

Mr. Speaker: Has the hon. Member the leave of the House to withdraw his amendments?

Some hon. Members: Yes.

The amendments were, by leave, withdrawn.

Mr. Speaker: The question is:

"That clause 16, as amended, stand part of the Bill."

The motion was adopted.

Clause 16, as amended, was added to the Bill.

Clauses 17 to 51 were added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

Shri B. R. Bhagat: I beg to move:

"That the Bill, as amended, be passed".

Mr. Speaker: The question is:

"That the Bill, as amended, be passed".

The motion was adopted.

13.26 hrs.

MOTION RE. EUROPEAN COMMON MARKET

Mr. Speaker: The House will now take up the consideration of the motion to be moved by Shri Kasliwal on the European Common Market. We will take up Private Members' Business at 3.30.

Shri A. C. Guha (Barasat): Is there no extension of time for this debate?

Dr. Krishnaswami (Chingleput): We may take it up at 4 O'Clock.

Mr. Speaker: Let this go on till 3.30, when we can take up the Private Members' Business.

The Minister of Finance (Shri Morarji Desai): There are two half-an-hour discussions.

Mr. Speaker: The will stand over. I will make an exception and allow them to be renewed next time, if they are very important. Normally, half-an-hour discussion must be raised within a week after the reply is given. If the subject-matter is of outstanding importance, let us take it up in the next session. We will carry on till 4 O'Clock.

Private Members' Resolutions will go on till 6.30 p.m.

The mover will have 20 minutes and other hon. Members 15 minutes.

Raja Mahendra Pratap (Mathura): Is my name in your list, Sir?

Mr. Speaker: I do not have any names with me. If he stands up when the time comes, I will give him an opportunity.

Shri Kasliwal (Kotah): I beg to move:

"That the situation created by the decision of the U.K. Government to join the European Common Market, be taken into consideration."

I have raised this discussion over this question in order to point out primarily that as a result of the decision of the United Kingdom Government to join the European Common Market, there is a possibility of serious damage to our export trade. I do not propose to make any complaint against the UK Government for their decision to join the European Common Market, because it is a decision entirely in their own hands to take, and we have no business whatsoever to interfere with it. But the question would arise as to how far we have been vigilant in respect of our export trade, and at a later stage, when I examine the entire question of our export trade with regard to point No. 3—it has been printed in the Bulletin

among the four points—I will have occasion to point out the lack of interest on the part of the Government in the development of our export trade, and I will also point out that our export trade never formed an integral part of our planning, that while the export trade of the world as a whole increased double-fold, our export trade remained completely stagnant and according to the figures which have been given in the Planning Commission's publication itself, whereas our export trade in the past constituted 2.1 per cent of the world export trade, now the figure has fallen to 1.1 per cent and in the last five years our export trade has shown only a progress of Rs. 5 crores per year. But I will come to that at a later stage. I am only pointing out that our exports have remained stagnant during the last ten years.

I do not propose to go into the reasons as to why the United Kingdom Government have decided to join the European Common Market, but many hon. Members probably might say that there are political reasons. There are some amendments to the effect that they propose to sort of strengthen the NATO and so on. I do not propose to go into all those things. But there are two important matters which are outstanding. One is that the United Kingdom Government has been constrained to join the European Common Market on account of the profit motive. I will give you the history of the last two years during which what happened in the case of the EEC. In the case of France, in the very first year the export trade of France increased by 25 per cent and in the second year by 45 per cent. In the case of West Germany, the export trade increased by 29 per cent. Similarly, there was an increase in the export trade of Italy. That is one of the reasons why the United Kingdom Government has decided to join the EEC.

Then here is another reason which probably impelled the United King-

dom Government to join this European Common Market. The Inner Six of the EEC virtually served a notice on the Outer Seven which included the United Kingdom Government that unless they decided to join the EEC, the tariffs which were at present existing at 15 to 25 per cent would be raised from 25 to 50 per cent. That, I believe, is the very reason why the United Kingdom Government has decided to join the Common Market.

I would not have at all gone into these questions about their reasons and motives for joining this Market but these are relevant because whenever in the last two years some questions were asked of the hon. Minister of Commerce and Industry as to what Government were proposing to do, in view of these regional arrangements, with regard to the raising of tariffs and the violation of the General Agreement on Trade and Tariffs, the answers that were given to us were that everything possible was being done, that all things were represented, so on and so forth. Nothing was divulged to us in this House. I wish the hon. Minister of Commerce and Industry had taken this House into confidence and had told us what kind of representations were made and whether they knew about this fact or not. It was the sword of Damocles, so far as our export trade was concerned, hanging over our head for the last two years and yet nothing was told us about this matter.

I will refer you to the statement of the hon. Minister which was laid on the Table of the House a few days back. I am not concerned with the fact, as some papers have said, that it is a gloomy or a bright statement. I am only concerned with the factual matter of the statement. In paragraph 6 the hon. Minister has been pleased to say:—

“In our trade with the United Kingdom, we have enjoyed three main advantages. Firstly, as members of the Commonwealth, we have throughout had duty-free

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entry for almost all our products. Secondly, as members of the sterling area, our exports have been free from quantitative restrictions in the U.K. market. Thirdly, a number of our products enjoy preferential tariffs....."

In the subsequent paragraph the statement has gone on to say that all these three advantages will be completely destroyed as a result of the United Kingdom joining the ECM. Further, the statement goes on to show that there will now be a reverse preference operating against us. While the hon. Minister has said that there is only one kind of a reverse preference operating against us, I am constrained to say that there will be a double preference operating against us. Not merely will the United Kingdom now enjoy preference so far as other European Common Market countries are concerned, but those countries will also enjoy equal preference in the United Kingdom. For example, I will only take the question of Dundee jute. I will examine that question later on. Today we are sending several crores of rupees worth of jute goods to these other countries, but if there is a tariff ranging from 15 to 25 per cent against our jute goods, the Dundee jute of the United Kingdom will certainly have a preference over our jute.

I will go into some of the items which would be affected, in fact as a result of this decision of the United Kingdom. I am quoting from a paper which is published by the Federation of Indian Chambers of Commerce and Industry Fortnightly Review which says:

"U.K. is our most important trading partner and our exports in 1960 to UK were of the order of Rs. 174 crores constituting about 26 per cent of our total exports."

It is these Rs. 174 crores worth of exports which today are in jeopardy. If I examine the other items in some

detail, I will try to show to you that a large percentage of our total exports in tea, cotton piecegoods, hides and skins, oilcakes and tobacco go only to the United Kingdom. In respect of tea in 1960, 62.5 per cent of the exports were only to the United Kingdom. In respect of cotton piecegoods it was 23.3 per cent; in respect of hides and skins, it was 62.6 per cent; in respect of oilcakes, it was 66.5 per cent; in the case of tobacco manufactures it was 69.6 per cent and so on and so forth. I do not propose to go into the details of other smaller exports, but I do not venture a guess and say how far our exports to the United Kingdom will suffer damage. That is not my object. It should be anybody's guess. But I am in a position to say that with this decision of the United Kingdom to join the ECM our exports to the extent of Rs. 174 crores are in serious jeopardy. I will go further and say that not merely Rs. 174 crores but probably many more crores of rupees would be in serious jeopardy as a result of this decision.

Having said this, I will now go to the second point. That is about securing of an agreement between the United Kingdom and India on special measures necessary to safeguard India's export trade. The hon. Minister himself had been good enough to say in his statement that he will very much like, when the United Kingdom joins the EEC, that tariffs may be lowered and that there should be no quantitative restrictions left any more. The hon. Minister has given us no indication as to what are the special measures that he proposes to take to safeguard our export trade. I wish he had indicated this at some time before the House.

Secondly, what are the compensatory concessions which he proposes to have from the United Kingdom Government and from other governments of the EEC? When I use the term 'compensatory concessions' I am not asking for any compensation as such.

13.38 hrs.

[DR. SUSHILA NAYAR in the Chair]

It is a term of the GATT. Wherever there is preference given to any particular country, it is but fair that compensatory concessions are granted to the country from which concessions are sought. In that respect I am constrained to say that it is virtually a matter of preference which the United Kingdom Government is having from us. I hope when these talks fructify—I am told now that there is an observer going to the EEC Administration at Brussels; we are told all sorts of things—but when this question of agreement comes up, I hope the hon. Minister will say that all special measures are taken into consideration to safeguard our export trade and that the question of compensatory concessions will not be sidetracked.

Having said that I will go to the third and to the fourth points. They are about difficulties of foreign exchange in the implementation of the Third Five Year Plan and the urgent need to find other markets for our country. You will be pleased to see that on page 112 of the Third Five Year Plan it has been shown to us that our total foreign exchange requirements for the Third Five Year Plan would be of the tune of Rs. 5,750 crores. Out of this we expect that Rs. 3700 crores would be available from our exports and the rest would be available from foreign aid and so on. After the decision of the U.K. Government to join the European Common Market, if the Government does not take reasonable steps to ensure the security of our export trade, it is my fear that we may find ourselves in difficulties position and instead of Rs. 3700 crores it may be Rs. 2700 crores. I may point out that in the last five years our export trade has completely slackened. Even this amount of Rs. 3700 crores is such that it is not at all, I might say, unreasonable to expect that we can, if proper efforts are made, reach the target.

In the Chapter on Development of Foreign Trade, it has been shown that while the total world export trade doubled itself, India's share in it declined from 2.1 per cent in 1950 to 1.1 per cent in 1960. On page 137 it has been said:

"One of the main drawbacks in the past has been that the programme for exports has not been regarded as an integral part of the country's development effort under the Five Year Plans."

It is an extraordinary admission. But, I must congratulate the Government for being fearless enough to admit that mistake. It is a very clear mistake. I do not mind that. Self-criticism has come in. But self-criticism has come in a way in which the whole world is shown that we were not vigilant ourselves so far as export trade is concerned. I do not propose to go into it at great length except to point out that the Export Promotion Councils have not been working as well as they should have worked. So far as diversification of export trade is concerned, very little has been achieved in that respect. There was a time when the Government gave the slogan, produce or perish. Today, I ask the Minister to give a new slogan and that new slogan should be, export or perish. With these remarks, I move my motion.

Mr. Chairman: Motion moved:

"That the situation created by the decision of the U.K. Government to join the European Common Market, be taken into consideration."

There are two alternative motions to this, one by Shri Mohammed Imam and the other by Shri Braj Raj Singh.

Shri Indrajit Gupta (Calcutta South-west): One is in my name also.

Mr. Chairman: And a third by Shri Indrajit Gupta and several others. I might mention that so far as Shri Braj Raj Singh's motion is concerned—all

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these have been circulated—part (a) regarding quitting the Commonwealth of Nations does not quite fall within the purview of this discussion. That is a political matter. Commonwealth relationship does not depend merely on trade relationship. The second part is quite in order. He is absent any way.

Motion Nos. 1 and 3 may be moved.

Shri Mohammed Imam (Chitaldrug): I beg to move:

That for the original motion, the following be substituted, namely:—

“This House, having considered the situation created by the decision of the U.K. Government to join the European Common Market, is of the opinion that the Government of India shall ensure that the Government of U.K. while negotiating for its entry into European Common Market takes all steps necessary to maintain and increase the present export trade of India with Britain and other countries of E.C.M., by a substantial liberalisation of their tariff policy, by maintaining and extending the duty free entry, and continuing the preferential treatment, which the Commonwealth countries have now been enjoying.”

Shri Indrajit Gupta: I beg to move:

That for the original motion, the following be substituted, namely:—

“This House, having considered the situation created by the decision of the U.K. Government to join the European Common Market, regrets that due to the Government's past policy of keeping our trade mainly dependent on the so-called Commonwealth preferences India is now faced with the threat of a serious setback to her exports.

This House further deplors the consolidation of the closed-market structure of the E.C.M. in

violation of the recommendations of G.A.T.T. and as the economic counterpart of NATO, designed to intensify the exploitation of the under-developed countries constituting colonies and dependencies of the E.C.M. members.

This House urges upon the Government to take the following urgent steps in order to protect India's national interests and to achieve the export targets of the Third Five Year Plan:

- (a) a thorough re-examination of our trade policy and energetic steps to diversify it;
- (b) nationalisation of the export trade in such major export commodities as tea and jute goods through the State Trading Corporation.
- (c) channelising of our export trade through Indian banks;
- (d) elimination from all foreign collaboration agreements, present and future of any manner of restrictions placed on the export of Indian manufactures; and
- (e) reorganisation of the work of the Export Promotion Council in the light of the above-mentioned requirements.”

Mr. Chairman: The original motion and the substitute motions are before the House.

Shri Asoka Mehta (Muzaffarpur): Madam Chairman, we must recognise the fact that the concept of common market has come to stay. We have to live in a world in which the common market will be spreading from one continent to another. We have this common market in Europe. Efforts are being made to organise similar common markets in Latin America, in Central America and the Africans are profoundly concerned about fostering a common market in Africa. The Euro-

pean Common market has shown that by pooling part of sovereignty, by creating economic institutions wherein a set of economic policies are harmonised, one is able to impart a new dynamism to economic life and economic life and economic growth. With this shining example before the world, it is inevitable that this idea of common market will prove to be contagious.

Secondly, so far as the U.K. is concerned, it needs to be realised that the U.K. may not have joined the common market so far, but it is already a part of the European free trade area. It had to organise a group of Seven for a variety of reasons. But, the fact remains that even if the U.K. had kept out of the European common market, access to the markets in the U.K. would have been available to the partners of the E.F.T.A. on free trade basis. There are significant differences between the Free Trade association and a common market. They are known. I shall not take your time by dialating on them. We must further remember that if the U.K. remains out of the European common market, will it be in a position to provide an adequate and expanding market for our goods. I have no doubt that if the U.K. joins the European common market, a certain amount of difficulties initially, perhaps even a considerable amount of difficulties, will be initially caused to our export trade. But, let us view this problem, not in a static context, but in an unfolding context. The U.K., outside the European common market, is likely to be caught in economic doldrums. The Government and the people of the U.K. were averse to the whole idea of European Common Market. They kept out of the European coal and steel community. If they have been compelled today to take cognisance of these developments, it is because pressure of events and hard facts of life are driving them in that direction. Those hard facts of life should be kept before us also. Because, as we know, if the U.K. remained out of the common market, its capacity to pro-

vide an expanding market for us may not be there.

Another consideration that I would like to bring to your attention is that so long as Europe is divided between the six and the Seven, there are bound to be sharp differences, sometimes acute tensions in Africa also. A number of countries of Africa are associated with the Six. There are other countries which are associated in one form or other with the Seven. Any one who has any familiarity with the economic and political problems of Africa knows it and let us recognise it straightaway that the basic malaise from which Africa suffers today is terrible balkanisation. As Africans put it, the balkan countries are very large compared to the States of Africa! It is a kind of aggravated balkanisation. This aggravated balkanisation can create a political and economic explosion. If these African countries are to be brought together in economic matters, if not in political matters, it is absolutely necessary that this conflict that exists between the Six and the Seven is resolved.

We have always thought of these problems, not purely in terms of our own interests—our interests are naturally important to us—but in terms of what is likely to happen to the world, and I would beg of the House not to forget the larger context in which we have been accustomed to mould our thoughts.

The present European Common Market or the European Community is perhaps the largest trading area in the world. Both in terms of its exports and in terms of its imports, it is the biggest single trading region in the world. It has also a remarkable rate of growth. The rate of growth between 1953 and 1959 in the E.E.C. was almost twice as high as in the E.F.T.A. In industry it was higher still. So, even if the United Kingdom was not joining this area, here is a might trading area bursting at its seams as it were with its growth and with its prosperity, and we have

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to discover ways and means of taking full advantage of this great and growing market in the world.

That the United Kingdom has decided to join makes this task more urgent, even imperative, and perhaps more difficult, but I think it is necessary. Even for those countries which joined it, it was not easy. For instance, when France joined the European Common Market, a structural change had to be brought about into the economy of France. It was not easy, I know. I know men like Mr. Monnet, who conceived this idea, and I have had the privilege of discussing with them very often, and I know the amount of resistance that there was to this idea, because the whole French economy was accustomed to function along certain lines. It was this jolt, this kind of a decisive impact that the Common Market made upon the semi-stagnant economies that released the dynamism from them.

There is a danger in our country also of not reacting to these accelerated changes in the world. I believe that however hard and however cruel we might find it to change, the price of survival in the world is to develop the capacity to change. These challenges shall have to be met by us in the coming years, and the sooner we begin to prepare ourselves for these challenges, the better it will be for us.

If the United Kingdom joins the European Common Market, and if it is infected by the dynamism of growth, that has characterised the European Common Market, the result will be that by 1966, that is, by the time our Third Plan completes its course, the gross national product of the United Kingdom may be larger by anything upto \$10 billion. By joining the European Common Market, therefore, it is quite possible that United Kingdom's capacity to provide markets for us will grow in a marked manner.

Then, again, there will be tariffs, but I believe that the tariff rates will

not be very high. It has been suggested by experts with whom one had had the opportunities of discussing that ultimately the tariff walls may be about 12 per cent; no one can prophesy what the height of the tariff walls will be, but looking at the way the European Common Market is evolving and developing these walls should not be difficult for us to cross. We should have in us the capacity to reduce our cost of production and to face such limited tariff barriers.

But there are other things to which I would like to invite the attention of the Finance Minister. I am happy that we are appointing an exceptionally able officer of ours, Mr. Lall, to be our Ambassador or our Economic Commissioner, who will be dealing with the problems of the European Common Market and work out our relations with the European Common Market. I have full confidence in his competence, in his ability and in his intelligence. May I, through the Finance Minister, invite his attention also to a few suggestions?

Now, it has been found that while the E.E.C., has been growing very fast, undoubtedly, its trade with the under-developed world has not been growing fast enough. Not only has it not been growing fast enough, but enough attention has not been paid to stabilisation of prices.

In 1959, for instance, the E.E.C. was bringing from outside the community at prices 8 per cent lower than in 1957, but its exports outside the community were at prices 12 per cent higher than in 1957. Imports from the less developed countries generally rose only by 4 per cent. Had these imports risen in line with the industrial output, the under-developed countries would have netted \$2 billion more. If the rise had been in proportion to the intra-trade in the E.E.C., the under-developed countries would have netted \$3 billion more.

It is absolutely necessary that we have to mobilise, and in this, all the

underdeveloped countries will be willing to side with us, and we have to see that the trade has to be made more and more liberal. Secondly as the intra-community trade grows, its trade with the under-developed world must also grow. Thirdly, this big trading area must help us to create, and must help us to foster stabilisation of prices, particularly in those agricultural commodities in which the under-developed countries are interested.

The next suggestion that I would like to make is this. Already, at the Inter-American Conference that was held some time back in Latin America, a suggestion was thrown out by competent persons, that the developed countries should be prepared to have what is now called one-way free trade. This idea has been taken up and has been supported by a number of eminent experts, including some of the high-ranking authorities in the United Nations Secretariat. Just as in our own country, certain lines of manufactures are reserved for particular sectors—for instance, we say that dhotis and saris of certain counts are more or less reserved for the handloom industry, and the organised industry will not move into them . . .

Shri Nagi Reddy (Anantapur): That has not been done.

Shri Asoka Mehta: . . . My hon. friend will have his opportunity and he can say what he likes—so, it is suggested that in those highly developed countries, either certain lines of manufactures are reserved for the under-developed countries or at least a considerable opportunity for what is called one-way free trade or free trade in the reverse has to be provided. I appreciate that this will not come about tomorrow, but there is such a thing as powerful public opinion, a public opinion in which not only the under-developed countries but the far-sighted people among the developed countries are also interested. I hope and trust that this particular idea will be explored.

The third suggestion that I have to make is that we shall have to concentrate more on producing and exporting such industrial goods in which the capital intensity is somewhat limited and where we make up for the somewhat low component of capital by high dexterity of our labour. Agricultural exports for India are not going to be easy. I hope, and we are all very anxious, that we increase our agricultural production. Even if we increase our agricultural production, as we have planned, I do not know to what extent it will be possible for us to have surpluses which we can export at profitable prices.

It is true that we have in recent years tried to develop the export of minerals, and one of the satisfying developments of recent years has been the growth in the export of iron ore. But, here, may I sound a note of caution and a note of warning? In Africa, a good amount of new mineral resources is being discovered. Take Liberia alone. In Liberia, recently, geologists have been able to discover what are called mountains of iron ore. The iron content in these mountains of ore is 70 per cent, which is fabulously rich ore. In the next three or four years, perhaps in a shorter time, Liberia will be in a position to export up to 200 million tons of iron ore of this richness. Africa is an unexplored Continent. Any amount of natural wealth is there. These resources are being opened up, and because of the geographical situation and because of political and other reasons, it is possible that these resources may be tapped and may be utilised earlier than our own resources. Here again, we shall have to face competitive markets.

So while I am all for developing our mineral export trade, our future ultimately, industrial exports lies in developing industrial exports not of those kinds where the highly developed countries, inevitably, have an advantage and edge over us, which one might call the capital-intensive industrial goods; we have to think in terms of such industrial goods

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as cotton textiles—it is a good example—or many others. We shall have to think of industrial goods wherein we shall be able to substitute capital by the dexterity of our labour. If we are going to be conscious about the needs and requirements of our foreign trade, our economic planning and organisation of production here will have to be seriously reviewed and seriously reoriented. Nothing will be gained by gnashing our teeth against the emergence of this Common Market.

It is argued that it may create certain political difficulties. It is possible. It is also possible that it may help to relax tensions in the world, because the European Common Market will ultimately move towards some kind of political integration also, and here it is conceivable that a third giant might emerge and perhaps help to maintain peace in the world.

I would not like to be dogmatic, as some of my hon. friends on that side on these questions. It is their privilege to be dogmatic; it is our responsibility to be open-minded on these questions. Whatever it be, the fact remains that we cannot wish these developments out of existence. Rather than gnashing our teeth, rather than saying all kinds of harsh things about the developments that are taking place—saying these harsh things only hurt ourselves because it will prevent us from seeing light; as Bernard Shaw pointed, when you need light, if you indulge in heat, you only hurt yourself—I would beg of this House to discuss this question not in terms of heat but in terms of light. If we consider it in terms of light, there is no doubt that a large number of changes will have to be made by us. These changes have to be made. That are inevitable. The only thing is that we may have to do them in a shorter time than we had anticipated before.

But while we are doing that. I think it is very important that the Finance Minister, when he goes to the Commonwealth Finance Ministers Conference, as well as Shri Lal,

when he takes up the onerous responsibility in which we all wish him success—and he carries with him our good wishes when goes there—should try to bring about changes in the thinking of the world on this whole problem of trade. Let us realise that it was the thinking, powerful, original thinking of a man like Monnet that brought into existence this Common Market. Everybody laughed at him at first. Was there any man in the world who thought that France and Germany could ever be brought together? Was there anyone who every thought economic sovereignty could ever be pooled together? Here was this wise man, a *gyan yogi*, who was prepared to believe that idea are powerful and ideas could ultimately change the shape of the world. I would like Shri Lal to go there and function in that manner utterly confident in the justice of our ideas, utterly confident in the effectiveness of our ideas. Let us not always think that in the world today it is only power that counts. Ideas are also powerful.

Therefore, when the Finance Minister and his officers and other authorities talk on this subject, let them work out an adequate policy, a policy whereby the coming together of these highly developing countries into this kind of a Common Market will, instead of harming the developing countries, help to accelerate the development of developing countries. The O.E.C.D. is also there. It also offers various opportunities. When the Finance Minister is there, perhaps he will take advantage of the visit to explore to what extent the O.E.C.D. also can be helpful.

The last point that I would like to make is that we must think in terms of having some kind of similar regional arrangements in our part of the world also. I know this question is riddled with difficulties. But I will request the Finance Minister to set up a Study Group to explore the possibilities, to find out what the difficul-

ties are. I know, as you know, that the Prime Minister of Burma and the late Prime Minister of Ceylon, whose policy the present Prime Minister in that country follows, have both been very anxious for this kind of economic co-operation and regional co-operation. It is India that has so far not shown enough interest. I think that this question also needs to be explored with an open mind and with a certain amount of urgency. We must realise that we are slowly, but inevitably moving towards a world in which we must think in terms of regional co-operation and not purely in terms of national development.

Shri Nagi Reddy: We are discussing a very important subject. It is good that we are doing it in the beginning of the Third Plan itself because we have been forced to face certain hard realities. But when I heard the speech of Shri Asoka Mehta, I was surprised to find that there has been a certain amount of praise over the formation of the Common Market, probably in the hope that it might help us, even against all the experiences we have had of the past three or four years, in the further development of our trade relations with them or the Common Market, as it is called.

I would not like to go into a description of the Common Market, since it is well-known in this country what the Common Market is and why it has been formed. As Shri Asoka Mehta said, we must take the world reality as it is, and in this world reality, we have found a fundamental change after the second world war; that was the collapse of imperialism on the one hand and the rise and strengthening of socialist countries on the other. It is this fundamental fact that has been responsible to a very great extent for the formation of the Common Market, as it is called. The Finance Minister will certainly not agree with me when I say that it is the economic arm of the military and political NATO. All the same, it is a reality and a fact. And today, because we have been all

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these years tied to the apron-strings of the Commonwealth, it looks as if we ourselves are being dragged into it as an associate member or indirect member.

But that apart, we must now see as to what exactly is the position so far as we are concerned. Our foreign exchange crisis is not new; it has been there for the past four years. Therefore, it is not that the foreign exchange crisis has suddenly come upon us because Britain is going to join the Common Market. It might worsen—certainly it will—but the major thing that should be remembered in our discussion on this question is the fact of the monopoly of the developed countries or imperialist countries over the trade of the developing countries. The developing countries cannot dictate terms; they are not dictating terms. We ask for equal trade relations. I am glad that the Finance Minister is talking in terms of equal trade relations. Good. But we should also see that all our efforts in that direction for the past three or four years or even earlier than three or four years have become much more impotent, because the foreign exchange crisis has grown more and more in these three or four years. We are not having equal trade relations but more and more unequal trade relations, especially with the most blatant of the imperialist Powers and groups, that is the Common Market. Therefore, the Common Market is not a factor which is something to be simply brushed aside. It is a very serious factor. Let us see our relations with the common market countries, especially their leader West Germany. In the early 'fifties we were exporting about Rs. 12.5 crores to West Germany, and importing probably near about Rs. 25 crores, but by 1960 our exports had developed only to Rs. 19.5 crores, while our imports had gone up to Rs. 140 crores. It ranged between Rs. 100 and Rs. 140 crores in the last three or four years.

An Hon. Member: It is not our fault.

Shri Nagi Reddy: It is not, of course, our fault, as probably our friend here thinks, because we cannot export to the common market countries since we are not allowed to, due to various factors such as the restrictions of trade, restrictions of prices, tariffs, restriction on the quantity to be exported and so on and so forth. Shri Morarji Desai has explained that portion of it in his statement to a certain extent, and I hope my hon. friend on the left here would be able to see the fact that we have been curbed, actually not allowed to export. That has been their policy, that the export from their side should be more, and import from us less. That is the first policy of the imperialist powers today. Forcing us to pay more is their second policy, and to see that they do not pay more is their third policy, because we always pay more for the industrial goods and their prices increasing continuously, while we are being paid less for our primary goods, and the price of primary goods is continuously going down. These are facts which nobody can dispute, because they are there not only in the economic bulletins of the Warsaw Pact countries, but even in the UN economic reports themselves. Therefore, I do not want to go into that, but the question is what should be done. I am much more interested in that.

The facts are there. The sun of the British Empire began to set long ago, and is setting very fast, and with her entry into the common market, it will be the complete end of Britain and her supremacy. I sympathise with it, though I am glad at the same time that one part of imperialism is collapsing, because one imperialism must automatically devour the other when the chance comes. Today Western German imperialism, having become strong within the last four or five years through various facts of life, is trying to devour one after the other of its own ilk, since it cannot devour the socialist countries.

Since we are tied up in the sterling bloc to Britain, we are going to find certain immediate difficulties. Our

trade is not increasing. So, what should we do? Here I should say that the amendment that has been placed before the House by Shri Indrajit Gupta and others is a concrete suggestion for the Government of India for immediate implementation. When this was discussed in the Rajya Sabha, the Finance Minister came forward with certain reasons why all these things are unnecessary or some of them are wrong. I would like to go into that.

Take for example, the question of re-examining our trade policy and taking energetic steps to diversify it. The Finance Minister has said that we have been doing it already. Of course, force of circumstances has led us to a small extent to diversify our exports; all the same, our exports to Britain—which, due to imperial preferences, later called Commonwealth preferences, are now within the sterling bloc—continue to be very high. Where do we find diversification? In what way have we helped diversification of our export trade? There is one great market which has developed in those ten years, and that is the socialist market; there is another market which is developing, that of the newly independent countries of Africa and Asia. Diversification can be thought of in relation to these countries, not in terms of, I am sure, increasing our exports to West Germany or America by Rs. 10 or Rs. 15 crores, because the imperialist countries are not going to help you to diversify your trade.

This is not my opinion alone. It is said that there is a possibility of diversification and that we are not taking advantage of it. Here is the Eastern Economist of July 14. In an article on the new foreign exchange crisis, it says:

“It would be foolish to deny that there exist at the present time many areas seemingly unknown to the authorities where foreign exchange is being lost by procedural or ideological prejudices which have no relation to the current severity of our foreign exchange difficulties.”

That means, certain ideological differences also have been responsible for our not diversifying our trade. the article further goes on to say:

"There seem to be a very significant number of schemes under negotiation both in the public and private sectors where a gap in the foreign exchange is sought to be covered by loan in west European or North American currencies, when they could conceivably be covered by rupees by using the facilities afforded of rupee payments by many countries of eastern Europe and by Yugoslavia."

Why do we not do that? Since we have been tied to a certain economic bloc, namely the Commonwealth bloc and through that to the west European economies or the common market countries and the American market, we do not think in terms of the new changes that have taken place in the world, and therefore our effort at diversification is not as vigilant, as quick and as strong as it should be in relation to the present circumstances. I do not want to read further from this article. So, that is the first thing that we should do. In diversifying our trade, the first and foremost thing which it is inevitable to remember is the presence of two important trade blocs—that of the common market and America on one side, and that of the socialist countries on the other. We do not join any bloc. I do not accept Shri Asoka Mehta's suggestion regarding the formation of some kind of Asian or African bloc. It is not necessary. Our point is that we must trade with all countries, with the countries that are prepared and ready to trade with us on equal terms, and help us in the development of our economy and in our industrialisation which alone can help diversify our export trade.

The second point mentioned in the amendment is nationalisation of the export trade in such major export commodities as tea and jute. I would like to remind the Finance Minister that today the export trade is not en-

tirely in our hands. You cannot achieve your purpose of diversifying your export trade, or follow an independent trade policy, if the export trade is in the hands of foreign concerns. It is an impossible thing, and I tell you the reason why. Naturally, a company which is responsible for the exports of Britain and India would certainly formulate an over-all picture of its activities; and if there is, for example, a possibility of export from India to Africa through Britain, it will not export direct from here to Africa. We are appealing to the patriotism of our industrialists and traders, and asking them to tighten their belts and export more so that we may earn foreign exchange. Is not the same appeal being made by Mac Millan? If his appeal goes to the heads and ears of the British monopolists who are exporters both in India and Britain, I would like to know whether they would act in an anti-patriotic way by exporting to other countries from India direct to the detriment of exports from Britain. Certainly not. Therefore, Indianisation of our trade, especially the export trade, is the most important factor and so long as we refuse to do that, I would say this Government is not implementing the policy of export or die. "Export or die" is the slogan, but by pursuing this policy, we are not giving it the foremost place.

The third important point is the elimination from foreign collaboration agreements, present and future, of any manner of restrictions imposed on the export of Indian manufactures. The Finance Minister said in the Rajya Sabha that it was in the case of foreign collaboration agreements that might have been entered into about 4 or 5 years back there were restrictions on our exports but not in the present agreements.

Here I have before me the minutes of sittings of the Estimates Committee. A representative of the CIBA from Bombay was examined. He was the Chief Chemist. In his evidence he has stated that the pharmaceutical industry has tremendous scope for export

[Shri Nagi Reddy]

but that whenever a manufacture was carried out with foreign collagoration there was invariably an undertaking that the Indian side would not export any of these things.

I can give a number of examples. I would like to give one more example, so that the Finance Minister may at least know what is happening in this country. I expected the Finance Minister to be truthful to tell the House that there are certain agreements of that type and that we will see that such agreements are abolished immediately and help foreign exchange earnings by exporting some of our goods. May I ask the Finance Minister whether it is a fact or not that in 1959, in an agreement with Ernault Batignolles—with H.M.T.—to produce 44 varieties of lathes, there was a stipulation that we shall export only to South East Asian countries and not to European countries? Therefore, our contention is that in every agreement with foreign collaboration, especially with private companies, there is a stipulation that we shall not export and be a kind of obstruction for their export trade. Otherwise, they will not come and establish their factory here. We cannot compete with them. Certainly, these are days of cut-throat competition. They are offering us foreign collaboration in such a way that we will not be able to export.

Finally, I would like to say that in the name of the latest export promotion, especially trying to join as an associate member or as an indirect member of the Common Market through the window or the back-door, let us not try to put a burden on our working classes.

There is already a slogan, 'let us try and cut the costs'. Yes, the costs of our exports must be cut. There are too many overheads, especially in foreign collaboration goods. We should cut our cost; but not at the expense of the working classes. Let not the working classes bear more burdens in the name of foreign ex-

change crisis. Let the country get rid of these foreign collaborations. We have to make India economically independent without being linked on to Britain or to somebody else. Let us not be tied to the apron strings of anybody else. Let us not come to agreements with each other as being tied up in a particular common market or Commonwealth.

Therefore, my suggestion to the Government is to see that the recommendations which have been put in the amendment or substitute motion be accepted and on the basis of this acceptance let us build up an independent Indian economic policy.

Shri A. C. Guha: Madam Chairman, this motion for the consideration of U.K.'s desire to enter the European Common Market should be considered not with any passion but from a purely economic and commercial point of view. It is no use abusing U.K. for any step that she may consider necessary to take to protect her interests. I would even agree that this Common Market is not a purely economic affair. There may also be a political buttress behind it, I think the whole scheme started with what might have been called the European Community of Coal and Steel or the Schleimer's Plan. Even now this Economic Common Market or rather its counterpart, the European Economic Council, EEC has got also, along with it, a European Parliament or Parliament of Europe and also a Council of Ministers.

So, it is quite apparent that it is not just an economic arrangement. It also envisages some future political development. That is all right and within the rights of those nations. And, perhaps, from one point of view also, it is a wholesome development. If we want that the world should not be divided between combating countries and States, if we want that there should be some greater collaboration and co-operation and union of States, then, we should not grudge

any development which may lead to the formation in a way, if not in the near future, at least in some distant future, of a sort of United States of Europe. I can envisage that it may lead to that unless there is any catastrophic world war.

On the eastern side of Europe there is already some sort of economic closed market and that also is backed with some political alliances or political arrangements. So, if, on the western side of Europe, a similar development takes place, we have nothing to blame them nor to be annoyed at it. But, at the same time, we should see how our own interests can be protected.

The statement laid by the Finance Minister on the Table of the House is a very dignified statement as I consider it. It is a matter for the U.K. to decide whether that arrangement will harm us financially or not—that is our concern, not of the U.K. The statement has made it clear that the proposed entry of the U.K. into the European Common Market, at least in the immediate future, is likely to harm us.

We have been enjoying certain privileges—almost duty free entry of quite a number of our products. More important than that was that there was no quantitative restriction. A few years ago there was some trouble in the U.K. about the un-restricted entry of Indian textiles which led also to some unemployment in the textile industry of the U.K. Even then, they negotiated with India to have a gentleman's agreement, a quantitative restriction to be imposed by India herself, the U.K. did not impose any such restriction on her own initiative. It was quite good for the U.K.

If, now the whole process is reversed, i.e., if a reverse preference is to operate as is mentioned in para 9 of the Finance Minister's statement, we should be careful and see how our interests can be protected. The main commodities of our export to

U.K. are jute, tea, textiles and some agricultural products. As for tea, I think that is the biggest export commodity from India to the U.K. We may have to face the competition of East Africa which may enjoy a duty free market not only in the United Kingdom but in the whole of the European Common Market consisting of these seven countries. We should also realise that this European Common Market may expand further. Already I think Denmark has expressed her desire to follow Britain. I am almost sure that the other countries also will gradually fall in line. So, some of our export commodities will have to face competition not only in the United Kingdom but in all West European markets. Some of the territories attached to those States will also get the privileges of the European Common Market free trade conditions or preferential tariffs in the West European markets.

As regards tea, our present competitors are Ceylon and East Africa. Ceylon would stand more or less on the same level with India. But East Africa may get a preferential treatment. But yet, I feel that if we are somewhat energetic and alert, Indian tea can hold its market not only in the United Kingdom but also in other west European countries. There is the question of quality; there is the question of tradition of Indian tea being used so long in the European markets. All these things should help us. In jute, of course we used to enjoy a privileged position. Our only competitor is Pakistan which also may stand on the same level with us. So, I do not think in jute there will be much difficulty except a little from European jute manufacturers.

Our main difficulty or concern now is to build up our export trade. In fact, all the three speakers who preceded me have stressed this point. We have been suffering, or rather, our export trade has been suffering from some handicaps as regards competitive prices and a competitive export market. The main point should be to see that our export commodi-

[Shri A. C. Guha]

ties stand competition not only in price but also in quality. For the last decade, our export is stagnant rather relatively speaking it had gone down from 2:1 per cent to 1:1 per cent of the total world trade.

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

Shri A. C. Guha: I will finish in about four minutes. I was mentioning that at present our export trade is suffering from some handicaps. There should be more diversification. It is now just a narrow range. In spite of all these 10 years of planned development, we have not been able to diversify to any considerable extent the range of our export commodities. There should be some greater effort in this direction. Our per capita productivity is also less, and the cost is high. I do not know what the National Productivity Council is doing in that direction. The Government should see that the productivity of our labourers increases considerably and the cost of production becomes less. I agree with my predecessor that in our attempt to reduce the cost of production we should also pay attention to the high administrative or managerial cost in every office. All the industrial houses now maintain high-salaried officers. They practically do nothing except to keep in contact and sometimes to indulge in some corrupt practice and corrupting our administration also. It is most regrettable that even very high officers of the Government, immediately after retirement, join such offices and keep palatial houses in Delhi and thus lead to a high cost of living and cost of production.

There is also a sort of lack of energy or enterprise in our marketing processes. The Tea Board has not been able to make much progress in opening new markets. Rather the accusation against the Tea Board has been that publicity for Indian tea has not been properly done. The Tea Board should pay greater attention to these

problems, and also other publicity organisations should be set up so that there may be an enterprising marketing organisation. The Export Promotion Council is quite good; but I do not know whether it has been able to actually to put some new enterprise into the export trade of our country.

Another point which I should like to place before the hon. Finance Minister is the lack of business integrity. It has also been hampering our export trade. Very often reports have come to the effect that the export commodities have not been according to the specifications or according to the samples supplied and that the quality has not been up to the standard. So, all these things should be considered and we should be prepared to have some common market in Asia also.

All this is leading to a sort of commercial pattern where the GATT is also going to be scuttled. There is the European Free Trade Association; there is the OEDC, the Organisation for Economic Development and Co-operation, in which 20 nations including USA and Canada have been parties. All these things have come up, and these will lead to make the GATT arrangement something futile and useless. So, we should reconsider our whole economic policy and I think that some reconsideration of our political policy is also necessary. I do not know whether the policy of non-alignment at least for economic consideration can any longer be followed. We should see how we can develop our markets in Asian and African countries. We should also try to diversify our export commodities and enter competitive market by reducing prices in the European Common Market countries also. The entry of the United Kingdom into the ECM may give us greater energy and enterprise to push our market further. I hope that if we try in that line, we may be compensating the loss that

may be incurred by the entry of the United Kingdom into the ECM.

Dr. Krishnaswami: Madam, Chairman, I am glad that we are having a debate on the European Common Market. I wish that it had taken place earlier. Had Parliament been in session when the Minister of Aviation of the U.K. visited Delhi, it would have had an opportunity for arming Government with its views, thus helping it in formulating the statement—I shall not say, better—but at any rate indicating to the world at large that Parliament is fully behind the Finance Minister in the statement that he has made.

The statement that has been made by the Finance Minister is admirable both in content and in tone. The problems that face us as a result of the emergence of the common market of Europe cannot be by-passed. Whether we like it or not, the future is with continental economies, and the emergence of the European Common Market of Europe is one of the steps in this direction. No one can deny the stakes that we have in the matter of entry of the United Kingdom into the common market of Europe. I have done some research into the actual position of our trade and I think it would perhaps help the House to estimate the magnitude of the problem that is facing us.

We are importing 35 per cent of our imports from Western Europe including U.K. We are exporting about 40 per cent of our goods, to this area. We have a large interest in the outcome of U.K.'s entry into the common Market and the terms of which she proposes to enter into the Common Market. In the present circumstances, we cannot visualise what the terms will be. But we know that our stakes are great and we have already indicated our deep interest in the terms which the U.K. would be able to negotiate.

But, having made our standpoint clear, it would be unbecoming of us to do anything else except to be prepared for all possible eventualities. I

want the House to realise that while undoubtedly this is a great challenge we ought to be prepared it and not content ourselves with giving expression to certain views which might give the impression to the outside world that we are in a state of panic. To suggest, for instance, that the pattern of our trade should be changed overnight is not realistic. To advocate, for instance, a changeover in trade overnight to the Afro-Asian countries is no solution; for, if we consider the facts as they are, we will find that today the Afro-Asian countries sell us raw materials and Western Europe gives us capital goods, which are aid-financed.

My hon. friend, Shri Nagi Reddy, pointed out that our balance of payments was most unfavourable with West Germany. I know that it has been unfavourable and while partly this is due to West Germany imposing high tariffs, let us realise that we have had to depend for aid and capital from the developed countries, notably West Germany and as such our balance of payments are bound to be unfavourable. It has been recommended by my friend that we ought to think of the pattern of trade being changed, so that the Eastern European countries might be our main customers. Before us the advantages of rupee credit and rupee payments are dangled. I only want to sound a note of caution. While it is true that from the point of view of our immediate difficulties, rupee payments offer a solution in the sense of imports not being a current drafts on our foreign exchange resources, we ought not to suffer from the delusion that we are getting something for nothing. Nor can we think that these rupee payments which are made may not work to our disadvantage.

I do not propose to go into this question today since the issues that merit consideration are different. I hope that Parliament will have an opportunity of discussing the whole scheme of rupee payments on some other occasion, so that we might have an opportunity of weighing the ad-

[Dr. Krishnaswami]

vantages and disadvantages of such rupee payments.

No one for a moment objects to diversified pattern of trade, a structure of trade, which is not dependent on any particular grouping of nations. We have emphasised to a certain extent this diversified structure of trade; probably in the future we have to emphasise it even more. But what is the position today? As it is, the terms which can be arranged for U.K.'s entry into the Common Market are not dependent on that country alone. They are dependent on others as well. This is the position which we face. We should now find out how best we can line with this situation.

There is one thing which has to be affirmed on this occasion. I hope Parliament will affirm it, because there is a danger of our overlooking it. To the extent that we suffer by the new groupings in Europe, the moral responsibility of those countries to compensate us is all the greater. This would be in conformity with the trend of modern thing. In a modern welfare state, if an individual derives a benefit and others suffer injury, there is a principle of compensation or reparation that comes into operation. Indeed the basis of all international institutions, indeed the basis of all leading financial institutions like the Monetary Fund, is that any country can better itself, but if in the process of improving its position, injury is caused to third parties, a duty is cast on institutions to compensate the parties injured. Why is there so much argument about multiple exchange practices leading to a 'beggar my neighbour policy'? Why are so many restrictions placed on the depreciation of currencies by the International Monetary Fund? If one investigates one will find that a peace-time reparation is as it were extracted from those who inflict injury while bettering their lot. I put it frankly to the Finance Minister and the Government that this prin-

ciple should be stated more authoritatively and strongly in the future.

My hon. friend, the Finance Minister, in para 10, has given us a hint of thinking along these lines: I shall, with the permission of this House read out the relevant passage:

"It is against this background of internationally accepted principles to which we subscribe that we have to review the matter. We would greatly regret the termination of the preferential arrangements between India and the U.K. which have led to an expansion of trade in both directions, specially as, through one device or another, new preferential arrangements seem to be growing in the world. But, we would acquiesce in it if we are compensated by a substantial liberalisation of import policies in the Common Market as a whole, provided suitable transitional arrangements are made so that the benefits of preferential treatment disappear only in slow, gradual states."

I venture to suggest that good neighbourliness on the part of Western Europe dictates that we should be compensated for any loss that may be caused. I am certain that not only India, but other countries which may be similarly affected by the entry of U.K. into the common market will put forward this plea—a plea which because it is based on moral grounds does not lose its force and which will certainly make a powerful impact on the thinking of the statesmen of Western Europe and the world.

Let us make it clear that for the loss that may be caused, we must have aid calculated net in the sense of the loss that is sustained by us. I realise that the Finance Minister cannot commit himself today on the exact amount of loss that would be sustained by us. After all, negotiations are taking place in Brussels. But ultimately this principle deserves.

to be accepted, the principle that we should be compensated for the loss that may be sustained. Let us hope that in future the thinking of the countries of Western Europe would change aid and trade. If it is decided to give aid for the loss that we may sustain, such aid should be united, so that we might be free to import any goods we like and thus industrial position.

The Finance Minister has pointed out that we must have a liberalisation of commercial policies and aid. I hope that in this liberalisation of policies will be included not only the reduction of tariffs, but also the removal of quota restrictions on imports, and aid would also be united.

No one denies that the challenge we are facing is serious. But I am not willing to accept a pessimistic view. Let us realise that this country also in more senses than one is a continental economy, even as Western Europe is a continental economy.

Undoubtedly, good-neighbourliness must lead the countries of western Europe to take into account the reactions, the views and the aspirations of a very large portion of mankind which inhibits our country. Government will, I feel, be on strong ground if this aspect of the matter is placed before the countries of Western Europe. Let due consideration be paid to the loss that may be caused by the entry of Britain into the common market.

No one is against the United Kingdom entering the common market of Europe. It would be improper on our part to exert any sort of undue influence on her. But when once a country enters a new economic orbit and injury is caused to old partners, there is an international duty cast on the countries of Europe to compensate those who are injured.

Madam, there are other issues that have been raised, such as the improvement in our exports, our

having to pay greater attention to problems of export development. But these are issues which can be discussed with profit on a subsequent occasion. Hence, let me point out to my hon. friend who suggested that there ought to be nationalisation of enterprises, that while there might be admirable arguments in favour of nationalisation, of certain enterprises on this occasion, at any rate, the plea for nationalisation is totally irrelevant. Indeed, some of my hon. friends remind me of that admirable character Dick in who could never forget King Charles' head whenever any problem presented itself to him. Although this point of view that I have advanced is well known, it needs reiteration. Otherwise others in outside world are likely to have their attention riveted on it.

I am thankful to the Speaker for having given us an opportunity of expressing our views on this matter, and I wish the Finance Minister god-speed in his mission to the Commonwealth Finance Minister's Conference.

Shri Somani (Dausa): Madam Chairman, the serious repercussions which United Kingdom's joining the European Common Market may have on our export trade will be quite obvious if we analyse the pattern of our total export trade. I would, Madam, like to confine my observations to the implications of this move so far as the textile industry is concerned.

At present, cotton textiles and yarn from India, Pakistan and Hong Kong are allowed entry into the United Kingdom on a duty-free basis, while other countries have to pay an import duty of 7½ per cent for yarn and 17½ per cent for cloth. In 1960, the United Kingdom imports from the Commonwealth countries amounted to 394 million square yards of which 231 million square yards were from India alone. In addition 9.2 million pounds of Indian cotton yarn

[Shri Somani]

were also imported into United Kingdom.

It is clear, therefore, that India is exporting a large measure of her textiles to United Kingdom under certain preferential arrangements, and unless some remedial measures will be incorporated, there is no doubt that our exports of textiles to United Kingdom may receive a very serious setback. I have no doubt that the Government of India are quite alive to the seriousness of the situation, and the fact that they are deputing one of their ablest officers to deal with this problem clearly indicates that they are fully seized of the magnitude of the task with which they are faced.

Indeed, Madam, it appears that even under the present preferential tariff arrangement with the United Kingdom, that country has been during the last few years importing more and more even from non-Commonwealth countries. The volume of exports from the non-Commonwealth countries to United Kingdom has been greatly increasing and that from the E.E.C. countries alone has expanded from 30 million square yards in 1958 to 77 million square yards in 1960. It appears, therefore, that while even under the present arrangements of preferential treatment of commonwealth countries the E.E.C. countries have been able to increase their exports year after year to United Kingdom, the impact of this preferential treatment being no longer applicable to the imports from Commonwealth countries it will naturally affect our export trade to a very substantial extent.

So far as India's textile exports to the United Kingdom are concerned, we have to take into account the nature of the competition which India may have to face from countries like Japan which at present have to bear a duty of 17½ per cent when their goods are sent to United Kingdom.

Now, Madam, I would like to submit that there are long-term and short-term solutions which our Government and the industry have to explore to meet this danger which has been posed before us by the proposal of the United Kingdom Government. So far as the long-term solutions are concerned, of course, the remedy lies in reducing our cost of manufacture and improving our qualities in a manner which will make our products competitive in the international trade.

I could not, in this connection, quite realise the meaning of the remarks, made by my hon. friend from the Communist Party, regarding the adverse effect that our programme of reducing the cost of manufacture may have on labour. There is absolutely no question of taking any measure which might adversely affect the labour. The whole problem can be solved only by a speedier process of modernisation and rationalisation, and it is well known that any process of modernisation and rationalisation eventually leads to much better amenities and emoluments for labour than is possible under the present conditions where the cost of manufacture due to worn-out plant and machinery is much higher. Therefore, if we have to tackle this problem of bringing about a substantial cut in our manufacturing expenses, there is no doubt that the solution lies in accelerating the pace of modernisation and rationalisation in our various industries, and I do hope and trust that a realistic view will be taken by our labour friends with a view to making this process successful so that our industries may be able to produce their goods at competitive rates.

Talking from the point of view of short-term remedies, I am told that already under the E.E.C. programme it is possible for certain countries to allow certain imports on a preferential basis. I am told that France and Belgium have got similar arrangements, and we should be able, under

proper negotiations, to ensure that United Kingdom is able to secure an arrangement under which it will be possible for the United Kingdom to reserve certain quotas of imports of goods like textiles....

Shri Tyagi (Dehradun): France and Belgium buy it from their colonies.

Shri Somani: This is a very complicated problem, Madam, and I am not going into the details of this scheme. The whole question is that United Kingdom is anxious to do its utmost so that its trade with the Commonwealth countries is not disorganised precipitately, and I have no doubt that some working formula under which for the next few years it will be possible for United Kingdom to continue to import textiles or such other goods which the United Kingdom is now importing on a preferential basis. That arrangement should continue to exist for a transitional period until the Commonwealth countries are able to develop their trade with other areas and with United Kingdom under conditions which may be totally different. My submission to the hon. Finance Minister is in the case of negotiations which we may have both with the United Kingdom and the other countries of the European Economic Community, it should be our endeavour to ensure that our export targets are fixed in such a manner that we are able to have some sort of preferential treatment, not only in the United Kingdom but also in the other countries of Western Europe, so that we are not ousted out of the export market at a time when we are taking certain measures to consolidate our position in a manner whereby we will be in a position to be more competitive. My submission, therefore, is that the Government of India should take concrete measures, in the direction of ensuring some long-term measures to enable the various industries to reduce their cost of manufacture and, at the same time, also insist for proper safeguards so that in the coming years we will be able to ex-

port more and more. Here I may say that the case of the textile industry is very peculiar, inasmuch as almost 30 per cent of the textiles are at present exported to United Kingdom under a preferential arrangement, and no set back should be allowed in a manner which will affect our export trade adversely.

Shri Mohammed Imam: The substitute motion which I have moved reads as follows:

"This House, having considered the situation created by the decision of the U.K. Government to join the European Common Market, is of the opinion that the Government of India shall ensure that the Government of U.K. while negotiating for its entry into European Common Market takes all steps necessary to maintain and increase the present export trade of India with Britain and other countries of E.C.M., by a substantial liberalisation of their tariff policy, by maintaining and extending the duty-free entry, and continuing the preferential treatment, which the Commonwealth countries have now been enjoying."

As has been pointed out, this is a very complicated problem. The decision of the Government of United Kingdom to negotiate with the countries of the European Common Market has caused much concern not only to the Commonwealth countries but also to the British people themselves. There is a short cleavage of opinion in Britain whether the United Kingdom should join the European Common Market or not. The opposition comes specially from the agricultural classes because they apprehend that they stand to suffer. Among the Commonwealth countries too, New Zealand, Australia, and Canada have been bitterly opposing the joining of Britain into the European Common Market, and I think some African countries like Ghana and Nigeria are contemplating to form an African economic market of their own. It is but natural that India also

[Shri Mohammed Imam]

should show its concern, and it is very anxious to safeguard its interest. It is rather unfortunate that this move of the European Common Market and Britain's decision to enter the market has come on the eve of our Third Five Year Plan, because the success of the Third Year Plan depends upon the availability of foreign exchange, and the availability of foreign exchange depends on our capacity to export our goods to other countries and thus earn the much-needed foreign exchange. It would have been better and we would have appreciated and assessed the situation better, if all the terms of the Treaty of Rome were before us. We are not fully aware of the terms and conditions which regulate the conduct of the European Common Market and we cannot foretell on what conditions and on what terms Britain will enter the European Common Market, if it decides to do so. But the United Kingdom must remember one fact, that the economy of the Commonwealth countries are linked with the economy of the United Kingdom, these countries have helped the United Kingdom to build up its prosperity and it would be an act of breach of faith if it disregards the interests of the Commonwealth countries.

So far as India is concerned, our prime need is to see that our exports do not go down. On the other hand, we must take every possible care to see that our exports go up. It is unfortunate that, during all these years, when all attempts are made by the Government to step up our exports, we are still running an adverse balance of trade. Even during the current year, our exports amount only to Rs. 626 crores whereas our imports amount to as much as Rs. 868 crores, leaving an adverse balance of about Rs. 250 crores which have to be made up. If this adverse balance continues in the ensuing years, I cannot imagine what an impact it will have on our developing economy.

In the European Common Market, including Britain, our biggest export is to the United Kingdom. We are importing an equally big quantity from the United Kingdom. I will just give the figures for 1960. Whereas our imports from Great Britain is to the tune of Rs. 201 crores, our exports to Great Britain is only Rs. 175 crores, thus leaving a minus balance of Rs. 26 crores. The next biggest customer is West Germany. Where we are importing goods worth Rs. 112 crores from West Germany, our exports to that country amount only to Rs. 19 crores, leaving an adverse balance of Rs. 93 crores. Similarly, our imports from Italy amount to Rs. 24 crores whereas our export amount to Rs. 8 crores only. We are importing from France goods worth Rs. 18 crores whereas our exports to that country amount to Rs. 8 crores. We are importing from Belgium goods worth Rs. 16 crores, while exporting goods worth only Rs. 5 crores. Thus, our export to these countries are very limited. My Communist friend pointed out that there must be diversification of trade, meaning thereby that we must trade with all countries.

I may point out to you that India has been trading not merely with these European countries or with the countries of the European Common Market, but it has been trading with and has been exporting to all other countries including Japan as also the Communist countries, like Czechoslovakia, Russia, Rumania and every other country. So, in spite of the best efforts of India to step up its exports there is still a great adverse balance which has to be made up. Our exports to the United Kingdom have been very great on account of the special conditions and advantages that have been conceded. For example, there is duty-free market and there is no quantitative restriction. Again, there are some other preferential treatments which have been shown to all these countries.

Now our concern is only this. What will happen to these special conces-

sions or to this treatment that has been given to us if the United Kingdom joins the European Common Market? Will all these special concessions be abrogated? If these concessions are abrogated, I think our export trade is bound to go down as has been pointed out by the hon. Member, Shri Somani. He has given one example of how the export trade of textiles is bound to go down if all these advantages are taken away.

The public in the foreign countries is accustomed to a wide range of choice, both regarding quality and quantity. If we want to see that our exports go up, you must take care to see that goods compete in the foreign markets both regarding price and quality. The price may be lower but if the quality is not good, the goods will not be accepted. Or, the quality may be good but if the price is very high, we cannot step up our exports. So, it is quite necessary to see that our production in India stands competition in other markets because it is an open market. We cannot compete, we cannot step up our production if we fail to keep down the prices. There is much truth in what was urged by Shri Somani. Under these conditions, if these special advantages are taken away and are abrogated, I think India will stand to lose. It is bound to lose its export trade. Its export trade will suffer.

I submit that the United Kingdom should fight for us to see that these advantages which we have been enjoying from the beginning extend to other countries of the European Common Market also. The same preferential treatment that is being given to India and to other Commonwealth countries must be recognised by the other countries of the European Common Market. Otherwise, our interests will suffer. England's primary or first duty is to safeguard our interests.

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

Shri Mohammed Imam: I will take two minutes more.

I mentioned just now how agricultural countries, countries which depend on agricultural and farm produce will stand to lose. New Zealand, Australia etc. are bitterly opposing it because New Zealand was exporting all her cheese, butter, bacon and various other things to Great Britain. Great Britain was consuming it and it was the biggest consumer. If there is a common tariff and the entry is governed by tariff, New Zealand stands to lose. Similarly, India's produce cannot face a tariff. It must be a market which will be duty-free so far as Commonwealth countries are concerned. I am sure that the United Kingdom Government will take all possible precautions to see that our interests do not suffer. But if it is found that the interests of the Commonwealth countries are bound to suffer as a result of Great Britain joining the European Common Market, I think, it must abstain from doing so.

Again, as has been pointed out, we must diversify our trade and must develop our trade relationship with other countries. I quite agree that conditions are favourable.

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

Shri Mohammed Imam: It is such an important subject. It is a vast subject. It is unfortunate that sufficient time is not given.

The statement given by the hon. Finance Minister is quite enlightening. I think I must congratulate him because from his statement I can understand that the Government of India is going to take every possible precaution to see that India's interests do not suffer. There are conventions of GATT and other conventions. I hope the ultimate result will be to the good and advantage of India.

Shri Braj Raj Singh rose—

Mr. Chairman: Shri Braj Raj Singh was not present when his motion was called. Part (a) is not in order; he may move it without (a). I can only give him ten minutes because the hon. Finance Minister needs half an hour and five minutes are required for the hon. Mover to give a reply. This has got to finish by 4 o'clock.

श्री ब्रजराज सिंह (फिरोजाबाद) :
आप कहें तो मैं पांच मिनट में ही खत्म कर दूँ। सभापति महोदय, मैं प्रस्ताव करता हूँ :

That for the original motion, the following be substituted, namely:

"This House, having considered the situation created by the decision of the U.K. Government to join the European Common Market, resolves that India's foreign trade should be more and more diversified so as to shift the balance of trade from western European countries to Afro-Asian countries."

इस समस्या पर मदन में विचारों में काफी सहमत है, और जो अपना वक्तव्य वित्त मंत्री महोदय ने इस सम्बन्ध में दिया उस की तफसील में किसी को कोई मतभेद हो तो हो लेकिन साधारण रूप से सभी सहमत हैं। जहाँ तक ब्रिटेन के योरोपियन कामन मार्केट में शामिल होने का सम्बन्ध है, हम कुछ भी नहीं कर सकने, यह सही है, पर इसी के साथ साथ यह भी सही है कि इस तरह के संगठन प्रतिक्रियावादी होते हैं। यदि एक ओर कहीं कोई अर्थविकसित या अर्द्धविकसित क्षेत्र हो और दूसरी तरफ कोई विकसित क्षेत्र हो और उन में कोई इस तरह का संगठन हो तो कहा जा सकता है कि एक तरफ से कच्चा माल चला जायेगा और दूसरी तरफ से बना हुआ माल आ सकेगा और आपस में संगठन होगा तो किसी का शोषण नहीं होगा। लेकिन इस तरह का जो संगठन बना है जिस में ब्रिटेन शामिल होने को है, वह दुनिया के उन देशों को शोषण कर सकता है जो कि अर्द्धविकसित या अर्थविक-

सित हैं जिन में हिन्दुस्तान और अफ्रीका के दूसरे देश भी शामिल हैं।

रोम की जो सन्धि है उस के जो आर्टिकल्स हैं उन में साफ इस तरह की बात है कि जो उन के डिपेंडेंट मुल्क हैं, उन देशों से जोकि उन के ऊपर निर्भर होंगे, उन से उस के विशेष सम्बन्ध होंगे। इस के माने हैं कि वह उन का शोषण करना चाहता है। मैं इस सम्बन्ध में यह कहना चाहूँगा कि जहाँ पर हिन्दुस्तान के हितों की, हिन्दुस्तान के व्यापार के हितों की रक्षा की जानी चाहिये, उसी के साथ साथ हमें यह भी याद रखना चाहिये कि ब्रिटेन से हमेशा के लिये सम्बन्ध रख कर हम इस समस्या को हल नहीं कर सकते। इसलिये बिना किन्हीं ब्लाकों का ध्यान रखते हुए हिन्दुस्तान का विदेशी व्यापार सभी देशों के साथ अधिक से अधिक बढ़ाने की तैयारी करनी चाहिये।

यह सही है कि आप हिन्दुस्तान से ज्यादातर कच्चे माल का निर्यात कर सकते हैं, लेकिन कुछ दिनों के बाद हिन्दुस्तान बने हुए माल के निर्यात करने की स्थिति में होगा। उस वक्त मैं समझता हूँ कि योरप के उन देशों के साथ, जिन्हें ई० ई० सी० या ई० सी० एम० के देश कहा जा सकता है, हिन्दुस्तान से माल के निर्यात होने का प्रश्न अधिक नहीं उठेगा। जब तक कच्चा माल जाता है तब तक ही यह सवाल उठेगा। इसलिये मैं चाहूँगा कि हिन्दुस्तान की सरकार इस समस्या पर गम्भीर रूप से इस तरह सोचे कि पश्चिमी योरप के अलावा जो मुल्क ऐसे हैं जिन से हमें पक्का या बना हुआ माल बड़ी तादाद में मिल सकता है उन से उसे लिया जाय। जब तक इस तरह की स्थिति नहीं होती है तब तक मैं समझता हूँ कि इस के अलावा कोई चारा नहीं हो सकता कि हम ब्रिटेन से यह सिफारिश करें, ब्रिटेन पर यह जोन डालें, कि हिन्दुस्तान को अभी तक जो नुविधायें ब्रिटेन को माल निर्यात करने के लिये मिलती रही हैं, वे उन को प्राप्ति

रहें। यह स्पष्ट है कि इस सदन में जो चर्चा हुई है और मुल्क में बाहर जो विचार इस सम्बन्ध में प्रकट किये गये हैं उन से मालूम होता है कि हिन्दुस्तान का जो माल ब्रिटेन जा रहा है और उन की जो मुविधायें भारत को मिली हुई हैं, अगर वे मुविधायें नहीं रहती हैं तो निश्चित रूप से हम उन मुल्कों से, जो हम में आगे बढ़े हुए हैं, जिन की अर्थव्यवस्था विकासशील है, मुकाबला नहीं कर सकेंगे। ख़ास तौर से जो कपड़े का सवाल है, जो चाय का सवाल है, जो जूट का सवाल है, यह इस तरह के सवाल हैं, जिन से हम काफी विदेशी मुद्रा प्राप्त करते हैं, और जिस पर हमारा विदेशी व्यापार भी बहुत बड़ी तादाद में निर्भर करता है। इन्होंने जहाँ तक हो सके वित्त मंत्री को यह प्रयत्न करना चाहिये कि जो मुविधायें हिन्दुस्तान को अब तक रही हैं वे रहें और इस के लिये मैंने अपने संशोधन में एक बात रखने का कांशिश की थी। मुझे मालूम पड़ा कि यह संशोधन इस प्रस्ताव में नहीं आ सकता कि हिन्दुस्तान को कामनवैल्य से अलग हो जाना चाहिये।

कहा जा सकता है कि हम कुछ लोग हैं जो हमेशा एक ही तरह सोचते हैं, चाहे दिन हो या रात हमेशा हम यही कहेंगे कि हमें कामनवैल्य में नहीं रहना चाहिये।

Mr. Chairman: I have ruled that portion out of order. That is a political question and not an economic question.

श्री बजराराज सिंह : मैं यह जानता हूँ कि आप ने इसे आउट ऑफ़ ऑर्डर घोषित कर दिया है। जहाँ तक राजनीतिक प्रश्न का सवाल है, यदि हम इसे सारे यूरोपियन कामन मार्केट की व्यवस्था को देखें तो यह सब राजनीति से सम्बन्धित है, लेकिन मैं आप के आदेश को मानता हूँ और इस पर कोई चर्चा नहीं करूँगा। लेकिन मैं एक बात मानता हूँ कि अगर ब्रिटेन को यह मालूम होता कि हिन्दुस्तान हमेशा हमेशा

के लिये उस का पिछलगुआ बनने वाला नहीं है तो शायद वह यूरोपियन कामन मार्केट में शामिल होने से पहले कुछ ज्यादा ध्यान इस बात पर देता। लेकिन चूँकि ब्रिटेन को मालूम है कि हिन्दुस्तान हमारा पिछलगुआ है, चाहे वह विदेशनीति का मामला हो या कोई और मामला हो, इसलिये उस ने इस मामले पर ध्यानपूर्वक विचार नहीं किया।

यह यूरोपियन कामन मार्केट एक राजनीतिक प्रश्न है, इसमें आर्थिक कोई चीज नहीं है। यह तो पूर्वी यूरोप के प्रदेशों के साथ कम्पैटिशन करने के लिए एक प्रकार की गुटबन्दी है। लेकिन मैं इसमें इस समय नहीं जाना चाहता। इस समय तो मैं हिन्दुस्तान के हितों की रक्षा के बारे में कहना चाहता हूँ।

जहाँ तक हिन्दुस्तान के हितों की रक्षा का प्रश्न है हमको प्रयत्न करना चाहिये कि हिन्दुस्तान को ब्रिटिश मार्केट में इस समय जो मुविधायें मिली हुई हैं उनको कायम रखा जाए भन्ने ही ब्रिटेन कामन मार्केट में शामिल हो जाए।

इसके साथ साथ मैं यह भी समझता हूँ कि हिन्दुस्तानको कुछ नए मार्गों का भी दर्शन करना चाहिए। मैं समझता हूँ कि दुनिया का जो राजनीतिक मार्ग है उसी के अनुसार यह आर्थिक मार्ग भी होगा। वे देश जिनकी नीति हिन्दुस्तान की नीति से मेल खाती है और जो अविक्सित या अर्ध-विकसित हैं, जिनमें एशिया के बहुत से देश आते हैं, और अफ्रीका के नवोदित राष्ट्र जो नई दई आजादी प्राप्त कर रहे हैं उनको एकत्र हो कर अपने व्यापार के सम्बन्ध में भी समुचित नीति निर्धारित करने का प्रयत्न करना चाहिए। अगर ऐसा किया जायेगा तो मैं समझता हूँ कि भविष्य के लिए कुछ अच्छी नीति निर्धारित की जा सकेगी।

[श्री ब्रज राज सिंह]

मुझे मालूम है कि वित्त मंत्री जी इस सम्बन्ध में चर्चा चलाने के लिए बाहर जा रहे हैं। मुझे आशा है कि वह हिन्दुस्तान के हितों की रक्षा करने में समर्थ होंगे।

Shri Morarji Desai: Mr. Chairman, I thank all the hon. Members who took part in this discussion on the Common market and the United Kingdom's joining it and the repercussions on our trade, as a result. I must confess that I have not become very much wiser, as a result, to find out what more I have got to do just now and what effective steps I can take to resolve the difficulties which are known to all of us.

We are all commonly concerned about the difficulties that have arisen and are likely to be faced by us when the United Kingdom actually joins the Common market. We ought not to either get angry or consider this question from dislike of some countries or from only the advantages accruing to us. After all, it is not only we who are concerned for our prosperity. All the countries in the world are concerned for their prosperity. The Common market countries, the U.K. and such other countries are all developed countries and prosperous countries. Then, there are countries like ours which are under-developed countries and are not prosperous. We want to be prosperous and we face many difficulties in attaining prosperity. But, the countries which are already prosperous are also nervous as regards maintaining their prosperity. Therefore, they have also to be careful to look after themselves. If, in the process of looking after themselves, they form a common union, we have no right to say, I think, you have no business to arrange your affairs among yourselves. But, we have every right to say that, whereas you protect yourself, you should not do so at our cost. But, saying that is not implementing it.

After all, the United Kingdom did not want to join the Common market

for sometime. But, it has become now a necessity for them to do so, as they consider it. It is not for us to say that they should not join it. I do not think that would be right. I do not believe that the U.K. would join the Common market if they were convinced that by not joining it, the Commonwealth would be strengthened and they also will remain prosperous and be strengthened. But, if they come to the conclusion that by not joining the Common market, they are going to harm themselves and also harm the Commonwealth, because it will not increase the total amount of trade in the Commonwealth that way, then, they have not much of a choice left. They are considering this problem from that point of view.

We have conveyed to the U.K. and also other countries of the Commonwealth have conveyed that we are very much disturbed by this new development and that in whatever the U.K. does, they must bear in mind our difficulties and try to solve them. We suggest to them what should be done. But, it does not lie in their hands to apply this solution. It will depend upon the acceptance of the solution by the Common market countries. It is a question of the skill applied by both sides and the interest of both sides where it lies.

I do not think it will very helpful if we try to go at them or find fault with them or tell them, "you must do this and if you do not do this, we will get angry and we shall tell you what we want to tell you." That does not help us. What will help us is a consideration of the whole situation and patient negotiations with all of them to increase our export trade. That, we are engaged in doing. We are taking all the steps necessary to see that we diversify our trade. Of course, my hon. friend Shri Braj Raj Singh said that we should diversify our trade to Asia-African countries. I believe the word used by him is wrong. What he meant was, divert it

there probably. There is a lot of difference between diversifying and diverting. I do not think diverting does us any good. That does not increase the amount of trade. What is required is that we must have trade with all countries. By 'diversifying' we mean that we must export more and more items, and those items which will bring us more and more benefit and which will also give us a lasting trade.

15.30½ hrs.

[SHRI HEDA in the Chair]

Shri Indrajit Gupta: It means more markets for us.

Shri Morarji Desai: It means more and more markets; it means more and more countries; otherwise, how can there be more and more markets? There is only one market in one country. Therefore, there must be more countries. In more countries, we must have markets, and that is what we are trying to do. In that process, it is no use saying that because we are tied down to the Commonwealth, therefore, we are suffering.

The preferences that we are enjoying today in the Commonwealth are more in our favour than in favour of England, for the last many years, in fact, even before Independence. Therefore, we are not tied to them. We are there voluntarily for mutual benefit. There are several advantages in it. Therefore, we are there.

Shri Indrajit Gupta: It means that they pay less for our goods.

Shri Morarji Desai: It is no use my trying to enter into an argument with a prejudiced mind. It is decided by my hon. friend in his mind that this connection is no good, and it must be cut off. With that mind, it is impossible to convince him, and I am not going to dilate on it. But it is to our advantage, and if my hon. friend wants to see it, I am prepared to give him the figures, and he will see it. I have no doubt about it. There

1177 (A) LSD—8.

are far more preferences enjoyed by us than by them. There was a time when they enjoyed more and we less, but the whole thing has turned, and now it is different.

But preferences also are not a thing which must be permanently carried on. That is what we also feel, because it is wrong assumption on which prosperity can be based. But when once preferences are enjoyed, it is difficult to give them up, because they cause you harm immediately before you are adjusted to it, and that is the position which we have got to face today, and we are trying to face it as best as we can. I have no doubt that we shall be able to face it and find out solutions which ultimately will benefit us.

It is not also a matter which can be taken for granted that the United Kingdom's joining the Common Market will harm us under all circumstances. It is possible that if some arrangements are made, it might increase our trade also. If they are not made, they will harm us also much more. Both these things are true. But what should be done and what should not be done is difficult to specify at a stage when delicate negotiations are going on; and at this stage to evaluate various things and to give up all negotiations in such a manner that they will be handicapped from the very beginning would not be wisdom or prudence. It was therefore that my hon. friend who moved the motion complained that I had not given more information to him to consider. This was the reason why that was not done; in fact, it cannot be done; it would not even be wise to have done it. I do not think that my hon. friend also expects that that should be done. And, yet, of course, debating points are made, and they should be made. I have no quarrel with that. But I cannot get into debating points. That is my difficulty.

Shri Nagi Reddy: The hon. Minister always does it.

Shri Morarji Desai: I do it in reply. I do not create any debating points. They are only left to my hon. friends opposite. If I did not reply then they will think that I have swallowed them. Therefore, they must know where they are, and I must put them in their places. Otherwise, where would I be? But, then, it should not be said that I have created the points. I have created no points.

Therefore, I would say that this is a matter where our purpose is common. If our methods are common, then we would be strengthened much more. But if that is not so, then whatever common wisdom we can pool we shall utilise, and we shall try to see that we strengthen ourselves as much as we can.

The question of exports is a very vital question with us, not only now for our development but for all time to come. We have got to reach a stage where our exports are larger than our imports. But, today, our exports are not larger than our imports, because we import capital goods and raw materials for our industries, and component parts, which are very vital for our development, and they go on increasing for some time. But the exports do not correspondingly increase.

I do not think that it would be a correct criticism to make that no attempts are made to increase the exports. We are struggling to increase the exports. It is not an easy affair in a competitive world especially when we have not reached the strength to compete with those who have attained the strength earlier than we, but we hope to do that in the shortest time possible, and that is what we have embarked upon.

Nobody is going to buy from us for the pleasure of buying from us or to oblige us. It is also true that aid cannot take the place of trade. That is what we have told them. This is recognised also by the developing

countries, and that is a fortunate sign for the world today. There was a time when the developing countries developed at the cost of others. Today, they are realising that that is not a right position for the world. And, fortunately, this is recognised all around. But recognition is one thing, and giving up one's interest to benefit somebody else's is another thing. I do not know if my hon. friends who advise me about this also can do the same thing and benefit others at their own cost. This philanthropic nature is given only to a few people in the world, not, at any rate, to countries. And yet, we are being helped today. Under-developed countries also are being helped; it is not that they are not helped. But we cannot say that we must be helped at their cost completely. I do not think that that would be even a help that is properly given. It is, therefore, that we are trying to find out various methods whereby we shall go on increasing our exports. We have told them about this.

In the matter of the United Kingdom, what we import from them is almost equal to what we export to them. It is somewhere about Rs. 180 crores. But in the matter of the Common Market countries, we import from them about Rs. 190 crores worth of goods. These are very rough figures; and we export to them less than Rs. 50 crores worth of goods. It is not that they are forcing us or bullying us into buying from them. We have got to buy from them for our own convenience. I do not think that anybody is beating us into it. We have got to do so.

I can be very easily asked by my hon. friend Shri Braj Raj Singh that I must go to the Afro-Asian countries to do all this. I cannot import these things from those countries.

Shri Braj Raj Singh: I never said so. I only said that after some time we shall be reaching that position.

Shri Morarji Desai: But, does he know that we export less to the Afro-Asian countries also, and we import more from them? And we have got to persuade them also to buy more from us. That is the position which is there. But there also, we have got to be patient and to find out solutions for this situation and see that we balance our trade as early as possible.

15.39 hrs.

[MR. SPEAKER in the Chair.]

It is for that purpose that we are also developing our industries and building up our economy as fast as we can. That is certainly the purpose of all our Plans.

In the process, several difficulties arise like this difficulty, which is a real difficulty, of the United Kingdom joining the Common Market. But that is not a difficulty created by the United Kingdom itself. That happened because the Common Market, was formed in 1958, and the United Kingdom now is in a position where it finds that it has to join the Common Market. My statement describes what we have told them, what our position is and what we expect to do. I do not think I can say anything more than that at present in any more clear terms. If I cannot do so, I have got to admit that I cannot. It is not that I am withholding anything from hon. Members. Far be it from me to withhold anything from hon. Members. It is not right that I should do so. I have no doubt in my mind that I have the strength of the whole House in what I am doing. Even my hon. friends who may differ from me would support me in whatever I am doing, even though they may tear it here and there. That is a different matter. This is because ultimately it is the interest of our own trade which I am trying to ensure.

Therefore, the amendments which have been proposed, if examined, will show that they do not help me at all. Otherwise, I should have certainly accepted them. Why should I not

accept them? That is what I am trying to analyse. Taking the amendment of my hon. friend, Shri Mohammed Imam, he says:

"This House having considered the situation created by the decision of the U.K. Government to join the European Common Market is of the opinion that the Government of India shall ensure.....".

I do not know what that sort of order will do, whether that order is going to achieve anything. How is it going to ensure? Ultimately, U.K. Government has got to accept some things.

Shri Mohammed Imam: Satisfy themselves.

Shri Morarji Desai: We are satisfying ourselves. The U.K. Government also accept the position and they are trying to do what they can. That is the position about which I have assured myself and I am satisfied about it. If they are not able to do something, it means that their position is not accepted by the Common Market countries. They have got to persuade them, and we should be helpful in seeing that they are able to persuade them to do so. That is what we are trying to do.

Then it says:

"...takes all steps necessary to maintain and increase the present export trade of India with Britain and other countries of ECM by a substantial liberalisation of their tariff policy".

That is all right. These are various methods which have to be taken, but they have to be agreed to. This is what has been said. This is what they are trying to do. But what exactly will be done is difficult to say just now. The U.K. authorities are keeping us and the other members of the Commonwealth in touch at the time of the negotiations also.

Therefore, we are trying to see how best we can make use even of this

[Shri Morarji Desai]

situation. After all difficulties arise to test our capacities. But I also believe that difficulties can be taken advantage of to increase our capacities. That is what ultimately will be the result even from this situation, as I hope and trust. It exercises our minds. We were not able to increase our exports substantially. I believe this difficulty will now spur us on to several methods which might enable us to increase our exports more quickly than before. That is how we want to utilise this difficulty.

Therefore, we are also trying to establish our relations with the Common Market countries and see that we export more to them. We have also said to all these countries that ultimately it is a matter where we have got to see to it that there is a balance of trade properly observed between us. We cannot go on always having a *minus* balance and ruining ourselves throughout. That we cannot do, and no amount of aid is going to benefit us. That is the aim with which we are working in our planned development. Therefore, this amendment does not take us anywhere beyond what we are doing.

The second amendment—I have already dealt with it—is by Shri Braj Raj Singh. We are trying to have more and more trade with Afro-Asian countries, but we do not want to say that we will have no trade with others.

Shri Braj Raj Singh: I never said that.

Shri Morarji Desai: But that is the meaning.

Shri Braj Raj Singh: I said that the balance of trade should be shifted.

Shri Morarji Desai: Then I do not know if words have any meaning—pardon me for saying that. I have got to say this. I do not understand it at all. So far as this amendment is concerned, it does not help anybody, not even himself (*Interruption*). He has

not dealt with trade and therefore he uses words which do not fit in with trade.

Taking the third amendment the amendment of my hon. friends of the Communist Group that is the same as was there in the Rajya Sabha.

Shri Nagi Reddy: But it is constructive.

Shri Morarji Desai: They always trade under a constructive name for destructive ends. That is their policy, which is now no secret from anybody.

Shri Jaipal Singh (Ranchi West—Reserved-Sch. Tribes): I think a very important point of convention is raised by what my hon. friend has just said. We have yet to decide whether what is said in the other House can be mentioned here. I would like a ruling on that.

Shri Morarji Desai: I only said that it is the same amendment as was moved in the Rajya Sabha. I have not said anything more of what was said in the Rajya Sabha. I think I can make a reference to it.

Shri Sadhan Gupta (Calcutta-East): No, no.

Mr. Speaker: He wants only to say that the Party is consistent.

Shri Sadhan Gupta: The proceedings of the Rajya Sabha cannot be referred to here.

Shri Morarji Desai: Their amendment says:

“elimination from all foreign collaboration agreements, present and future, of any manner of restrictions placed on the export of Indian manufactures”.

It is true that in the earlier years when we were very anxious to see that several industries were established here for local manufacture so

trialisation, we have had to take terms which they would give us. Therefore, when we entered into agreements, we cannot go beyond them, but we are also trying to see that those agreements are varied and that any restrictions that are there are taken away. We are succeeding also in several of them. But by merely using such language, nobody is going to oblige us. We have got to do it by being reasonable and not by bringing in extraneous arguments. That is all that I have got to say.

Shri Nagi Reddy: There is nothing extraneous about it.

Shri Morarji Desai: The extraneous factor is the prejudice against these people.

An Hon. Member: They are having unequal trade relations.

Shri Morarji Desai: Whatever agreements are now made do specify these things and they are helpful also in this matter. That we ought to recognise. Ultimately, if somebody collaborates with us in our trade or for our industry, he is not going to do it by hurting himself, if that is what we expect. Why should it be? (*Interruptions*). There is bound to be the other factor. I admit it. That is probably a human failing. There is nothing wrong in it. But I must say that they are also realising that this thing cannot last. Therefore, it is best that they collaborate with us, create markets in India and not lose them.

Shri Prabhat Kar (Hooghly): So it is not extraneous.

Shri Morarji Desai: It is extraneous in the sense that they doubt their motives all the while.

Shri Indrajit Gupta: It is a question of good, solid, business motive.

Shri Morarji Desai: Good. Then do not attribute motives. That is the same consideration whether you go to one country or another, one bloc

or another. The same considerations are there. Everybody tries to have as much opportunities as he can, if he is able to run away with them (*Interruptions*).

Mr. Speaker: I cannot allow a concurrent debate to go on.

Shri Moraji Desai: In this matter let us, therefore, have a proper attitude towards all people if we want to increase our trade properly all round.

Then it speaks of nationalisation of the export trade in such major export commodities as tea and jute goods through State Trading Corporation. Export trade is not a thing which can be done merely by the asking. It requires negotiations and a lot of other things whereby it can be maintained and increased. If by nationalisation we could have done it, we would not have hesitated to do so, but I have no doubt that if we nationalise this at this stage, we will curtail our trade and even lose it. It is therefore that we cannot do it, and I cannot accept this advice.

Then it is said: let there be a thorough re-examination of our trade policy and energetic steps taken to diversify our trade. Does my hon. friend think that it is done only now, and it should be done only in the future? It is being done every year and every month, and it will continue to be done every year and every month in future, because that is how you can go on maintaining your trade and your exports and also curtailing your imports. That is how you can do it, that is what we are trying to do all the while.

Then, channelising our export trade through Indian banks. Wherever that is possible, we do that, but the country with which we trade will also say the same thing. Then it becomes a matter of the balance of convenience or the balance of advantage between the two, and whatever is advantageous we do. We are not in a position where we can say: take it or leave. Perhaps the other people are in that

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position, and it is good that they do not tell us so being excited by what my hon. friends say.

Shri Nagi Reddy: They will lose their profits, they will not say that. We must say it.

Shri Morarji Desai: It is not always for profits that things are being done.

Shri Nagi Reddy: Yes, always in trade and banking.

Shri Morarji Desai: It is also the consideration of my hon. friends and their friends which is also responsible sometimes.

Then, it speaks about the reorganization of the work of the export promotion council. There are several export promotion councils, not one. For different items we are going on doing it, and we are increasing them also; and we are increasing their work. Therefore, this is also something which is said because my hon. friends do not know what exactly is being done.

It will thus be seen that this amendment also does not tell us anything which is going to benefit us, or anything in which there is something new. What is new does not benefit us; what is old does not require to be accepted because it is already being done. It is therefore that I cannot accept these amendments.

Mr. Speaker: Need I put the substitute motions?

Shri Nagi Reddy: The hon. Member who opened the discussion should be given a chance to reply.

Mr. Speaker: Does he want to say anything?

Shri Kasliwal: I have nothing particular to reply. I think the hon. Minister has already covered all the ground.

Mr. Speaker: I thought so

Substitute Motion No. 1. Shri Mohammed Imam.

Shri Mohammed Imam: I am not pressing.

Mr. Speaker: Has the hon. Member the leave of the House to withdraw his motion?

Hon. Members: Yes.

The motion was, by leave, withdrawn.

Mr. Speaker: Substitute Motion No. 2. Shri Braj Raj Singh.

Shri Braj Raj Singh: I am not pressing.

Mr. Speaker: Has the hon. Member the leave of the House to withdraw his motion?

Hon. Members: Yes.

The motion was, by leave, withdrawn.

Mr. Speaker: Substitute Motion No. 3. Shri Indrajit Gupta.

Shri Indrajit Gupta: A voice vote may be taken.

Mr. Speaker: Now I put Substitute Motion No. 3 to the vote of the House.

The motion was put and negatived.

The Substitute Motion is lost. The original motion is not put to the vote of the House.

15.55 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

EIGHTY-NINTH REPORT

Sardar A. S. Saigal (Jangjir): I beg to move:

"That this House agrees with the Eighty-ninth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 6th September, 1961."