

[27 November. 2000]

RAJYA SABHA

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Monday, the 27th November, 2000/6 Agrahayana, 1922 (Saka)

The House met at eleven of the clock,

MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

LOWER TRADE GAP

*101. SHRI K.C. KONDAIAH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state;

(a) whether it is a fact that during the first half of current financial year 00-01 there has been noticeable lower trade gap as a result of increase in port;

(b) if so, the details thereof; and

(c) the anticipated trade gap for whole financial year thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) and (b) Yes, Sir. The trade deficit for April-September, 2000-2001 is estimated at US \$4673.51 million which is lower than the deficit at US \$ 5012.88 million during April-September, 1999-2000.

(c) The export growth for the period April-September, 2000-2001 has been 22.04% in US dollar terms over the corresponding period last year based on the latest provisional figures as provided by Directorate General of Commercial Intelligence & Statistics (DGCIS), Calcutta, The target for export growth for the current year *i.e.* 2000-2001 is 18%. Imports are expected to be higher due to higher value of oil imports though non-oil imports have been lower by 1.85% during April- September, 2000 over the corresponding period last year. The higher exports is expected to substantially compensate for the rise in import bill due to high oil prices.

MR. CHAIRMAN: I think, Question No. 115 is nearly similar. So, both the Questions may be clubbed together. Question No. 115, Mr. Panda, Is he there? He is not there. All right.

SHRI K.C. KONDAIAH: Sir, the hon. Minister has laid a statement on the Table of the House. It is quite alarming that though the exports have increased, the imports have also been on the rise. With the result, the gap in the foreign exchange is narrowing down. Sir, against the target of 6 per cent of imports, 15 per cent of imports took place in the country. With the result, the foreign exchange reserves are coming down. So, I would like to know as to what steps the Government is taking to boost the exports or to control the imports into the country. For example, according to the WTO Agreement, Quantitative Restrictions on more than 750 items had been relaxed. With this, on the one hand we are facing oil import crisis and on the other hand we are importing other items according to one's whims and fancies. The items which we are importing into the country include even fruits, ornamental flowers, etc. I would like to know from the hon. Minister whether this country can afford to import these items and whether there is any mechanism with the Government to control these imports, at least, to maintain the gap in the foreign exchange reserves. This is my first supplementary.

SHRI OMAR ABDULLAH: Mr. Chairman, Sir, according to the figures that I have placed on the Table of the House, our exports have grown up by more than 22 per cent, cumulative. Our imports have grown up by about 18 per cent. But, there is no net outflow of foreign exchange. Our imports are actually growing at a slower rate. Our exports are growing at a very healthy rate. The only area of concern that we have is the import of oil. If you take non-oil imports the rate of growth has, actually, fallen by 1.85 per cent. So, we are working towards controlling the level of imports into the economy. As far as oil imports are concerned, it is an area of concern, but we are hoping that there will be a stabilisation in the global prices of oil so that some amount of rationalisation in the economy will take place. As far as controlling the imports are concerned, the hon. Member had talked about the WTO and the removal of Quantitative Restrictions. We had—is a fact—removed the Quantitative Restrictions on all items of imports, except for 714 items, on 31st March, 2000. Having said that, as I said, there is still a slow-down in the rate of growth of imports. This means, we are not importing the way everybody believes we are. There were areas of concern in some items. The hon. Member talked about importing certain fruits and agricultural items. I would like to submit that we have raised the levels of

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tariff so that we can give the necessary protection to the domestic producers. We have raised the tariff on apples. We have raised the tariff on wheat. We have raised the tariff on sugar so that necessary protection can be given to the producers. At the same time, from the studies the Ministry of Commerce have made, just looking at last year's or, rather this year's 714 items which we freed, there are almost 250 items on which no imports, whatsoever, have taken place. So, just because we have removed Quantitative Restrictions, does not necessarily imply that a flood of imports of these products is coming into the country.

SHRI K.C. KONDAIAH: Sir, whenever there is relaxation on imports, organisations import those items overnight. When there is a market for exports, there is a lot of red-tapism in the Department or in the Ministry to get the licences. In my constituency, a lot of iron ore reserves are lying waste. Two years back a party had identified the Chinese market for exports. But there is a canalising agency. The MMTC has to get the licence. They have to give WOC to others for export. When the Government is liberalising all the policies, why should this canalising agency be in the picture? I will give you an example. This year, 3 million tonnes of iron ore has been reserved for export; 2 million tonnes have been given to the MMTC. The MMTC, till this year, has exported hardly 0.5 million tonnes; while other parties have already completed their quota. The market is there, the exports are increasing but still, the foreign exchange is declining. So, why is the Government not thinking of further encouraging the exports? The agricultural crops are good in the country for the last 2-3 years. Even last year, there was surplus of sugar. They allowed exports at the last minute. But when they allowed the exports, there was no demand in the international market. This year also, the department would have assessed the agricultural production. This year also there is surplus. Maize, paddy, and so many other crops are surplus. Why is the Commerce Ministry not thinking in advance for exports? Can the Commerce Ministry request the Department of Commercial Intelligence and Statistics to assess the export market? Then, I would like to know whether the Government is planning to have an Export Zone in Karnataka in order to boost the IT-related exports. Will the hon. Minister throw light on this?

SHRI OMAR ABDULLAH: Mr. Chairman, Sir, the hon. Member has touched upon a number of subjects in his one supplementary. As far as the iron casting is concerned, this is a specific case; I would request the hon. Member if he could provide me the necessary information about this company. I would have this looked into. As far as agricultural exports are concerned, the fact of

the matter is, Sir, that just because we have a surplus in our country, does not necessarily mean that we will be able to find a market for these products, because, *m* a number of agricultural items, our cost is much higher than the cost prevailing in the global market. But, for those products, if we are able to find a market, we are aggressively marketing our agro produce and our agro industry production. Sugar is one item the hon. Member has talked about. Onion is another such item. We have allowed a large quantity of onions to be exported this year. We are also looking at further agro items that we can export. The third item that the hon. Member talked about was a Special Economic Zone or an Export Zone for Karnataka. As far as Special Economic Zones are concerned, the Ministry has identified and notified four existing EPZs to be converted into Special Economic Zones. In addition to this, we are now asking the State Governments and private sector enterprises to come forward with proposals for Special Economic Zones. We have a number of State Governments that have come forward, including Andhra Pradesh and Tamil Nadu. We even have a private party, called Positra, for Gujarat which has come forward to set up a Special Economic Zone. If a proposal is received from the Karnataka Government to set up a Special Economic Zone, we will be very happy to consider it. As far as information technology and IT-related exports are concerned, they are actually dealt with by the Ministry of Information Technology. So, this question can be put to them.

प्रो. रामवरुण सिंह वर्मा : सभापति महोदय, मैं मंत्री जी द्वारा दिए गए उत्तर से संबंधित कुछ बातें मालूम करना चाहता हूँ कि कृषि उत्पादों के किन-किन उत्पादों के आयात और निर्यात में वृद्धि हुई है? क्या आयात-निर्यात के वर्तमान ट्रेंड से भारत के कृषि क्षेत्र और किसानों पर कोई विपरीत प्रभाव पड़ने की संभावना उत्पन्न हो गई है? यदि उत्पन्न हो गई है तो कृषि क्षेत्र और किसानों को प्रोत्साहन देने के लिए सरकार द्वारा क्या-क्या उपाय किए गए हैं?

SHRI OMAR ABDULLAH: Sir, as this is a general question on imports and exports, I do not have the detailed figures of all the products that we are importing and exporting because the files would have been too big to carry. All I can say is, agriculture and allied items have shown a negative growth of about 2% this year in terms of exports. If the hon. Member wants the details of all the products and the trends that they have shown, I will make them available to him. As far as imports and exports of agricultural items are concerned, as I mentioned, we are constantly monitoring the level of imports that are coming into our economy. As and when we feel that there is a need to address certain concerns, because of more imports coming in than we require, we take measures

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with regard to tariff. As I mentioned, for certain products like apples, wheat, sugar, tariff levels were raised; and, in fact, for edible oil, for a while, we required some quantity, but when we found that more edible oil than we required was coming into the economy, we raised the tariff twice this year, on edible oil, to check free imports. As far as exports are concerned, I would say, just because we have surplus does not necessarily mean that we will be able to export, because the cost of some products in the agro-sector is much higher than the global prices. But, for those products, where we find that we are price competitive, we take measures in that direction. The APEDA, an export wing concerned with export promotion of agro produces, is very seriously looking at both, existing markets and also taking measures for developing new markets for the export of agro products.

SHRI PRANAB MUKHERJEE: Sir, I must compliment the young Minister for his grasp on the subject and the way he is responding to the questions. No doubt, this is a little refreshing so far as the performance of this Government is concerned, that after many years, there has been a growth in exports. Though the targeted growth was 18% in the first six months, it was 22% in US dollar terms. But you practically forgot what it was during the last 4-5 years i.e. from 1996-97 onwards. And I am a little disturbed about what the hon. Minister has said in his statement; about the slowing down of non-oil imports by 1.85%. Would he tell us what are the areas where there has been a slow down; is it in capital goods, in raw materials, intermediaries which are needed to expand our industrial activities? Whether the fact that industry has not yet picked up is one of the reasons why the non-oil imports have gone down?

SHRI OMAR ABDULLAH: Sir, as I mentioned, this being a general question, I do not have the detailed break-up of all

SHRI PRANAB MUKHERJEE: You can give it later on.

SHRI OMAR ABDULLAH: I will make the figures available to the hon. Member. So, far as the slowing down of non-oil imports is concerned, it has slowed down because of the slowing down of the economy. I think, this is something the Ministry of Finance is very closely looking at. We are ensuring that imports do not become a cause of concern to the domestic industry. Therefore, as and when we feel that cheap imports are causing concern, particularly to our small scale and medium enterprises, we take steps to give necessary protection to our industries. Recently—you must be aware of it—the Ministry of Commerce, through the DGFT, has issued certain notifications, first of which was related to ensuring that the standards set by the BIS are met

by the imported items. This will cover 131 consumer items. The second notification was related to printing of MRP on the package of consumer items. These steps, we feel, would give a greater degree of protection to the domestic and small-scale manufacturers. This situation is being monitored and we hope we would be able to address it, as time goes by.

सरदार बलविन्दर सिंह भुंडर : आनरेबल चेयरमैन साहब, मैं मिनिस्टर साहब से यह जनना चाहता हूँ, मेरा क्वेश्चन बड़ा क्लियर और सिम्पल है कि जो गैप है, एक्सपोर्ट का वह 4673 मिलियन डालर अभी चल रहा है। दो किस्म के आइटम हैं जो इंडिया से एक्सपोर्ट होते हैं। इनमें एक स्माल स्केल इंडस्ट्री है और दूसरा एग्रीकल्चर सेक्टर है जो सरप्लस चल रहा है। क्या मिनिस्टर साहब यह बतायेंगे कि इन दोनों सेक्टरों में पिछले तीन सालों में इंडिया का एक्सपोर्ट बढ़ा है या नहीं बढ़ा है? अगर यह न बढ़कर इम्पोर्ट बढ़ा है तो कैसे यह डेफिसिट कवर होगा।

SHRI OMAR ABDULLAH: Sir, I do not have the figures for the last three years with me. I will make them available to the hon. Member. So far as the question whether exports originate either from the small sector or the agro industries is concerned, it is true, Sir, that the small-scale sector is the power house of our economy. A large percentage, almost half, if not more, of our exports is actually from the small-scale sector. We are doing well in exports and there is a cumulative growth of 22% this year. It means that our small-scale sector has really become more aggressive in terms of quality control, quality management and in terms of targeting new markets. The Commerce Ministry, wherever possible is assisting them with the Market Development Assistance Fund that is available to us. As far as agricultural export is concerned, I mentioned to the hon. Members that, unfortunately, this year we are seeing a negative growth of about 2% in agro-exports. A lot of this has to do with the fact that some of the items that are of need in the rest of the world are more expensive in India than the global prices which makes it difficult for us to export. Having said that, I would like to say that we are constantly looking for products that we are in a position to export, and the Agro Processing Export Development Authority (APEDA) is working very hard to develop new markets as well as to target existing markets.

SHRI PREM CHAND GUPTA: Sir, I thank you for giving me this opportunity. According to the figures provided by the Government, the trade deficit is narrowing down, and the exports are increasing. I would like to ask the hon. Minister whether these figures of export also include exports of software related services, and if they do, then where the actual export is taking place.

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SHRI OMAR ABDULLAH: Well, the good news on this account Mr. Chairman, Sir, is that these figures do not include software exports. The only exports we talk about are merchandise exports. The software exports are not considered in our figures. The fact that we have a 22% growth in exports means that we are not including the figures of software. Software export is growing by much more than 50% a year. So, if we include the software figures, our figures would be far more healthy. But so as not to give an unfair bias away from merchandise export in this, we do not include softwares in these figures.

SHRI VEDPRAKASH P. GOYAL: Sir, I have two questions. One is, while the rise in exports is a very commendable thing, but it is nowhere near the potential that this country has. The small- scale industries in the country are languishing and they are the best source of exports. Our markets have been taken away by China, Korea, and South-East Asia. My question is about the benefits that are being given on DEPB, is there any plan before the Government to rationalise them? For example, there is one item where there is a value 'cap'. The 'cap' is of Rs. 60/- which is lower than the raw material price. The selling price of that item is Rs. 150/- in India, there is no market. There are no big projects in chemical engineering. So, there is a lot of market for stainless steel flanges in the world. My question is: Is the Government considering to rationalise the export benefits and put the value 'cap' according to the potential for exporting them in the world?

SHRI OMAR ABDULLAH: Sir, we are constantly monitoring our DEPB schemes in order to make them more relevant and more applicable to the industry in order to give the industries the maximum rational benefits. If the hon. Members, or, the industry he talks about, has any suggestions, we will be happy to consider them.

SHRI VEDPRAKASH P. GOYAL: Sir, my second question is...

MR. CHAIRMAN: No second question please. Second supplementary is allowed.... (*Interruptions*)... Each Member is given opportunity to put only one supplementary, other than the original mover of the question. He is allowed to put two supplementaries.

SHRIMATI JAYANTHI NATARAJAN: Sir, he forgets to say part(b).

SHRI V.V. RAGHAVAN: Mr. Chairman, Sir the import of a huge quantity of palmolene has adversely affected the coconut cultivators of Kerala, Karnataka, Tamil Nadu, Andhra Pradesh and other States. Sir, the hon. Minister for Agriculture, it is reliably learnt, has suggested that the import duly be

enhanced to 100% and that the Ministry of Commerce has turned down that proposal. May I know what the reasons are for denying that, if the Ministry of Agriculture wanted to enhance the import duty?

SHRI OMAR ABDULLAH: Sir, I have not seen this proposal from the Agriculture Ministry. I will have a look at it. But to my mind, the decision to raise or not to raise the tariff is taken by the Finance Ministry ultimately. So, the Agriculture Ministry, the Finance Ministry and the Commerce Ministry will work together to rationalise the duty structures to ensure that the domestic industry is given the maximum possible protection, while also addressing the concerns of the consumers.

Proposal to invite Foreign Direct Investment in print media

* 102. CHAUDHARY CHUNNILAL: Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether Government propose to invite Foreign Direct Investment in print media sector;

(b) if so, the details of FDI received, so far;

(c) the details of stringent safeguards taken in the matter;

(d) whether the views of Law Ministry have been obtained in this regard; and

(e) if so, the details thereof?

THE MINISTER OF INFORMATION AND BROADCASTING (SHRIMATI SUSHMA SWARAJ): (a) No, Sir.

(b) to (e) Questions do not arise.

चौधरी चुन्नी लाल: माननीय सभापति महोदय, जब यह प्रश्न मैंने पूछा था जब यह चर्चा थी कि एफ डी आई प्रिंट मीडिया सेक्टर में लाया जा रहा है। सरकार का फैसला और मंत्री जी का बयान अखबारों में आया कि प्रिंट मीडिया सेक्टर में यह एफ डी आई नहीं लाया जा रहा है तो कोई औचित्य नहीं है मेरे लिए कि मैं कोई सप्लीमेंट्री पूछूं और मैं माननीय मंत्री जी को धन्यवाद देता हूं और यह भी एक निवेदन करता हूं कि इस फैसले में बदलाव न लाया जाए।

श्रीमती सुषमा स्वराज: सभापति जी, यह तो बहुत कम होता ... (व्यवधान) ... माननीय सदस्य को तसल्ली हो गयी है, मैं उनका आभार व्यक्त करती हूं।

SHRI KRISHNA KUMAR BIRLA: Sir, in the fifties, various foreign newspapers desired to take over the Indian media. The Cabinet headed by