Ceylon. On the 24th of March, PTI reported from Colombo that Ceylon had to ban transshipment of rubber and other strategic materials through

Colombo to China. It reported further that Government refused permission to private businessmen to import rubber from Malaya and from India and steel from Japan for export to Communist China. All these steps were taken in order not to antagonise other Governments who have banned rubber shipment to China, Ceylon, of course asserted and I think everybody will agree that Ceylon has held her ground—that rice, rubber and other commodities under the Ceylon Trade Agreement with China would be allowed to flow freely. The Ceylonese External Affairs Secretary said, "We do not think there could be any international thuggery over the free movement of international trade." I would like to know from our Government also that there would be no international thuggery over the free movement of international trade. Exactly there we are disturbed about the dangers which appear to be latent in the situation today.

The third point which I wanted to raise was the possibility of a Trade Agreement with China. Now this is important because China and Pakistan have recently entered into a Trade Agreement enabling Chinese rice to be sent in return for Pakistani cotton. If that can be done by Pakistan, I hope and trust that something could be done on our side also for trade between our two countries which feel the silken bond of cordiality. There should be greater opportunities for the development of our trade.

We were also rather disturbed because of the growing increase of American influence in world affairs generally and also in regard to Asia. I saw in the *Amrita Bazar Patrika* dated 6th May, 1953, a statement by a person called John F. Gehan, Executive Vice-President of American Export lines. He said: "Our assistance was a road block to communism and any assistance on a Governmental level will be extremely wise from a political point of view. If we are patient and understanding with what India wants to do, we will end on top. So far as help given to India and Pakistan, every assistance shall be wise that can be given." This sort of statement comes at a time, of course, when the American Government is very active in this country. I am not using my own words, Sir. The other day, the new American Ambassador to India made a speech at the time of his accreditation and said that he had the pleasure of directing the activities of the American Government in this country. An amazing statement to come from a diplomatic represen-

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tative of a friendly power! There are, of course, other amazing statements, particularly in regard to China, in that accreditation speech but these are considerations which make me want our Government to make their position very clear.

The fourth point I wish to raise is the collapse of the Kalimpong market. On the last occasion I drew the attention of the Prime Minister to a report which appeared in the *Hindustan Times* of the 11th April, 1953. He said he had no knowledge of the facts stated here. What was reported was this—I do not vouch for the facts because I am not in a position to do so. It says:

"Kalimpong traders are alarmed at the Government of India's sudden ban on the export of iron and steel to Tibet. It has also threatened the stoppage of free flow of other goods into the neighbouring countries of Tibet, Bhutan and Sikkim. The Kalimpong Chamber of Commerce, in a 500 word telegram yesterday to Mr. Nehru and other Union and State Ministers, expressed the hope that the traders would be allowed opportunities to submit their views if any deviation from the established trade practices was considered necessary."

The telegram added "The mercantile community is panic stricken and is apprehending the collapse of the Kalimpong market which has developed after a century of strenuous efforts. This panic has been further aggravated by the news that on the 15th mile check post on the Gagtoken Yatung road en route to Lhasa hundreds of loads of merchandise were detained by the Government of India officials without any previous intimation to the traders. Export to Tibet of photographic materials, petrol, electric goods and the like was banned some time ago."

Now this report appeared in the *Hindustan Times* of the 11th April, and I wish Government states what the real position actually is.

The last point I wanted to raise was the availability or otherwise of shipping for trade with China in view of the United Kingdom Control of Trade by Sea Order, which I have referred to. Now with regard to this point, I find that there is—as every body knows—a preponderance of the United States and United Kingdom as

far as the shipping of our foreign trade is concerned. I find from *Indian Shipping* of April 1953 that in April to December 1952, the Indian share of shipping in our imports trade was only 4.91 per cent, the share of Great Britain was 50.84 per cent, and the share of the United States of America was 11.14 per cent. As regards exports, Indian share was 5.22 per cent., the British share was 49.24 per cent. and the American share was 9.70 per 1 P.M.

cent. As far as our trade with China is concerned, I do not see that any Indian ship was engaged in the trading operations. Yesterday of course there was some question raised in the other House regarding a statement made by some spokesman of an American committee called the MacCarthy Committee which it appears has got scent of one or two of our ships which are engaged in trade with China. I do not know whether any of our ships are engaged in the trade with China, but the position is that the British and the United States' stranglehold on our foreign trade is operating in a fashion which might make it impossible for us to develop our trade with China even though we may very badly wish to do so.

I see as an example of the British and the Anglo-American grip on other shipping countries, a report which comes from Athens, dated the 28 March.

"The Cabinet today banned all ships under the Greek flag from sailing to Communist China and North Korea. This was announced by the Minister for Merchant Marine. The ship-owners could expect severe sanctions, including loss of nationality for Masters of ships, if they defy the ban."

Since it appears that the British Government through its spokesman, Mr. Eden, has announced that they wanted to put pressure on all their friends and all those on whom they could exercise their influence to see that very severe and almost impossible restrictions were put upon their trade with China, I want to find out from the hon. the Prime Minister—if he chooses to speak today—and also the hon. Minister for Commerce and Industry what exactly is the position. I submit that the position to our mind gives rise to very serious misgivings which ought to be cleared up at the earliest possible moment.

**Shri Joachim Alva (Kanara):** Mr. Deputy-Speaker, we are indeed very grateful to the hon. the Prime Minister for his constant and noble enunciation of the great principles of

our foreign policy, our friendship with all countries, especially our North-East neighbour China. We today are bound by ties of eternal and lasting friendship with China.

**Mr. Deputy-Speaker:** What is the hon. Member's question?

**Shri Joachim Alva (Kanara):** We do not want to repeat the historical blunder of the Chinese and Japanese conflict. However, on the economic front we have got to be very careful, because through the economic front political ties are snapped. We had perpetual trade relations with China, especially through the overland route of Kalimpong. We have no ships to send to China.

**Mr. Deputy-Speaker:** Order, order. Hon. Members who have given notice can only put one question. The hon. Member has started giving a speech. I will not allow him any more time.

**Shri Joachim Alva:** We have put no restrictions on Chinese trade. Nor have we got any impediments. But there may be impediments, unconscious, indirect and even unknown to the hon. the Prime Minister. What I want to know is whether through the Kalimpong trade route, or overland route any impediments are put on the Chinese trade. We have no figures of our trade with China even in books of statistics that we have got at our disposal.

**Mr. Deputy-Speaker:** Order, order, I will call upon another hon. Member.

**Shri Joachim Alva:** I am coming to the question. This is a very important point. We allow France to fly arms across our country to carry on its conflict in Indo-China. Once and for all we must explicitly and definitely state that we have no impediments in our trade with China. The hon. the Prime Minister has very generously stated in both Houses that there were some kinds of instructions from Britain which we have disregarded, which we have not fulfilled, from which we will fly away.

**Shri Punnoose (Alleppey):** In the context of our trade with China, may I enquire whether Government are aware that we will have a surplus stock of 10,000 tons of rubber for several years to come with our restricted industrial capacity. Is it not a fact that we are going to have at least 10,000 tons of rubber surplus for years to come? In that case has it come to the notice of Government that Ceylon has entered into a barter deal with China, which is much more attractive than the prices that we may get in the London market. If my premise is correct, may I know whether Government will be prepared to negotiate a

deal with China to our advantage so that we might sell off our surplus rubber till the moment we are able to develop our own rubber industry?

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** The points dealt with by the hon. Member Mr. Mukerjee are far too many to be adequately replied to here.

The first point is the pattern, in the near future, of our trade with China and the repercussions, so far as our trade with China is concerned, on account of our link with Britain and the Commonwealth. I felt the hon. the Prime Minister had, in his answers to two questions, one here and another in the other House, answered the point very clearly. Our policy in regard to our export and import trade is that it is multilateral and completely non-discriminatory; and we do not propose to discriminate against any country, no matter what other obligations are and what someone else does. That is the main basis of our trade policy.

The other question that he raised was something that he found in the papers about British policy. It is no doubt true that we are a member of the Commonwealth. But the Prime Minister has made it very clear that our membership of the Commonwealth does not mean that we follow the pattern of the British foreign or commercial policy, and in this matter the intentions of the Government of India are well known. China is a country which is a friendly country so far as we are concerned. We will not permit any discrimination against China in any manner whatsoever by anybody doing business from this country, no matter whether they are Indians or foreigners, doing business under our flag. I do not think it is worth while my dealing with that aspect of the problem further.

Then the question of the pattern of our trade with China. The hon. Member quoted some figures for previous years and he said that trade has shrunk. It is true that the trade has shrunk and I have also got figures. If I take the figures for 1948-49 of imports from China of three main commodities that go to make up the total, they are in value Rs. 10 lakhs of cotton manufactures, Rs. 12 lakhs of raw silk and cocoons, and Rs. 46 lakhs of silk manufactures; and the total was Rs. 121 lakhs. Silk goods which we manufacture we have practically banned. The ban is operating not merely against China but against Japan, Italy and any other country manufacturing silk. It is only recently

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that we have allowed a quota to come in. And cotton manufactures was under the O.G.L. till 1949 and was completely banned during 1949-50, 1950-51 and 1951-52. Now we are allowing a small quota to come in, because we have steeply raised the duties. Very possibly trade will flow. That is the main reason, I think, why in these three commodities trade has shrunk. And that formed the bulk of the Rs. 121 lakhs we got from China in 1948-49. Thereafter whatever trade we had was covered by Government-to-Government purchase. In January 1951 we had an exchange of £0,000 tons of Chinese rice for 16,500 tons of Indian jute. In April 1951, 50,000 tons of milo was purchased against cash. In May 1951, 16,500 tons of rice was purchased against cash and in the same month 4 lakh tons of milo was got against 14,000 tons of jute goods. In May 1952, 1 lakh tons of rice was purchased against cash. And in October 1952, 50,000 tons of rice was purchased against cash. This is the pattern of our trade, on the basis of Government-to-Government purchase.

There is another fact that my hon. friend would probably not know, and that is that the pattern of trade develops according to the economy of the respective countries which trade and amongst which the trade develops. Unfortunately the Chinese economy and ours are not complementary, they are parallel. And with parallel economies the prospects of exchange of goods becomes very limited. I can mention that our Embassy in Peking has been busy trying to foster trade relationship with the two countries. And in their telegram dated the 14th January 1952, they have given us an indication of what China would like to import from us, i.e., iron bars, steel belts, rails, pipes wire ropes, beams, mild steel angles, galvanized plain and corrugated iron sheets, black and galvanized iron pipes, aluminium ingots, phenol, shellac, calcium super phosphate, indigo paste, pepper, coffee, lead pipes and lead sheets, lead, tin, antimony, alloy and cocoa. In the same telegram they said that China will be willing to export to India Tung oil, silk piecegoods, raw silk, cassia, bristles, menthol, peppermint oil, chestnuts, antimony, buffalo hide, soya-bean, green soybean, maize, rice, vegetables, medical substances, embroidery and matting. It did happen that the commodities that they wanted were in short supply. It may be some of them are strategic materials and you might draw a conclusion that we are not supplying strategic materials because somebody says "it should not go to China." In reality we are short

of these materials ourselves and we do not export these strategic materials to anybody. Only a very small quantity of iron and steel is exported to Pakistan and just a little to Burma, our neighbouring countries. Therefore, the pattern of trade has not developed merely because of the two economies being parallel.

In this connection I would like to mention that I have had it from the authority of the Secretary of the Federation of Indian Chambers of Commerce and Industry that the Commercial Attaché to the Chinese Embassy visited the Indian Chamber of Commerce yesterday and asked for details and it seems as though that some trade movement may go on and there is the possibility of getting in touch with the respective Chambers of Commerce. Any assistance which can be given by the Government in this regard will be given and the hon. Member can depend upon it.

Then the question comes about Kalimpong. The policy of the Government so far as Kalimpong trade is concerned, is quite clear. We do not want to check the trade in any manner. We had representations from the Indian Chambers of Commerce and the Governments of West Bengal and U.P. pointing out that a certain amount of discrimination was being practised against the Indian traders in Kalimpong in the matter of trade with Tibet. It has been alleged that this discrimination is directed to oust Indian traders from the Tibetan trade in favour of Tibetans. One of the instances pointed out relates to the trade in Tibetan wool. It would appear that consequent on the stoppage of purchase of Tibetan wool by the U.S.A., the Chinese Government who undertook to purchase it, did so only from Tibetan godown keepers in Kalimpong and not from the Indian godown keepers. On the points raised in the representations by the West Bengal and the U.P. Governments, all that we did was we asked our Political Agent in Sikkim to give us a report on the situation. This report is still awaited.

So far as complaints about the detention of iron and steel goods on the border are concerned, we have instituted enquiries. We are quite sure in our minds that there is no ban so far as Government is concerned. It may be that some local authority might have detained the goods for a few days. It is a matter for the local authority. Government is not committed to that policy. Naturally we will take a serious view of any such transgression of Government's policy.

So far as Kalimpong trade is concerned—I mentioned about the export of iron and steel to Pakistan and Burma—the External Affairs Ministry is keen that a certain amount of iron and steel should be permitted to be exported to Kalimpong and I remember having answered a question on the floor of the House that we are permitting iron and steel to go to Kalimpong through that channel. Last year, the Political Officer, Sikkim sought instructions to control export by the issue of licences and then it was decided that even this restriction was not worthwhile and trade must be left fairly free. Therefore I am rather surprised that the hon. Member should make a statement that there has been some deliberate policy framed against Tibetan trade as it passes through Kalimpong.

The hon. Member mentioned about ships. So far as we are concerned, the only shipping line that could operate in the Chinese waters is the Eastern Shipping Corporation. They are not yet in a position to start a regular service. They have placed cruisers for cargo ships and they are still on the look-out for second-hand cargo ships. At present they can only operate occasional services if sufficient cargo is forthcoming. We do hope it will be possible to take advantage of the fact that when other shipping lines are permitted to operate, this corporation might be able to build up the trade.

So far as control exercised by Government in foreign lines is concerned, that matter has already been dealt with and with regard to Indian ships even though they are registered under the U.K. Merchant Shipping Act, 1894, any restrictive regulations that might be imposed on ships which are registered under the U.K. Act will not apply to Indian ships.

I think I have satisfied my hon. friend. So far as the Chinese trade is concerned, there is no hindrance and we would like to see the development of the trade between the two countries but at the same time there are certain difficulties in the way. Subject to these difficulties which are more in the nature of the structure of the trade between these two countries, we are hopeful that better trade relations would come into being and we will have a larger quantum of trade with China.

**Shri G. P. Sinha** (Palamall cum Hazaribagh cum Ranchi): May I know, Sir.....

**Mr. Deputy-Speaker:** No more questions. The House will now stand adjourned to meet again at 8-15 A.M. tomorrow.

*The House then adjourned till a Quarter Past Eight of the Clock on Friday, the 8th May, 1953.*