

LOK SABHA DEBATES

1

LOK SABHA

Friday, December 13, 1985
Agrahayana 22, 1907 (Saka)

The Lok Sabha met at
Eleven of the Clock

[English]

[MR. DEPUTY-SPEAKER in the
Chair]

OBITUARY REFERENCE

[English]

MR. DEPUTY-SPEAKER : I have to inform the House of the sad demise of Dr. Chelikani Venkata Rama Rao, who was a Member of the First Lok Sabha during 1952-57 representing Kakinada constituency of the then composite State of Madras.

A veteran freedom fighter, he actively participated in the freedom movement and suffered imprisonment several times. Medical doctor by profession and a well-known social worker, he relentlessly worked for the uplift of the weaker sections of society.

Dr. Chelikani Venkata Rama Rao passed away on 25 September, 1985 at Ramachandrapuram in Andhra Pradesh at the age of 85 years.

We deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for a short while to express its sorrow.

(The Members then stood in silence for
a short while)

2

ORAL ANSWERS TO QUESTIONS

[English]

MR. DEPUTY-SPEAKER : Now, we will take up questions. Questions No. 368—Shri Priya Ranjan Das Munsi—Not present. Question No. 369—Shri Sriballav Panigrahi—Not present. Question No. 370—Shri Manik Reddy, Shri M. Raghuma Reddy—Not present. Question No. 371—Not here. Question No. 372—Shri Sharad Dighe—Not here. Question No. 373—Shri Sanat Kumar Mandal—Not present. Question No. 374—Shri E. Ayyapu Reddy—Not present. Question No. 375—Prof. Nirmala Kumari Shaktawat. Yes she is here. The lady Member coming to the rescue.

Reported us Charge Against Third World Countries About Blocking New Round of Trade Liberalisation Talks

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*375. PROF. NIRMALA KUMARI
SHAKTAWAT :
SHRIMATI GEETA MUKHER-
JEE :

Will the Minister of COMMERCE be pleased to state :

(a) whether Government are aware of press reports that U. S. is blaming some third world countries with regard to blocking of new round of trade liberalisation talks;

(b) if so, which are the countries so names;

(c) what policy U.S. is adopting against these countries regarding trade; and

(d) what is India's attitude in this regard ?

THE MINISTER OF STATE OF THE
MINISTRY OF TEXTILES (SHRI
KHURSHID ALAM KHAN) : (a) to (d).
A statement is given below.

Statement

Reports have appeared in the press on the testimony given by the US Trade Representative alleging that some third world countries including India, Brazil, Yugoslavia, Egypt, Nigeria and Argentina were blocking a new round of multilateral trade negotiations in GATT. The testimony as reported also inter-alia referred to the possibility of withdrawal of the tariff concessions from these countries under the Generalised System of Preferences (GSP) and convening of a Conference in Washington to negotiate on trade matters outside the GATT forum. No action has however been taken by USA so far in pursuance of this testimony.

It is not correct that some third world countries had been blocking the new round of trade negotiations as such. They wanted commitments already undertaken in GATT to be implemented and the multilateral trading system strengthened by implementing the Work Programme approved at the Ministerial Session of GATT in 1982. They are opposed to inclusion in the proposed New Round of new issues not germane to GATT such as services. A consensus decision has now been reached on 28 November 1985 at the forty-first session of the GATT CONTRACTING PARTIES held at Geneva to set up a Preparatory Committee to determine the objectives, subject matter and modalities for the proposed multilateral trade negotiations. The Preparatory Committee will prepare by mid-July, 1986 recommendations for the programme of negotiations for adoption at a Ministerial Meeting to be held in September, 1986.

As regards services, CONTRACTING PARTIES have taken a separate consensus decision to continue the exchange of information in pursuance of the earlier decisions and prepare recommendations, for consideration by the CONTRACTING PARTIES at its next session, on the question of whether any multilateral action in these matters is appropriate and desirable.

India and USA as well as other countries—both developed and developing are expected to participate in the deliberations of the Preparatory Committee.

[Translation]

PROF. NIRMALA KUMARI SHAKTAWAT : Mr. Deputy-Speaker, Sir, through you, I want to ask the hon. Minister whether U.S. is blaming the developing countries—Brazil, Yugoslavia, Nigeria and Argentina—that they are violating the GATT Agreement? Is it a fact that U.S.A. want services to be included in trade?

I also want to know whether it is a fact that the U.S. representative, Mr. Clayton has threatened that if these conditions are not accepted, they will ban import of duty free raw material and will be free for talks outside GATT?

[English]

SHRI KHURSHID ALAM KHAN : The hon. lady Member is correct in saying that Mr. Clayton has said this; in his testimony before the Senate Committee, he has mentioned about all this. But I am glad to be able to say that the USA Administration has not taken any action. The main problem is that India and the other countries like Brazil, Yugoslavia, Egypt, Nigeria and Argentina have been pleading that in GATT, all the decisions that were taken in the Tokyo negotiations must be implemented first; and we are not in favour of bringing the Services within the ambit of the GATT because if the Services are brought within GATT, they will not be very helpful. Rather they will be harmful to the developing countries.

[Translation]

PROF. NIRMALA KUMARI SHAKTAWAT : According to Reagan economics, a distinct restriction is imposed on the developing and poor countries and the rates of interest are also kept high. This will cause heavy financial loss to the Third World countries. Since India is a prominent country in the Third World, have any talks been held with President Reagan or with any U.S. representative in this regard and if so, what are the results thereof?

[English]

SHRI KHURSHID ALAM KHAN : There is no question of having any talk

with President Reagan in this matter. Really speaking, the negotiations have to be carried out in the GATT meeting; and a preparatory committee has been set up which will consider the objectives, aims and these suggestions. In this committee, the developing countries and the developed countries are represented—including India.

SHRI ANAND GAJAPATHI RAJU : Today, proposals have been put by the US Government to include Services also in the GATT agreement. What is going to be our strategy to see that we safeguard our interests, as far as seeing that the Services are not included in trade liberalization, because we are a third world country; and our industry is also nascent ?

Secondly, will counter-measures be taken by India to safeguard its interests, and also to increase South-South cooperation, so that we are in a better bargaining position; and in a more effective way we are able to conserve our trade interests ?

SHRI KHURSHID ALAM KHAN : As I already mentioned, a member of important developing countries are against bringing these Services within the ambit of the GATT. Naturally, they want to safeguard their interests because they feel that if the Services are so brought; it will be harmful for the developing countries; and they will not be in a position to properly compete with the developed countries.

SHRI RAM SINGH YADAV : The present Reagan Administration has adopted a policy of protectionism as regards trade; and it is so clear that the American Government or the Reagan Administration has lowered down; 30% of the price of goods which are being consumed in America. And this also goes against the developing countries. What steps is the Government of India taking to meet this economic policy of the Reagan Administration ?

SHRI KHURSHID ALAM KHAN : As far as our exports to the USA are concerned, they are governed by the multi-lateral agreements and so far there has been no change in those agreements.

PROF. N. G. RANGA : What is meant by services ?

SHRI EDUARDO FALEIRO : The American position seems to be that services should flow in American services developing countries should flow in particularly in the sectors of banking and insurance for instance which have been nationalised by us; they are serving some definite social purpose. And if we allow the American banking and insurance companies to come our foreign exchange will go away which we cannot allow. Now, the threat given by them is that if we do not allow, then duty free import of goods in the U.S., of manufactured goods and minerals from India will be affected and this concession will go.

I would like to know from the hon-Minister first, what is our strategy to see that this damage is not done, and secondly what are the Minister and the Government doing about quotas in the field of textiles and duty on imports from India ? The Indian textiles are subject to quotas while the European textiles are not subject to any quota. What are the Minister and the Government doing on the second aspect, of discrimination as far as the imports from the developing countries into the United States is concerned ?

SHRI KHURSHID ALAM KHAN : As the hon. Member wanted to know, first what are the services—very rightly—they are banking, insurance, communications, civil aviation, shipping, data-processing and the consultancy services. These are the services. And naturally these are services which will be harmful if they are allowed to be brought in the ambit of GATT and the developing countries, including India, will suffer on this account.

It is a fact that there are certain restrictions regarding the imports textiles into USA, but whatever our bilateral agreements with the U.S.A., those bilateral agreements are so far generally honoured and we are in a position to export according to the quotas allowed and the bilateral agreements, in force in fact, incorporate all those quotas which are covered by bilateral agreements.

[*Translation*]

SHRI BALKAVI BAIRAGI : The hon. Minister has stated in his reply to the lady

Member's question that no talks have been held with President Reagan, but a Preparatory Committee has been set up. Will the hon. Minister be pleased to state the names of the countries which have been included as Members in this Committee?

SHRI KHURSHID ALAM KHAN : As I stated earlier, the representatives of both the developed and the developing countries have been included in the Committee. Normally, trade level representatives are included in the Committee. We also have a representative there; the Secretary in the Ministry of Commerce is our representative there.

[English]

MR. DEPUTY-SPEAKER : Shri Jitendra Singh. The hon. Member is absent.

Shri Braja Mohan Mohanty. The hon. Member is absent.

Shri Rameshwar Nikhara. The hon. Member is absent.

Shri V. S. Krishna Iyer.

Melting of Coins for Making Handicrafts and Utensils

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*378. **SHRI V. S. KRISHNA IYER :**
SHRI RAMESHWAR
NEEKHRA :

Will the Minister of FINANCE be pleased to state :

(a) whether it has come to the notice of Government that coin shortage in the country is due to melting of coins by some persons for making handicrafts and utensils;

(b) if so, how many such cases have been detected; and

(c) the action to prevent the melting of coins?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c) : A statement is given below.

Statement

(a) unconfirmed reports have been received from various parts of the country

regarding melting of coins for making of costume jewellery, utensils etc. The matter is being investigated.

(b) the Small Coins (Offences) Act, 1971, empowers the Government to take legal action against any person who melts or destroys small coins. Instructions to the various State Governments/Union Territories have been issued to take action in the light of the Small Coins (Offences) Act, 1971, under report of this Ministry, immediately whenever melting of coins for any purpose is reported. No such report has been received so far.

(c) in addition to what has been stated in reply to part (b) above, steps have been taken by the Government to keep the face value higher than the metal value of the coin so as to make any large scale melting of coin for any commercial purpose economically not viable.

SHRI V. S. KRISHNA IYER : Even after the import of certain coins, the change position has not improved. It is very unfortunate. Unless something is done immediately I do not know what will happen in the future. The Government says, "Unconfirmed reports have been received from various parts of the country regarding melting of coins". Our mighty Governments—both in the States and the Centre—have not been able to unearth the rackets. Unless they do something, what will happen? May I know from the Government, what serious steps are going to be taken to unearth these rackets—that are going on in our country.

SHRI JANARDHANA POOJARY : I share the concern of the hon. Member. It is true that there are unconfirmed reports. Some action has been taken at Jaipur in one case in which coins worth about six hundred and odd rupees have been recovered and the person was arrested. Our Ministry has been writing to the State Governments for taking action against those who hoard the coins for melting purposes. Unfortunately, no action has been taken. Recently I have also written to the Chief Ministers to take action against the hoarders. I also request the hon. Members to prevail upon their respective State Governments to take action in this regard since it is a State sub-