

engaged in foreign-exchange transactions because of the increase in the operational cost after the introduction of the partial convertibility. It may not be an issue directly under the charge of the Commerce Ministry, but it is a related issue, and the Foreign Trade Department has to sort it out with the Finance Ministry and provide relief to them. The cost of handling foreign-exchange transactions has gone up. Since the performance of a bank is assessed purely on profit, there is no incentive for the banker to maintain complicated foreign-exchange accounts required by the provisions that allow exporters to convert 60 per cent of their foreign-exchange earnings at market rate, out of which 15 per cent may be held in dollars. It has to be simplified.

Then, there is another problem 'hat' exporters are facing. For exporters, credit is now available at 17 per cent. Earlier it used to be available at 7.5 per cent. Are we helping exporters, or are we putting them in further difficulties?

Another example is that the interest rate has gone up from 16 or 17 per cent to 24 per cent now for exporters because there is universalisation of the interest rate.

**THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN)** : Dr. Jain, we will continue after lunch.

**DR. JINENDRA KUMAR JAIN** : Thank you, Madam.

**THE VICE-CHAIRMAN (SHRIMATI JAYANTHI NATARAJAN)** : The House now stands adjourned for lunch up to 2.30 p.m.

The House then adjourned for lunch at thirty minutes past one of the clock.

[The House reassembled after lunch at thirty one minutes past two of the clock, the Vice-Chairman (Shri H. Hanumanthappa) in the Chair.]

# **STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ORDINANCE, 1992**

**AND**

## **THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) BILL, 1992—Contd.**

**THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA)** : We shall now continue with the discussion on the Foreign Trade (Development and Regulation) Bill, 1992. Dr. Jinendra Kumar Jain. He is absent. Mr. Minister will now move the Motion.

**DR. NAUNIHAL SINGH (Uttar Pradesh)** : I am on a point of order, Sir. Dr. Jain is not present. So, his time may allotted to me. I would like to speak on it.

**THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA)** : He will be allowed to speak later on.

**† THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO & RURAL INDUSTRIES) AND THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P.J. KURIEN)** : As the hon. Members will recall, this Government has been making certain radical changes and pursuing a policy of trade liberalisation for over a year now. A number of policy initiatives have been taken by us by way of the industrial Policy and the Trade Policy. A significant step taken was to announce a new Export-Import Policy for 1992-97 on 31st March, 1992, coterminous with the Eighth Five-Year Plan. The Handbook of Procedure, which is to be read with the Export-Import Policy, was released on 1st May, 1992.

[Shri P. J. Kurien]

No policy can operate in isolation. In order to have more effective Import Policy in the liberalised trade regime that we have embarked upon, it is necessary to have an adequate law on the subject. The existing legislation—the Imports and Exports (Control) Act, 1947—was made in a different clime and was not fully in tune with the objectives of the new Policy. It was, therefore, specifically indicated in the new Export-Import Policy that a new Bill would be brought before Parliament for this purpose. Within a matter of days, this commitment was fulfilled, and the Foreign Trade (Development and Regulation) Bill was introduced in the Lok Sabha on 3rd April, 1992.

When the Government introduced the Bill in Parliament, we hoped to have full discussion on the subject. The Lok Sabha, however, could not consider the Bill during the last Budget Session. As mentioned earlier, in order to follow up our announcement to the world and the global market that we have embarked on liberalisation and reforms in our trade policy, the necessary legislation had to be undertaken immediately. The new Policy had to be implemented in the context of the new legal framework, so that the contractual and other obligations could be implemented and enforced under the new laws. Therefore, it was necessary to promulgate the Foreign Trade (Development and Regulation) Ordinance, 1992. We have, however, taken the earliest opportunity for discussion of this legislation in Parliament. The Foreign Trade (Development and Regulation) Bill was considered and passed by the Lok Sabha on 20th July, 1992. Sir, having said so much, I would like to react to some of the points which my learned friend, Dr. Jain has raised.

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) : You can reply to those points at the time of your replying. Now, you just move the motion.

SHRI P. J. KURIEN: Therefore, Sir, I move :

That the Bill to provide for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration.

*The questions were proposed.*

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) : Shri Arangil Sreedharan—not here. Shri Ashis Sen.

SHRI GURUDAS DAS GUPTA (West Bengal) : What about Dr. Jain ?

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) : I have asked him to speak in the third reading. He will complete it in the third reading.

DR. JINENDRA KUMAR JAIN : I will take only that much time which has been allotted to my party.

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) : Dr. Jain, the House cannot wait for a late-comer. You can utilise your chance at the time of third reading. Please sit down.

SHRI ASHIS SEN (West Bengal) : Mr. Vice-Chairman, Sir, the Foreign Trade (Development and Regulation) Bill, 1992 is before us. But what the Government wants to achieve through this Bill is the betterment of our foreign trade. How is it possible ? This Bill is in consonance with the economic policy, liberalisation and decontrol. It is mainly intended to replace the Import and Export Trade Control Act, 1947. Just now the Minister has said that the laws that were framed, the policies that were put into operation in 1947 were not in conformity with the new policy. But what is this new policy ? Is it not in consonance with the economic policy, liberalisation and decontrol measures ? The policy does not indicate any long-term approach because it is not formulated on the basis of the requirements of

our country. It is not based on our real needs. It is framed according to the requirements of the loan-givers, that is, the international loan agencies. They want to systematically squeeze our economy and drag our country into a dragnet of debts gradually leading to the debt trap. That is what has been done in the Bill which is before us. There is no outline of what is to be done in the course of a specified period of time. So it is stated that it will be for a period of five years. No doubt, a continuity is essential. Is it really so ? The Government speaks of a time-bound policy. But in actual practice it is completely different. It is so because every now and then orders and notifications are issued by the Government officials. They are issued so frequently that hardly a week passes after a notification or regulation is issued. Nobody knows what is going to be the next step. Virtually powers have been given to the bureaucrats to decide the policy. Though we pass the Bill in the interest of the public, more powers are being given to the bureaucrats who issue notifications, instructions and orders. After passing this Bill, I do not think there will be a continuity of the policy for a specified period of time. The broad policy is supposed to improve the exports with a self-balancing mechanism to match up with our imports. Is this happening ? No. Yesterday, the Deputy Commerce Minister told us that exports touched a figure of Rs. 7663 crores in April/May 1992 as compared to Rs. 5606 crores in April/May last year. But what had the Director-General of Commercial Intelligence and statistics stated ? I found it in the papers of 23rd July. What is the trade deficit in terms of rupees ? In April-May 1991, the deficit was to the extent of Rs. 240.16 crores and within one year, in 1992, what we find is that the deficit is to the extent of Rs. 2,714.82 crores. In one month, between April and May, 1992, there was a deficit of Rs. 1,214.10 crores. There has been an increase in the deficit to the extent

of 120 per cent. Imports in April-May, 1992 increased by 77.5 per cent, from Rs. 5,846 crores to Rs. 10,378 crores. Exports went up by 36.7 per cent, from Rs. 5,806 crores to Rs. 7,683.43 crores. In dollar terms, exports showed a decline of 3.9 per cent and imports indicated an increase of 24.7 per cent. What is the balance ? In which way is the trade policy going ? Is it on this basis that the Minister wants us to believe that there is going to be an improvement in our foreign trade position in favour of our country ? That is a big point before us. The recently-announced import policy seeks liberalisation of imports and hopes that exports will go up, but without any built-in scheme for promoting exports. The matter is left to market forces to bring about the required increase in exports. Exports will increase on the basis of market forces. There is no positive plan, there is no systematic scheme by which we can so promote our export that it grows more than the import we are making. The Commerce Minister who is no longer there at the moment because he was caught in the scam ; to what extent, I do not know ; he has been allowed to go gracefully from the Cabinet — was instrumental, along with the Finance Minister, in framing the new economic policy. He said in a TV interview in April last that he was hoping for a turn-about as a result of increased industrial production. What is the scope for it ? What is the scope for such optimism ? Everything is dependent on how far nature, the monsoon, will bestow its blessings on our country. If the raw material for the agricultural produce do not come up sufficiently, it will have its impact on our industrial production. Naturally, if the industrial production and the agricultural production go down, it will have a tremendous impact on our country's exports. This is an important factor. And, in that case, there is no scope for optimism (being expressed by the outgoing Commerce Minister. I do not know the Minister here is going to speak about it.

[Shri Ashish Sen]

Secondly, internationally, what is our position ? we are having, we are undergoing, an undue pressure that is being applied by the developed countries on our trade system. Whatever are going to be our imports and exports pressure is being applied by the developed countries, led by big countries. I do not want to name them ; every-body understands them. It is almost a confrontation between unequals, the underdeveloped countries like ours and the developed countries. The Government have unilaterally liberalised imports, without there being any *quid pro quo* with the countries with what we have got trade relations. Earlier, in 1947 and subsequently also, we had safeguards. There would be some sort of protection to our own industry ; there would be some sort of protection to the produce our country had. That has gone now. Those safeguards have been taken away. The hopes of economic-policy makers, of a just-resigned Commerce Minister, are nothing short of hopes to hoodwink the people of this country. We are to end up with an increasing gap between imports and exports. Let us have a look at the Export Promotion Capital Goods Scheme and we will be able to make it out. What does it indicate ? Under this scheme, a highly concessional import duty of 15 per cent on imported capital goods is to be charged on the promise of exports to the extent of four times the cost-insurance freight value of imports over a period of five years. Now, I am getting a concession about my import. I make a commitment today and that commitment I am expected to honour in the coming five years. But that does not materialise because in the past, many export obligations were undertaken for similar imports of capital goods but they were never kept and subsequently, our Government waived them. The Government should be asked to make a statement before Parliament about the past export obligation cases

where such obligations have not been fulfilled but have been given up. Now, what is this ? We give them such a high concession of 15 per cent on the basis of a commitment made by them but we find that year after year, decade after decade, those exporters do not keep that commitment nor do they have the exports and everybody knows today as to how much the exporters are earning because of under-invoicing and how much money has been kept in the foreign banks. But no one is bothered about that. Neither the Government nor the Reserve Bank is bothered to bring that money back into the country which has been earned on behalf of the export of our country. That money has not been brought back. The Government is already in the process of acceding to certain proposals of GATT. That question is also coming up before us. Now, let us have a look at the GATT. It is intimately linked with the Dunkel proposals. What does Mr. Dunkel want us to do ? We cannot delink it today while evolving a policy for our import-export trade. What is going to happen in the name of Dunkel's report and the proposals which are expected to do certain things ? I am afraid, it is bound to go against the developing countries. India is not a developed country but a developing country. That is why we have to be worried about what Mr. Dunkel says and what our Government is going to do about that. Mr. Arthur Dunkel, the Director-General of GATT says : "By early 1992, bilateral and multilateral negotiations for reduction of tariff have to be concluded" by early 1992, to be specific, by the first two or three months of 1992. I do not know what has been done. I have seen the way the Government has moved. The Government has already started doing it because a reduction in customs duty on several items was in everybody's knowledge much before the Bill came. The Government is in the process of implementing the proposals and recommendations of Dunkel. He says further,

"domestic support to agricultural produce is to be reduced by 20 per cent from 1993. Subsidy has to go which means higher prices are not conducive to exports. The developed countries highly subsidise their domestic agricultural produce." How is there going to be a competition ; how is there going to be an easy trade between the developed countries and the developing countries like ours ? Naturally, we have got to surrender to the pressure of those countries because they subsidise and are asking us to withdraw subsidies." Export subsidies have to be curtailed by 24 per cent to 36 per cent from 1993." This is the recommendation of Mr. Dunkel. "Customs duty is to be brought down by 36 per cent on an average." What does it mean ? The door will be just thrown open, that everything will be imported without there being any restriction, without there being any scope for our people to be protected, our producers to be protected. That is what the proposal is. Dunkel speaks about the GATT rules : "An importing country will not use safeguards, if the share of the importing country to which we are to export does not exceed three per cent." But that thing will apply, the (safeguards of that importing country will apply if the cumulative share goes up to nine per cent of the total imports by that country. What is our position in that relation ? Who are our customers ? In the matter of textiles which are the countries to which we export ?—the United States, the European Economic Community. They are our main markets for textiles. If that safeguard for imports from a developing country like India, nine per cent of the total imports, is applied, what will be the result, the fate of our exports of textiles ? That has got to be taken into consideration. I am not going into details of what is going on under the name of TRIPS and TRIMS. If I go into details, the Chairman will ring the bell again and I will request him not to do so. will take my time. I will try to

be short. The Dunkel proposals are deep-rooted schemes to undermine the foreign trade positions of developing countries in favour of the developed. There was a note circulated by the Commerce Ministry. It was a big note which Mr. Chidambaram circulated. It gives a clear picture. What does it say about them ?

I have not been able to understand all the languages. It is not the language which is used in India. I don't know whether it is a copy of a document or something. I think all the hon. Members have read it. I have not been able to make out much about this language in which it has been put. Atleast in our country, in the documents of the Government of India I have not been able to see the type of language that has been used there. From the note of the Commerce Ministry. It is clear that the Government of India is accepting these proposals by hoodwinking our people, that the Government is trying to make improvements.

The Bill needs a through recasting if our country's industry, agriculture, services and intellectual properties are to survive from the domination by the developed countries, the countries who want to colonise our country without direct occupation. . . . (Interruptions) . . . .

Just half a minute. Here, the Government is surrendering. We have to salvage our economy of international trade from this policy of subjugation. I am earnestly requesting the Ministers of the Government of India, let us have a fresh look at the entire Trade Policy, let us try to come out of the Dunkel scheme. If it means that you have got to confront, as the Commerce Ministry states that confrontation is required with the GATT, we have got to face it because ours is a vast country, it has a vast market. Why should we just like a mouse move around there to see that our trade is there or not, the Government of India has got to stand up boldly and face the situation and say "No" to the

[Shri Ashish Sen]

Dunkel proposals because the interest and the sovereignty of our country are at stake. That is the reason why I am requesting the Minister repeatedly, I am urging with all the force at my command to say, have a fresh look, revise the whole economic policy from which flows the Bill which has been placed before us.

With these words I conclude and I thank you, Mr. Vice-Chairman, for giving me more time.

SHRI JAGESH DESAI (Maharashtra) : Mr. Vice-Chairman, I support the Foreign Trade (Development and Regulation) Bill, 1992. I support it wholeheartedly for the reason that it has been brought before the House to see that the bureaucratic interference and delays are avoided. I think this Bill has been brought with an intention to see that our exports and imports are made in such a manner that the results should be achieved quickly and there should not be any interference; that is why I welcome. Sir, my friend from the CPM already spoke about the Dunkel proposals. It has been announced by the Government that it would be discussed in this House and a decision would be taken by the Government after that and not before. I am sure, the Government will fulfil that commitment and bring the Dunkel proposals before this House as early as possible so that we can give our considered views because we do feel strongly that some of the proposals are not in the interest of the nation. Mr. Chidambaram had written a letter to me when he was the Commerce Minister and had assured me that the Government should keep the interest of life of the country uppermost in mind and that whatever proposals were there the Government would look into them in that line, I am sure the Government if possible, will bring the proposals before this House in this session itself as already committed so that we can give our views.

Mr. Chairman, the purpose is that we should earn foreign exchange to the extent that we bring down our trade deficit. It is a good intention. Barring one year when the Janata Party was in power, if I remember correctly, in no year was there negative export growth. Unfortunately, in 1991-92 in terms of dollars our export growth has declined by 1.9%. This is only in one year. I had warned at that time when I spoke of the depreciation of the rupee. Our exports would increase to the extent we want. I had cautioned the Government, "you increase the export by 30% more in quantity then only there can be export growth, not otherwise". It appears to me that which I did not want to happen has happened. Our exports in terms of dollars in 1991-92 have gone down to 17,187 million dollars whereas it was 18,128 million dollars in 1990-91. So this is the picture. You try to see that the trade deficit is reduced. There were import targets. But exports, as I said earlier, have gone down. Our industrial production has gone down by one per cent in the year 1991-92. I am happy that now you have started allowing more imports. But again that vicious circle has started. In the current year, in the months of April and May, exports have again declined; imports have gone up to such an extent that the trade deficit for these two months was nine or ten times what it was in the first two months of 1991-92. That is where I think, we have to do something to see that our exports are going up and our foreign exchange reserves are augmented. I have seen the policies. I am sorry to say that yesterday during Question Hour I had asked the hon. Finance Minister, "Now, you are liberalising the FERA also. What have you done?" Earlier when a non-resident Indian came back to India for residence whatever foreign exchange he had brought over into his accounts in India in foreign currency, it was automatically converted into Indian currency.

That means 50 per cent, whatever he has got, you get in foreign exchange. You have no obligations. Another 50 per cent he can use for the purpose of foreign travels. What 3.00 P.M. have you done? You have removed all these restrictions. If an NRI comes to India he can keep all his foreign assets and bank balances in foreign countries. Then who is going to bring money into India? When I asked this question the hon. Finance Minister said "we will take care of that." I feel that by such exercise you will not get foreign exchange. On the contrary there will be outflow of money from this country. I would like the Commerce Minister to take care of it, because this is the Ministry, which decides what is to be exported and what is to be imported. If you want to import something then you require foreign exchange. If in this way the foreign exchange which was earlier coming is stopped then from where are you going to bring foreign exchange? I would like an answer from the hon. Minister.

Secondly, today we have seen in the newspapers that the Industrial Policy also has been amended. This will also affect our earning in foreign exchange. Sir, the export obligations have been totally removed not for the future ones but for the existing ones also. Earlier some conditions were there on the industries for exports. But all the conditions have been removed. A total removal is there. How are you going to increase exports if you are also taking away this kind of conditions? Even the existing units for which you have given licences—now they are de-licensed—have no obligations. I would like to give you an example. There was an obligation on Pepsi Cola that if they import goods worth one dollar, they have to export goods worth five dollars. That condition has been taken away. I would like to know from where you are going to earn foreign exchange. There are about 1200 such companies who will be getting this benefit. There

was a condition that those foreign companies who wanted to invest in our country would not have any access to our financial institutions for resources. That condition has also been removed. Then how are you going to give finances to the indigenous industries? They will come with some capital goods and they will take all their working capital requirement from the financial institutions. I think that was not the policy of the Government. What we want is that they should come with resources and help the country by producing goods. But you have taken away that obligation also. This is definitely going to affect our indigenous industries. I would again like the Government to review this condition, imposition of this condition. Otherwise, I think it will be very unfortunate because our indigenous industries will suffer. As far as foreign exchange reserves are concerned, I am very happy that we are in a good position. In June 1991 it was Rs. 2363 crores. It has gone up in June 1992 to Rs. 15460 crores. Then on 3rd July, 1992, within three days it has gone up to Rs. 70,565 crores. This is not on account of your trade achievement—the difference is only of three to four days—may be, another chunk of IMF loan might have been received in this period. Anyhow we have sufficient foreign exchange for maintaining imports for at least three to four months. I am happy about it. But we have to export. One good thing that you have done is that now you will be giving Code Numbers and again on that Code Number alone, export or import can be carried on. That is good. I welcome it. But you have to restrict the items that may be imported. Are you going to allow consumer items to be imported even though it may be from the foreign exchange that we may require to buy other things? When we have scarce foreign exchange, this exchange should be utilised in the case of such industries where we feel that it is a must. For example, 'power'.

[Shri Jagdish Desai]

I am not against it. I am very much in favour of public sector and my views on this issue are known. But I do feel that if we do not have enough power, then whatever public sector units we have today, they will go to dogs. As such, for power, for oil exploration, for communication, for these kind of industries where we require foreign exchange, we should use it for that purpose. But I am told that you are going to allow consumer goods also. From where are you going to get the foreign exchange? That is what I read in the newspapers. The Minister must clarify whether he is going to allow import of consumer goods even though he may have to buy the foreign exchange at market rate. Even then I feel this should not be done. Otherwise, we will again be faced with difficulties. Only a year back we had experienced it. Now regarding the Joint sector, earlier joint ventures could be done with the State Industrial Development Corporation. Now even private persons can go in for it. Are these collaborations going to help our country? I think the Government must ponder over this. Otherwise, a day would come when all these powers—the foreign monopolies and multinational companies—would hamper the growth of our industries, especially the small scale industries where all of us are committed to give as much help as possible. Now Clause 7 says :

"No person shall make any import under an Importer-exporter Code Number granted by the Director General or the officer authorised by the Director General in this behalf in accordance with the procedure specified in this behalf by the Director General. Where—

(a) any person has contravened any law relating to Central excise or customs or foreign exchange or

has committed any other economic offence under any other law for the time being in force as may be specified by the Central Government by notification in the Official Gazette."

In such cases you are not going to give them Code Numbers. I am happy that persons who have committed any economic offence will not be given any kind of help. I am happy that Government is doing this. But again I am surprised, because Clause 8(2) says :

(2) "Where any Importer-exporter Code Number granted to a person has been suspended or cancelled under sub-section (1), that person shall not be entitled to import or export any goods except under a special licence, granted, in such manner and subject to such conditions as may be prescribed, by the Director General to that person."

Why again are you going to give it? This will generate corruption. A person is found to have committed an economic offence and that is why you cancel his Code Number. Again you are giving powers to the Director-General saying that under some conditions, he can give licences. Please remove such powers. On the one side, you say that we shall not give licences to such persons to import or export because they have committed an economic offence and on the other side, you are giving powers. I think that the Minister-in-charge has probably not applied his mind. Please apply your mind. Please see that such clauses are not there because these are completely against your own thinking, against your own wishes and these will generate corruption.



One other clause, that is, clause 11(2) is also very funny which reads :

"Where any person makes or abets or attempts to make any export or import in contravention of any provision of this Act or any rules or orders made thereunder or the export and import policy, he shall be liable to a penalty not exceeding one thousands rupees or five times the value of the goods in respect of which any contravention is made or attempted to be made, whichever is more."

SHRI VITHALBHAI M. PATEL (Gujarat) : Why only Rs. 1,000 ?

SHRI JAGESH DESAI : For such offences why only Rs. 1,000 ? That is my first question. Secondly, it says, "not exceeding Rs. 1,000." I think that the Government must look into it. Please come with some amendments. I feel that these two clauses are not satisfactory. I am sure that the Government will make all efforts to see that we don't import any consumer items. The negative list should cover all such items. The negative list for exports should be kept at a minimum. And we have to see that those goods which are scarce in this country should not be exported even though we may get foreign exchange by such exports. If you export those goods just for earning foreign exchange, then the prices of these items will go up and the poor people will not be able to purchase them and you may also be required to import them. I took strong objection to exporting non-Basmati rice. I am happy that the Prime Minister issued orders that no further quantity than the one already fixed would be exported. Please see that you earn foreign exchange from what I have suggested. Now that the condition on import against export has been removed, you will get foreign exchange because there will be a social obligation. As I have said

earlier, whatever has been done by the Finance Minister for NRIs, that will not serve the country. That is not going to bring foreign exchange. And those persons who have got black money and have deposits in foreign banks, even when they become residents, they are not bound to disclose them. That clause has also been removed. So these are the areas to which I strongly object and I am sure that the Government will look into them and take corrective action. With these words, again, I support the Bill.

SHRI YASHWANT SINHA (Bihar) : Mr. Vice-Chairman, Sir, I will divide my intervention broadly into two parts. One will be some comments on the Bill as it is before us and the second will be the general picture of the foreign trade before the country. Now as far as the Bill itself is concerned, Mr. Vice-Chairman, Sir, when I read that this is going to be the Foreign Trade (Development and Regulation) Bill, I thought that one was in for some great radical changes from the practices that we had followed in the past in tune with the new policy of liberalisation of the Government and we were looking for something really good. Now I went through the various clauses of this Bill and compared them with the existing Acts which govern foreign trade. What are the Acts which govern foreign trade in our country ? For instance, there is the Imports and Exports Control Act, 1947. This is one. Then we have the Customs Act, 1962. These are the main Acts. And then we have the Reserve Bank of India which controls foreign exchange and as you know, no imports or exports can take place without the actual permission of the Reserve Bank of India. Now I went through this Bill. They presented it in the other House. The other House did not have time to consider it, as the Minister has said just now and the Government was in such an urgency, in such a great hurry, to immediately pass it as an Act that they could not wait for Parliament which was meeting earlier this month i.e. on 8th of

[Shri Yashwant Sinha]

July this year. They issued an ordinance on the 19th of June, 1992. That was the kind of hurry in which the Government was about this piece of legislation. Now what is it that this Bill contains ? I have compared it. I have tried to compare it as closely as I can with the Imports and Exports Control Act, 1947 and find that except for Section 7, to which Mr. Jagesh Desai referred just now, which says that an importer or an exporter must be given a code number by the Director-General of Foreign Trade who will obviously replace the Chief Controller of imports and Exports, there is nothing in this whole Bill, Mr. Vice-Chairman and I say this with all the emphasis at my command. There is absolutely nothing in this Bill which distinguishes it from the 1947 Act. Apart from Section 7 to which Mr. Jagesh Desai referred, about 1,000 rupees fine and all that, I find that this has also been bodily lifted from the 1947 Act without the Government applying its mind, if it has one even for a moment. If it had a value of Rs. 1,000/- in 1947, shall we repeat the same thing in 1992 ? This has been bodily lifted from that. It is a complete copy of the 1947 Act except for Section 7 which says that every importer and exporter should have code numbers. Now we all know that any importer or any exporter must have a code number from the Reserve Bank of India. He gets the code number, only then he is able to export or import. That provision is also there. And then some provisions from the Customs Act. It refers to Section 11 of the Customs Act is a very, very large section with sub-sections (a), (b), (c), (d) and all that which gives a complete picture of what happens when an item is imported or exported.

As far as my comments on the Bill are concerned, I am unable, absolutely unable Mr. Vice-Chairman, to understand why the Government was in such an urgency that they brought an ordinance before the nation just two weeks before the

Parliament was supposed to meet. Why have they gone for this kind of legislation which to my mind will neither facilitate the imports nor will it promote export ? All this high-falutin, high-blown noble sentiments which have been expressed in the Preamble will remain absolutely on paper. This Bill will be passed because they have the majority. But this will not serve the purpose for which it is meant. Now having said that about the Bill itself of which I see no purpose as I said, I would like to refer to the state of our foreign trade. The previous speakers have commented on it. But I would like to make a beginning with the fact that when this Government took office last year, some 13 months ago, within two weeks tremendous policy changes were made not only in relation to the financial picture of the country but also on the trade front and on the 4th of July, if I am not mistaken, the Government came out with a series of liberalisations on the trade front and on the 13th of August, 1991, this Statement on trade policy was presented to the Parliament. Now what did the Statement say ? The usual thing. Because they have a divine right to rule. We are interlopers. We committed the sin of being in power for eleven months and six or seven months. So, it is now very convenient for the ruling party to put all the blame of all the years on our shoulders ; because we were in power for a short while, that is why this country is in the mess in which it is. So, what did they say ? They said that the great momentum of exports which was established in the late 'eighties was lost in 1990-91 and in April-May, 1990, our exports suffered a decline. Then it went on to say—this is the objective of the trade policy—:

"All trade policy reform..."—I quote—"...is to aim at quick..."—I emphasise the word "quick"—revival of the momentum of exports. It is only through a rapid growth of exports that we can expect to overcome the persistent balance of payments problem, to restore international

nal confidence, achieve self-reliance, etc., etc.”

Then there is mention about competing in the global market, encouraging Indian exports, and so on. This was the objective of the policy on August 13, 1991, and one of the main objectives was quick revival of exports.

Now, what is the picture ? Mr. Ashis Sen was just now giving us the picture and was explaining as to what happened to that. Forget 1990-91 because we were in power, may be for 2½ months and so we are all responsible for the downhill trend. But we have been out of power for a long time and you have been in power now for 13 or 14 months and yet what happened ? After your great trade policy reforms, what has happened ? What are the figures of April and May ? The figures for April and May—I will just mention one figure—indicate that from Rs. 240 crores, which was the trade deficit in April-May last year, the figure of trade deficit in April-May 1992 has gone up to Rs. 2,714 crores. It has gone up to Rs. 2,714 crores from just 240 crores and this is what the trade deficit is in April and May, 1992, after the tremendous revolutionary changes in policy which have been brought about by this Government ! This is the picture that has emerged after all the changes in the policy !

Sir, I would like to say one thing in this connection. The Commerce Ministry—the Commerce Minister, unfortunately, is a prisoner of this mess and, therefore, I am stating this—is in the habit of taking the credit for any export growth which might take place incidentally in Columbia or in some Latin American countries or in some countries in East Africa and then they would say that it is because of the tremendous efforts put in by the Commerce Ministry that this

growth has taken place. But, whenever some failure takes place, they find all kinds of excuses for this failure. This is the attitude, not of now, but, it has always been so, I am not blaming either Mr. Kurien or Mr. Khursheed for this. I am saying that this has been the experience of the Commerce Ministry throughout the ages, through all these years : to explain away your failures and to take the credit for any good thing that might have happened. India's exports and imports are mostly by accident. Whenever exports increase, they take place by their own momentum and they also decline by their own momentum. They go by their own momentum. All this happened despite the existence of massive infrastructure, not only of the Commerce Ministry, but also of the export organizations, and I will tell you why it is so a little later. But what I am saying is that India's export trade must be looked at from the point of view of two different areas. They are totally unconnected. One is the GCA, that is, the General Currency Area countries, exports to which are in dollars or in any other convertible currency and the other area is led by USSR and there are other countries in Europe. I have got figures here which are for the years from 1986-87 to 1991-92. For 1991-92, I have figures—these are all detailed figures—for April-January as compared to April-January 1991. I would like to draw the attention of the House to the fact that during this period, exports to the USSR have declined by Rs. 110 crores. During this period, export to other countries have been increasing. Now, for reasons which I do not have to mention—everybody knows—our export to the USSR have declined and this decline is a massive decline' from 461 crores in 1990-91 to Rs. 351 crores in 1991-92. I do not know what the actual figure at the end of the year is, but, obviously, this is a massive decline. Now, which are the other countries in respect

[Sri Yashwant Sinha]

of which decline has taken place ? Egypt—it is only a marginal decline because it is a small trading partner, Finland, Romania, Afghanistan and Yugoslavia. These are the only countries to which our exports have declined in 1991-92 as compared to 1990-91. I have the figures here of commodity exports. And in commodity exports, you will be surprised, Mr. Vice-Chairman if I were to point out that all the major items in our export list have registered growth in 1991-92—April-January—as compared to the previous year. All these items—computer software, dyes, intermediates, coal tar, chemicals, man-made yarn, drugs and pharmaceuticals, cotton yarn, fabrics and made-ups, cashew, iron ore, coir, coir manufactures, marine products, ready-made cottons, gem and jewellery, engineering goods, leather and leather manufactures—all these items have registered increases in rupee terms. I do not have the dollar figures.

Now, the point I am making is this. Let us look at the figures as dispassionately as possible. If we do that, then we will come to the conclusion that our exports to GCA countries have also suffered. It is mainly because of the decline in our exports to the Soviet Union that there has been in the previous year—an overall decline of 1.7 per cent in our exports—and this year, the decline is continuing. I am quite sure the decline is continuing because of that though in the GCA countries also, in April and May, the decline has taken place which is a matter of concern. But, let us not think for a moment that we sitting here in this Parliament or they sitting in their Udyog Bhavan chambers are able to control the world and pass orders about exports. It does not take place like that. We have to remember that exports depend on a lot of external factors, and of those external factors, one of them was the break of the Soviet Union. The other is the

deep recession in the US economy. The US economy is not recovering from that recession. And it is casting its long shadow on the markets of the EEC and Japan. And in that recessionary situation, if anyone sitting in the Udyog Bhavan thinks that India's exports will grow—and they have fixed a target of 21.8 per cent for the current year, and we already have noticed a decline—I think, we are talking through our hats. This is not an achievable target. The Uruguay Round has not led to anything so far. The international trade is now being conducted through regional blocs. And we, unfortunately, are not today part of any regional bloc. India is unique in the sense that we have not been able to join any regional bloc. This is the situation on the external front. And that is the reason why we are facing this.

But, Sir, there is one myth, and I will take a few minutes of your time to explode that. There is one myth which has been sedulously built up by the Government by all the agencies of the Government, by some interested parties in the Indian newspapers, and that myth is that because of the import compression measures—for which I hold myself responsible because when I was the Finance Minister when these measures were taken—our exports have suffered. But the result of these import compression measures, Mr. Vice-Chairman was that our trade deficit in 1991-92 declined from 6 billion to two billion dollars. There was a saving of four billion dollars as a result of the import compression measures which were continued by the present Government. Now, they have liberalised. The result is the trade deficit of April and May that we have seen. But the myth is that it is because of the import compression measures that our exports have suffered. And I am here and now exploding that myth. I am demanding of the Commerce Ministry to prove this through empirical evidence. Which export has declined as a result of import compression? Which

particular item to which particular country has gone down as a result of the import compression? The largest import content to my knowledge is in gem and jewellery. I say that gem and jewellery exports have gone up. The USA is the largest buyer. There your exports have expanded. Engineering goods' exports have expanded. Leather goods' exports have expanded. There as so many other items—chemicals and pharmaceuticals ware—here the exports have expanded. So let us not have that myth and give ourselves comfort by the fact that because of the import compression, it has resulted in decline in exports and now you have liberalised your imports. Do what you like. Run huge trade deficits. This is what you did in the late 80s—and I have the figures here but I do not want to go into them—which has brought this country to this pass: running large current account deficits year after year of 6000 crores, 8000 crores and 9000 crores of rupees which we just could not as a nation sustain. Don't put India back in that position again. And you have liberalised imports. Your exports will not go up because in the international market—the global market place as you call it—the conditions are adverse. There are unfriendly powers which are surrounding us and, therefore, your exports will not go up even if you wish. Therefore, let us not land ourselves in that. As long as you keep on believing in this myth that it was because of import compression that your export have declined, you will go on liberalising your imports and you will not get the benefit of that liberalisation. The only thing will be that you will be running a large trade deficit.

Therefore, I am saying that the country today stands really at a very very dangerous spot. If the figures up to April-May 1992 are any indication, I shudder to imagine where exactly we shall stop when this year is not and what will be the

nature of our trade deficit I have no hesitation in saying that if we run such a large deficit, all these figures which my friend Mr. Jagesh Desai was quoting about—17000 crores or 6 billion dollars in foreign exchange that we have—will vanish in no time because of the trade deficit. And if this deficit continues, my own information is that our current account deficit is going to go up by 10 billion dollars for this year and this is the kind of provision that the Finance Ministry will have to make in order to bale the country out. Therefore, let us not put ourselves in that position. I shall very humbly urge that the old policy of import restraint should be looked at very very carefully by you. I can tell you from personal experience because we had conducted a study that all kinds of rubbish is being imported into this country. This country has no business in importing nuts and bolts. This country has no business in importing dolls. This country has no business importing all the rubbish which is coming in the name of imports into this country. When we imposed that restriction, it was to cut out the non-essential imports. Please look at that policy carefully. Don't throw it out completely. Look at that policy. We must have a twin policy of import restraint and export promotion. Only then we shall have a semblance of balance in our foreign trade. Otherwise we will be back to square one—much worse than square one and this country is in for a serious problem and I take this opportunity to say it. I know nothing is going to change. My speech will be lost like all the speeches in this House. It will only remain for the posterity for record. I am saying this in all humility all the emphasis at my command. Don't throw the old policy instrument which your own respected beloved, leaders have followed. Don't throw that away. Don't throw the baby with the bath water in our craze for liberalisation. Let us not give up the time-policies. There must be restraint imports. Give up this import

liberalisation that you have started now. And only then we shall have a semblance of balance.

As far as the Bill is concerned, I find nothing which I can bring myself to support. I would hope that sooner than later the Commerce Ministry will work together and put all these elements on the Reserve Bank, on the Customs, on the imports and exports and all the others, so that we have a comprehensive legislation on exports and imports which will be a real guideline, and not this 4-page or 5-page Bill, most of which is on penalties, on how adjudication will take place, how penalties will be imposed, how appeals will be made, how revisions will be made. There is nothing about export promotion or import facilitation. Thank you.

श्री सुरेन्द्रजीत सिंह अहलुवालिया (बिहार) : उपसभाध्यक्ष महोदय मैं विदेशी व्यापार (विकास और विनियमन) विधेयक-1992 का समर्थन करने के लिए खड़ा हुआ हूँ। जैसा कि हमारे पूर्ववक्ताओं ने इस विधेयक के बारे में कुछ कमजोरियाँ सामने रखी हैं ये कमजोरियाँ इसका समर्थन करते हुए, मेरे दिमाग में भी आती है। 1947 के बाद जिन उद्देश्यों से और जिस मंशा से इस विधेयक को लाने की कोशिश की गई, अगर उद्देश्यों और कारणों का कथन पढ़ा जाए तो उसके पहले पैराग्राफ में लिखा है :-

“अब यह आम तौर पर से माना जाता है कि विदेशी व्यापार आर्थिक क्रियाकलाप की प्रेरक शक्ति है प्रौद्योगिकी विनिर्माण और उत्पादन निरन्तर एक दूसरे पर निर्भर होते जा रहे हैं और और विदेशी व्यापार इन तत्त्वों को जोड़ता है तथा आर्थिक विकास की प्रोत्साहित करता है।”

उपसभाध्यक्ष महोदय, जहाँ तक प्रौद्योगिकी विनिर्माण और उत्पादन की बात है, प्रौद्योगिकी की बात अगर मैं कहूँगा तो हमारे भारत में लाखों सक्रिड बर्क्स, डाक्टर्स, इंजीनियर्स विदेशों में जाते हैं। मेरे

क्याल से सेकड़ों लेबर एक्सपोर्ट करने के आर्गिनाइजेशन वम्बई, कलकत्ता दिल्ली में बने हुए हैं। आम तौर पर अखबारों में इस्तिहार पढ़ने को मिलते हैं कि लेबर एक्सपोर्ट करने हैं, स्किकल्ड लेबर एक्सपोर्ट करने हैं। पर उसको इस विधेयक के प्रावधान में कहीं लाया नहीं गया है जबकि विदेशी मुद्रा का भारतवर्ष में अभाव हुआ तो ये ही लोग थे, भारतीय लोग थे, जिन्होंने करीब 3 हजार करोड़ डालर हुई अर्थव्यवस्था में किया था। पर आज तक यह जो लेबर भारत से एक्सपोर्ट होती है उसको बैनलाइन करने के लिए कोई भी विधेयक इस सदन में नहीं लाया गया है। जब एक्सपोर्ट प्रमोशन की बात करते हैं और उसमें भी आप टैक्नालाजी की बात करते हैं तो उसमें लेबर को, वर्कर को, स्किल्ड वर्कर को भी जोड़ना मैं जरूरी समझता हूँ। नाम तो जरूर दिया है आपने विकास और विनियमन, कि विदेशी व्यापार का विकास होगा इस विधेयक के माध्यम से किंतु क्या मंत्री महोदय बताने की कृपा करेंगे सदन को कि आपकी कौनसी संस्था है जो विदेशी व्यापार के विकास के लिए कार्यशील है और वह किस-किस देश में बैठरूम इन्फोरमेशन इन्स्टा करके यहाँ के एक्सपोर्ट को देती है। मैं तो जहाँ तक समझता हूँ एक्सपोर्ट अपने बते पर सारी की, कोटेशन इन्फार्मेशन मांगते हैं और उनके माध्यम से वे व्यापार करते हैं। पर आपको कोई भी सरकारी संस्था नहीं है जो इस विदेशी व्यापार के विकास के लिए क्रियाशील हो या कार्य कर रही हो। ट्रेड अथॉरिटी आफ इंडिय जो भी आपकी है उसके क्या कारनाम हैं और क्या करती है यह सर्वविदित है।

उपसभाध्यक्ष महोदय, मैं आयरन और के एक्सपोर्ट की बात नहीं करता, मैं और इजीनियरिंग गुड्स के एक्सपोर्ट की बात नहीं करता क्योंकि इनसे बड़े कारखाने वाले, माइन ओनर्स आदि लोग जुड़े हुए हैं। मैं बात करता हूँ जो कृषक का सपना था अन्न गांव का मामान पदा होता था और जाता था उसका एक्सपोर्ट दिन प्रति दिन क्यों गिर रहा है। जब

मंडी से लेकर बासमती चावल के नाम से खरीदते और बीरों में परमल चावल भरकर भेजते हैं और जब वह रिजेक्ट होता है तथा भारत का नाम वहाँ बदनाम होता है, तो उस पर आप क्या एक्शन लेते हैं और एक्शन लेने के बावजूद आपने क्या प्रावधान रखा है। जैसा कि मेरे माननीय सदस्य जमेश देसाई जी ने कहा कि आप उसका कोड नम्बर कैसिल कर सकते हैं। पर स्पेशल कंडीशन में उसका कोड नम्बर दे भी सकते हैं। तो उस पर अकुश क्या है? उसके साथ साथ, महोदय, आपको पत है कि आन्ध्र प्रदेश में इस बार तम्बाकू को खरीद, कितनी कमी आई है। इसके पीछे कारण क्या है? तम्बाकू का एक्सपोर्ट रुक गया है। आपको जो क्वालिटी है दिन प्रति दिन गिरती जा रही है। उसमें मिलावट करके व्यापारी और बिचो-लिए लोग बेचते हैं। क्वालिटी के साथ साथ हम इस पर कंट्रोल नहीं कर सके हैं। आज वहाँ पर तम्बाकू प्रोसेस का एक आन्दोलन चल रहा है। चाय और काफी में आप पिछड़ते जा रहे हैं। आपके पड़ोसी देश—श्रीलंका और बंगला देश आगे जा रहे हैं। बासमती चावल में आपसे ऊपर पाकिस्तान निकलता जा रहा है। इसके पीछे क्या कारण हैं? उपसभाध्यक्ष महोदय, यह सीधे हमारे देश के कृषक समाज के साथ जुड़ा हुआ है। उनकी उपजाई हुई वस्तुओं का एक्सपोर्ट हो सके, निर्यात हो सके, उसने लिए आपने क्या बंदोबस्त किया है? आपने विदेशी व्यापार (विकास और विनियमन) विधेयक, -92 बना दिया, पर इसको आखिर आप गांव तक, कृषक तक कैसे पहुंचाएंगे। यह बिचौलियों के बीच ही रह जाएगा।

उपसभाध्यक्ष महोदय, इसके साथ-साथ अगर गौर फरमाया जाए तो पिछले दिनों 1947 के कानून के तहत हम लोगों ने रशिया से जो फैसला किया, जो विनियम किया उसमें कितना घाटा हुआ? 25 रुपए के बदले एक खस के हिसाब से हम उन्हें माल सप्लाई करते रहे, जबकि

वहाँ एक डालर के बदले 60 खस मिलते हैं। यहाँ भारत में होता क्या रहा? हार्ड करेंसी की जो कट्टी फ्रांस से, जापान से, इटली से और दूसरे बड़े मुल्कों से माल खरीदकर उसकी एक्सपोर्ट करते रहे, नाम के वास्ते रशिया ने। परंतु यह माल शिपमेंट होकर सिमापुर में, बँकाक में और हंगरी में उतरता रहा। इस तरह से लोग कितने पैसे बनाते रहे। उपसभाध्यक्ष महोदय, मैं आपके माध्यम से मंत्री महोदय से कहना चाहूंगा कि इसी विधेयक के माध्यम से क्या किया करके जानने की कोशिश करेंगे कि सितम्बर, और दिसम्बर, 1991 के बीच एक हजार पांच सौ से लेकर दो हजार करोड़ रशिया में यह एक्सपोर्ट प्रोसीड रिसीव हुआ, जिसके बैंकों का भुगतान स्टेट बैंक आफ इंडिया, पंजाब नेशनल बैंक और यूनियन बैंक आफ इंडिया के माध्यम से हुआ। आपको आश्चर्य होगा, उपसभाध्यक्ष महोदय कि इनका कोई हिसाब नहीं है। अगर यह पैसा भारत में रहता तो कुछ फायदा होता, लेकिन यह पैसा हवाले के माध्यम से फिर विदेश चला गया। इसको रोकने के लिए आपके पास क्या उपाय हैं? यहाँ से जितना माल एक्सपोर्ट होता है, उसका जो एग्जेल होता है या इंपोर्ट होता है, उसका जो एग्जेल होता है। आपने पिछले साल एक आर्टिनेंस जारी किया, एक नोटिफिकेशन किया कि एल० जी.एस. एजेंसी, एक स्वीस एजेंसी को आप ठेका देने जा रहे हैं, जो आपके एग्जेल का काम करेगी। फिर उसके बाद आपने उसको बंद कर दिया। बंद करने के बाद क्या हुआ? आज भी एग्जेल का वही हिसाब है कि एयर इंडिया की एक फ्लाइट से जो सामान मुंबई उतरता है तथा किसी चीज का साढ़े आठ डालर, 8.5 डालर पर के.जी. का रेट अगर लगता है एग्जेल पर और जो नेक्स्ट मोनिश उतरता है उस पर साढ़े सात डालर पर, के.जी. का रेट लगा दिया जाता है। तीसरे दिन जो उतरता है उस पर साढ़े नौ डालर का रेट लगता है। आपके पास यह इंफार्मेशन क्यों नहीं माती और आप तब तक आयात और निर्यात की मुद्दा नहीं बना सकेंगे जब तक आपका अपना रेवेन्यू इंटेलीजेंस और आपका अपन

[श्री सुरेन्द्रजीत सिंह अहलुवालिया]

नेटवर्क तगड़ा न होगा। आपके पास में आलरेडी कस्टम का पूरे भारतवर्ष में कम्प्यूटर का नेटवर्क है और जितने भी बड़े-बड़े देश हैं, जहाँ से हमारे भारतवर्ष का आयात और निर्यात होता है वहाँ-वहाँ आपके रेवेन्यू इंटेलीजेन्स के या कस्टम के आफिसियल्स पोस्टेड हैं। तो आप सैटलाइट के थू क्यों नहीं एक मंदर कम्प्यूटर के माध्यम से उनका सम्पर्क रखते हैं, क्योंकि वहाँ का डे का जो भी रेट चले वह रेट कम्प्यूटर में फीड हो जाए। अगर बिबेन्धन में भी माल तोसरे दिन उतरता रहा है तो हमें पता हो कि पैरिस से जो माल चला है उसका रेट क्या था। उसमें एप्रेजल करने में सहूलियत हो। पर यह एप्रेजल नहीं होता है और इसी में सारी गड़बड़ी होती है और इसके बाद जितना भी हम यहाँ से सामान निर्यात करते हैं उसकी पूरी सेल प्रोसेड भारत नहीं आती है; इंडिया में नहीं पहुँचती है। वह कहते हैं कि हमारा जो पैसा या जिसने माल खरीदा वह कंपनी डूब गयी या बैंकरोट हो गयी। ऐसी चीजों को रोकने के लिए क्या प्रावधान आपके पास है? आप इस विधेयक के माध्यम से कैसे अंकुश लगायेंगे कि जो निर्यात यहाँ से हुआ उसका पूरा का पूरा पैसा भारत में पहुँचे, उसके लिए आपने क्या प्रावधान विधेयक के अंदर रखे हैं?

उसके लिए क्या प्रावधान इस विधेयक के अंदर रखे हैं और इसको अगर आप नहीं रखेंगे तो पी.वी. नरसिंह राव जी के जो रास्ता अपनाया है आयात और निर्यात विभाग में घाघली को खत्म करने के लिए, पहले जो एक्सपोर्ट-इम्पोर्ट लाइसेंस लेने पर अड़चने आती थीं, उनको खत्म करने के लिए एक पालिसी लाई गई, वह पालिसी बेकार ही जाएगी। अगर यहाँ से चीजों का निर्यात होकर उनकी कीमत यहाँ नहीं पहुँचेगी, विदेशी मुद्रा नहीं पहुँचेगी तो उसका फायदा क्या होगा।

उपसभाध्यक्ष महोदय, भारत में वैसे तो नाम के बास्ते आयात-निर्यात विभाग की तरफ से क्वालिटी कंट्रोल और प्री

शिपमेंट इन्स्पेक्शन आफिश भी है लेकिन उसमें इतना ज्यादा कस्टमन है कि उसमें रेडीमेड गारमेंट के नाम से बोरे भेजे जाते हैं। पहले इसमें सन्सिडी मिला करती थी। अब तो आपने सन्सिडी बंद कर दी है। पहले बोरे के कपड़े बनाकर भेजे जाते थे और वह क्वालिटी कंट्रोल वाले उस पर ओ.के. लिखते थे और वह बोरे समुंदर में फेंके जाते थे, और उनके कागज पर यहाँ सन्सिडी लिया करते थे। तो ऐसी जो चीरियाँ हैं इनको रोकने के लिए आप क्या करेंगे और आपने क्वालिटी कंट्रोल पर अगर आप ध्यान दें तो आपकी करीब 400 गाड़ियाँ मारुति 1000 जो मारिशस को सप्लाई की गई थीं, वे उनके स्पैसिफिकेशन पर तो खरी उतरती थीं लेकिन यहाँ से मारिशस जाते-जाते उनके रंग पर जंग लग गया। इस करके उन्होंने वे गाड़ियाँ रिजेक्ट कर दीं और वह वापस आ गई क्योंकि अच्छी क्वालिटी का रंग उसमें यूज नहीं किया गया था, यदिया क्वालिटी का रंग यूज किया गया था वह वहाँ की ह्यूमिडिटी से भरे हुए एटमोस्फियर में समुंदर के रास्ते से पार होते-होते उसमें जंग लग गया और 400 गाड़ियाँ रिजेक्ट हो गईं। यह पहला कंसाइनमेंट जा रहा था। इसकी वजह से पूरा ग्रांडर कौंसिल हो गया।

इसी तरह हमारे साथ बहुत भारी घटनाएं घटती हैं। ऐसे क्वालिटी कंट्रोल पर आप क्या अंकुश लगायेंगे? मैं अंकड़ों में नहीं जाना चाहता पर जिस तरह 1984-85 में हमारी एक कंसाइनमेंट रिटर्न हो गई, और रिटर्न होना बड़ी बात नहीं है, रिटर्न होकर मार्केट पर जो एम्पैक्ट आता है उसका क्या उपाय आपने सोचा है। जैसा कि आपको ज्ञात होगा कि 12 ई.ई.सी. देश जिसबर, 92 में बिजनेस के लिए अपने वार्डर्स ओपन करने जा रहे हैं। इसका इम्पैक्ट भारत पर भी पड़ेगा और उसके लिए आप क्या प्रकाशन लेने जा रहे हैं? क्या आपने सोचा है कि जो 23 ई.ई.सी. कंट्रीज अपने वार्डर्स ओपन करेंगे, एक-दूसरे की जरूरत की चीजों का उत्पादन और पूर्ति करेंगे और वे, उसके लिए पिछले चार-पांच साल से काम कर रहे हैं।



आपके कोई सर्वे किया है कि इस मार्केट में आपका क्या योगदान रहेगा ? वैसे तो सरकार के तहत बड़े संस्थाएँ हैं। क्या किसी संस्था ने सर्वे किया है कि दिसंबर के बाद जो अवस्था होगी, इन 12 कटौत — हमारा माल जाना बंद हो जाएगा तो ऐसे कौन से कंटीज है जहाँ हम अपना माल बेच सकेंगे ? कोई सर्वे किया गया है कि नहीं किया गया है ? यह बहुत जरूरी है ।

महोदय मैं यह भी कहना चाहूँगा कि ग्रीष्म ऋतु के अवसर पर अभी इस देश में कोई काम नहीं हुआ। कई बार मैं इस सदन में आवाज उठा चुका हूँ कि टूना फिश एक ऐसा मछली है जिसकी कामशियल वैल्यू बड़े मार्केट में बहुत ज्यादा है। वह मछलियाँ हमारे लिए बाजार नहीं करती कि भारत या ताइवान आयेँ और उनको पकड़कर ले जाएँ और पैक करेंगे जिससे भारत की विदेशी मुद्रा बढ़ेगी। उसमें इतनी चोरी होती है इतने लोग तस्करी करते हैं हमारे कोस्ट गार्ड किसी को रोक पाते हैं किसी को नहीं रोक पाते हैं। उन मछलियों को पकड़कर एक्सपोर्ट करने की जरूरत है। चूँकि मंत्री महोदय कुरियन साहब केरल के रहने वाले हैं इसलिए वे मछली के बारे में ज्यादा जानते हैं। मेरा ख्याल है अगर टूना फिश हम एक्सपोर्ट कर सकें तो हाफ बिलियन डॉलर हम पर ईयर कमा सकते हैं। उसके लिए कोई सर्वे आपके विभाग ने किया है या नहीं किया है। अगर किया है तो सदन को बताने की कृपा करें। मैं पुनः इस बिल का समर्थन करता हूँ। धन्यवाद।

**SHRI G. SWAMINATHAN** (Tamil Nadu) : Mr. Vice-Chairman, Sir, the hon. Member, Shri Yashwant Sinha, when he spoke here, quoted many figures. What he spoke should know, because he himself had been a Finance Minister. He strongly recommended to the Government that unless they have import compression as it was done during his period and also export promotion at the same time, the Government would be in serious difficulties by the end of this year.

I am also one who feels, as I have been advocating it in this House in my speeches, that liberalisation cannot bring in results quickly, in a very short period. Not only have I said this but the hon. Minister of Finance and others also have said this. It will take three, four, five years for the liberalisation perceptibly change the climate of this country. It so happened in other countries including the country of Mrs. Thatcher. In every country where they have done liberalisation it has taken its own time because time is required for the medicine to work and weed out the old narcotic symptoms which have already gone into the system. That system has to go, and the new medicine has to work. So, you have to give some time to it.

I also feel that by about December, by about January-February when we end this period, our economic condition may not be as sound as we are talking of today. Maybe, it may deteriorate in many areas. One of the areas which may also deteriorate may be the BOP position which may not be as good as has been anticipated here by the Finance Minister.

The reason has already been given by Shri Sinha here. The reason is not the policy that you are bringing in here but the climate that you are facing today. Exports have to be made to other countries. The conditions in other countries as on date are not very congenial for export of our items to them. It is well known that the CIS, formerly the USSR, the countries which comprised it, all are in a very bad shape, maybe, because of the protected market they had over a period of time. The way we had it during the last forty years, they had it for the last fifty, sixty years. Their system has collapsed. Because their system has collapsed, our economy has also been affected. To a large extent we have also been depending on our exports to those countries. The USSR collapsed.

[Shri G. Swaminathan

When other countries associated with it collapsed, our position has also become bad. This also has been mentioned by Mr. Yashwant Sinha.

It has been said that the exports of most of the countries, dollar countries, EEC countries, have gone down by early 3 per cent. There is a big recession in the USA. Recession is affecting Japan now. It has affected other countries also, what they call, "the Economic Tigers of the East." I have been told that even Singapore, Taiwan, South Korea have been affected. We need not say that the cubs, Thailand and other countries, have also been affected. So, the position will be that our exports will also come down, and they cannot be what we anticipate them to be, nearly 12 per cent or above during this year.

Then, my only question is this. Import-compression and export-promotion are two contradictory terms, according to me. Unless you have ingredients, unless you have the intermediates, you will not be able to export at all.

In the House a few days ago there was a discussion on the pharmaceutical industry. Vitamic C is not available as an ingredient for manufacture of formulations to be exported. The hon. Minister has been telling us that he would look into the matter. Because of that, many formulations of the pharmaceutical industry could not be exported, because those items are not available here. Many items are either not available or if they are available, are not up to the quality with which we can export. So, necessarily we have to import for exporting. Once we have an import compression and start promoting exports, we will end up with what we had done over a period of 40-50 years. This is what we have been doing.

He has been advocating to us to follow the policy that our leaders followed over a period of time. We

are now trying to change the policy, because what we have been following over a period of time has not yielded results. If they had yielded results we would have been prosperous. If we had become economically very strong like Japan, we could definitely have continued the same policy which we have been following over a period of time. The Finance Minister and the present Government with reluctance or with interest have changed the policy because we all know that the policy that we have been following for the export hitherto over the last 40-50 years has not paid dividends. Naturally a time has come for us to change the policy. Unless we do that, I do not know how we will have export promotion in the country.

The hon. Member also said except the code number to be given by the Director-General, there is no other change, because the Reserve Bank has already been giving a code number. Except that he does not find any change in the Bill. I wonder if nothing has been changed except the penalties and the code number, why so many hon. Members of the House, nearly five hon. Members, belonging to different parties have given a disapproval Resolution to the Foreign Trade (Development & Regulation) Ordinance promulgated by the President of India. It is again self-contradictory. Suppose there is nothing new in it, there is only a code number about which they are talking and the penalties about which they are talking, why is it that they are resorting to such a protest? I have also a feeling that they are going to vote against it. I don't know, but we have been told and we have asked all our Members to be here between 4 p.m. and 5 p.m., because there is an apprehension that they may also vote against the Bill.

**SHRI SUBRAMANIAN SWAMY** (Uttar Pradesh) : Who has asked you? The one from Madras or from Delhi?

**SHRI G. SWAMINATHAN** : Our allies have asked us. So, we will

be in the House in good number. If there is nothing new, as Mr. Yashwant Sinha has said, I would only request the hon. Member to persuade other Members to withdraw this Resolution. Their benches are already vacant and they may not come here to vote.

Since my time may be over already, I would speak on only one or two points.

**THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) :** No. You have already exceeded by two minutes.

**S R I G. SWAMINATHAN :** Only two minutes more. I have not offered any suggestion. One suggestion is about the export promotion. I would like to point out that we cannot promote every product. We have to promote only specialised products in India. I would request the Government to find out the products in which India specialises and what is the target market about which we are talking. Over a period of years we have specialised in certain products like jewellery. The export of it has also increased. Suppose you try to get into a product which does not sell over the years and for which there is no specialisation. There is no point in trying to sell such products.

Secondly, there are certain people who are very competitive by nature. Unless we pick up those exporters who have been successful and try to persuade them and try to do something about it, we may not be able to do very good work on exports.

Regarding drugs and pharmaceutical items, about which I would like to mention here, there is a large scope for their promotion abroad. It is already very successful. I would recommend to the Government to take in a large measure the export of the traditional medicines of our country into other countries.

The traditional way of life of India has already been promoted in a large measure. For instance transcendental meditation has become so successful abroad that now so many people are starting Yoga centres abroad. Ayurveda is becoming very successful.

**SHRI SUBRAMANIAN SWAMY :** You want to export Swamis,

**SHRI G. SWAMINATHAN :** Including Subramanian Swamy.

**SHRI SUBRAMANIAN SWAMY :** Swaminathan.

**SHRI G. SWAMINATHAN :** There are certain ailments for which Allopathy does not have medicines. In those areas Ayurveda, Siddha and Unani drugs can be taken up and exported to many countries wherein the policy and regulations are not so strict. I would recommend that you take this to many countries in the East, where they do not consider it as a new drug. Ayurvedic drugs are already there in Africa and in many other countries. Therefore, I request you to concentrate only on the specialised products wherein we are successful in our own way and choose our own targets. You take only those products which are unique to India and take them to other countries. If we do like that we may most probably be successful.

I welcome this Bill and heartily recommend this Bill to the House.

4.00 P.M.

**SHRI VITHALBHAI M. PATEL :** Mr. Vice-Chairman, Sir, though I am not happy with the Foreign Trade (Development and Regulation) Bill, 1992, I am going to support it. The title of the Bill is The Foreign Trade (Development and Regulation) Bill. In fact, this Bill is not intended for the development and foreign trade. There is nothing in the Bill about the development of

[Shri Vithal Bhal M. Patel]

foreign trade, increasing exports and reducing imports. This Bill is merely a restriction on foreign trade. In real terms this Bill should be called the Foreign Trade Restriction Bill instead of the Foreign Trade (Development and Regulation) Bill.

SHRIMATI JAYANTHI NATARAJAN : Correct.

SHRI VITHALBHAI M. PATEL : The policy which has been announced by our hon. Prime Minister and the Finance Minister is not going to be implemented through this Bill. In fact, this Bill scuttles the aims and objectives of the new Government for augmenting exports and the liberalisation policy. There is nothing about liberalisation. On the contrary, this Bill gives more powers to the bureaucrats to misuse it. I have seen what is the difference between the Chief Controller of Exports and Imports and this authority. The same powers have been given to this authority also. So there is a possibility of more corruption and misuse of power... (Interruptions)... The Deputy Minister of Commerce and the Minister of State for Industries are talking to each other. They don't listen also... (Interruptions)... Mr. Kurien, when the bureaucrats prepare the Bill, you should not bring it to the Parliament as it is. You must also go through the Bill. You must use your brain also. Don't go by the brains of the bureaucrats. Whatever they give you, you should not think it is all right. The present Bill is not relevant to your new policy. At least you should have gone through it.

Another thing I wanted to say is about the Dunkel proposals. I know that you have not signed it. But one by one the steps which you are taking to remove restrictions are contained in the Dunkel proposals. So without accepting the Dunkel proposals, you are implementing them indirectly. This is a very dangerous thing. Without getting approval from the parliament, you

are removing the restrictions. Let me tell you, you are playing with fire.

Even today, just now I got a copy of the supplementary list of business which says that the Finance Minister is going to make a statement regarding an import concession granted under the Income-tax Act. This is one of the suggestions contained in the Dunkel proposals. My hon. friend, Mr. Jagesh Desai has already said that special licence should be removed because to harass the trader or to encourage corruption, this type of clause is required. I can give you an example as to how you can exploit them. Sometime back traders were exporting castor oil. It is not the Commerce Minister who has located the importers. But the Indian traders themselves have located the importers. But the gentleman sitting in the Government office wanted to oblige a party and issued an amended notification saying that medicinal castor oil will be allowed to be exported. The quality of the castor oil which was exported was the same. In order to oblige a party they have amended it. The amendment comes through a notification but nobody knows about it. The amendment which hits the concerned traders, only they know where it hits them. So this type of thing is going to happen in this Bill also. And, what happened further? Castor oil exporters were entitled to CCS. But the Commerce Ministry denied it to them saying, "You are not entitled because it is not medicinal". The importers are the same and the castor oil is the same. But our bureaucrats sitting in the Commerce Ministry have a better brain than the importers and the exporters! So, they have denied it to them. This kind of misuse may be allowed by this Bill also. All the powers are given to them. "You can do this; you can do that". Everything can be done by bureaucrats. Even though there is a code number, whenever they want, at any time, they can harass any businessman or any exporter. You should not allow them to do so. On the contrary, use your

brain again and find out how the Bill is going to be misused and bring some simple Bill. It should be a simple Bill. Do not bring in such clauses for punishment. And, bureaucrats have the power to remove the punishment ! They have got every power. This is one thing I want you to think about.

Coming to the actual exports aspect, I do not know how you are going to promote exports by this Bill. There is no coordination between the Finance Ministry and the Commerce Ministry. I am telling you today. The bureaucrat in the Finance Ministry thinks in a way different from the way in which the bureaucrat in the Commerce Ministry thinks or from the way Dr. Manmohan Singh thinks. The new policy is announced, but those who have to implement it are not yet trained. They are yet to concede that they have to implement this policy. They are yet thinking that the old policy is the right policy. So, first of all, you train your bureaucrats to suit this new policy. Otherwise, they will put you in difficulty and your aims and objectives will not be achieved.

Another aspect is that under the new provision, you have invited foreigners to invest in this country. I have come to know that you have cleared some licences to produce mineral water and perfumes. Mineral water can be produced by any Indian company. And, perfumes can be produced by Indian companies. In fact, India is producing perfumes. If you have put any condition there, to the effect that all the mineral water or perfumes they are going to produce will be exported, I have no objection. If it is for export purpose, I have no objection. But, are you sure that it is going to be exported and not consumed in India ? If it is going to happen as it happened in the case of Pepsi Cola, then God save you ! Before clearing the applications for licence, please get concrete evidence about it. In this connection, I would

recollect that there was a proposal to set up a Commonwealth Economic Community for trading, export, import and other things, in 1972-73. After about 20 years, I have still known nothing of what happened to it. If, today, you can try for a Commonwealth Economic Community again, it can help you in future.

Lastly, I would like to draw the attention of the hon. Minister to the export of tobacco. This year, Russia wanted to buy it from us. But they said, "We have no money. Give us on credit." Our farmers and exporters are crying to export it. After all, Russia has stood by us on a number of occasions when we were faced with odds. If such a country asks for a little credit of 25 thousand tonnes, 30 thousand tonnes or 40 thousand tonnes of tobacco, can we not oblige them ? It will benefit our farmers also. You cannot ask Russia to pay us in dollars just now, because they are not in a position to pay us in dollars. I request you to grant their request and allow them to purchase at much quantity of tobacco as they want. You give them credit also because they have stood by us in difficult times. You should stand by them. Thank you.

SHRI N. GIRI PRASAD  
(Andhra Pradesh) : Mr. Vice-Chairman, Sir, the present Bill is no Bill at all because this Bill does not contain any major changes from the Act which was there already, that is, the Import Export Control Act of 1947. Even before this Bill is introduced in Parliament, there was no necessity for the Government to bring about an Ordinance on 19th June 1992. I entirely agree with Yashwant Sinha Ji that there is no such hurry, there is no such urgency. This is only to show that the Government is intending to bring about basic changes in the trade policy.

They want to convey this idea to the business community, to the entire people not only now, but, soon after this Government came into power in August 1991, they had made a statement regarding the trade policy. That is already in existence now. Similarly, the Export Import Policy from April 1992 for the coming policies are already there. These policy statements were made under the old Act, the Export Import Control Act. Now, by passing this Bill, the Government wants that those pronouncements or policy statements should be deemed as have been passed under this Act. That means even this legislation is not required to make those statements. This is just to fool the people to hoodwink the people that the Government has brought about a very big change in the trade policy. When that is the case, where was the necessity to bring about an Ordinance? They could have waited till the Parliament Session; they could have discussed this Bill here in Parliament. I first take objection to the Government promulgating this Ordinance. That was an arbitrary action and the Government has misused the constitutional provisions to issue the Ordinance.

The second point I want to make is that this trade policy cannot be seen in isolation from the economic and the industrial policy. The Government have announced all these policies together or simultaneously. They convey the same thing. They want to liberalise the whole economy. The industrial policy as well as the trade policy also convey the same thing. But without having proper economy, sufficient economic base, sufficient growth rate in the economy, proper industrial policy, you cannot have very big break through in the export trade also. But, what is the state of economy in our country? I have read it in the newspaper. For the month of June, the Finance Ministry prepared a report for the Cabinet committee on Economic Affairs. That has presented a very gloomy

picture about the state of economy that is prevailing now. I have read this in the paper. I quote: "Deficient pre-monsoon rainfall; lower foodgrains stocks procurement and off-take; stagnant industrial production; mixed trend in infrastructure and investment climate; higher growth rate in money supply; inflationary pressure continues; exports in dollars sluggish, but trade deficit recorded a low; substantial growth in external debt; marginal decline in foreign exchange reserves." They want to convey certain things. Of course, certain things are not in the hands of Government. About monsoon and other things I cannot find fault with the Government. The report has presented the picture gloomy, but I think it is not gloomy. Now we are having a very dangerous situation. Even in regard to employment it is said that there is a growth of 5.2 per cent in the registered unemployed persons; placement, minus 8.2 per cent; vacancies notified, minus 15.8 per cent. So the vacancies are going down, the placements are going down, but the unemployment is increasing.

About exports, now we are not talking in terms of the rupee because the rupee has lost all its worth and is further losing. And I am told, because of the devaluation the debt-servicing has increased by almost 33 per cent. That apart, we have to understand our economic position, particularly with regard to exports, only in terms of dollars. The Government is also not very firm on this point because they never believe that the rupee can be taken as a proper measurement. India's export in dollar terms for the first time in the last six years have fallen and. (Interruptions)... Because the time is not enough, I don't want to give the statistics. In 1991, there was a decline by 1.7 per cent and even with regard to the erstwhile Soviet Union and other countries, due to the collapse of the systems there, of course, our exports which were there up to 18 to 20 per cent, may have reduced—now we can't

have that figure. With regard to the general currency areas also we must understand that our exports are falling year by year. In 1990-91 the growth rate was 11.6 per cent. Now in 1991-92 it is only 6.6 per cent. The growth rate of exports to GCA is falling and not only that, if you take the figure for these two months, April and May, it is only 2.97 per cent. With regard to leather goods when compared to 1991-92 there is a decline of about 11 per cent. I am talking only about the exports to CGA countries. With regard to tea I understand previously in 1981 our share in the global tea market was 28 per cent.

**THE VICE-CHAIRMAN**  
(SHRI H. HANUMANTHAPPA) :  
Please conclude, Mr. Prasad.

**SHRI N. GIRI PRASAD** :  
Just two minutes. Now it is only 18 per cent. Ten years back it was 28 per cent. Now it is coming down to 18 per cent. It is really a very horrible situation ! And I don't know how our Government wants to correct the situation.

The imports are also increasing. In April-May there was a trade deficit of almost 944 million dollars or 945 million dollars. Yesterday our Finance Minister said that the net outflow of NRIs' deposit was 221 million dollars. If this position continues, our present foreign exchange reserves, in spite of the liberal loans sanctioned by the World Bank or the IMF, will go down in a very short time. My main point is : Why are we facing this problem on the export front. Because there is severe situation, economic recession, in the United States, Japan and many other countries. moreover, they are not very friendly countries. Even they are quarrelling among themselves. You know the great was with regard to automobile industry between Japan and America. Now there is a bear war between Canada and USA. All these things are going on. I understand that President Bush threatened even China with punitive actions if they did not allow free

imports into China. Our position will also, day by day, reach the point because the US has imposed punitive tariff on our drugs and black-listed our ISRO. All these things are taking place. The only way out, according to me, is that the Government must take all the positive steps that are needed to improve any develop the foreign trade and exports. There is no doubt about it. Then, whatever hindrances are there and obstructions are there, they can be removed. I agree with Yashwant Sinha that unless you reduce the imports, especially in non-essential items—I have got four or five items here, but I don't want to name them—and unless the Government takes this policy very seriously, the imports will increase. The exports are not in our hands. So, the country will face a very serious problem and again we will have to go to the World Bank and the IMF and the country will be indebted. We don't have the debt-servicing capacity. I hope by adopting this Bill nothing will happen. There is nothing to oppose and there is nothing to support also. I request the Government to consider the Indian economic situation in a very concrete manner and take all the factors into consideration. They have not brought out any positive results so far. Last year was a very bad year. April— a were also running in the same fashion. request the Government to take in account all these factors and to take remedial steps to improve the economy and the exports and to reduce all unnecessary useless imports that are being done now.

**SHRI RAJNI RANJAN SAHU**  
(Bihar) : Mr. Vice-Chairman, I rise to support this Bill, the Foreign Trade (Development and Regulation) Bill, 1992. Though this Bill is named as the "Foreign Trade (Development and Regulation) Bill", I find here nothing like regulation but only development of foreign trade in our country. It gives unlimited scope for development of foreign trade. Although the object, a

[Shri Rajni Ranjan Sahu]

mentioned in the Bill, is to provide for development and regulation of foreign trade by facilitating imports into, and augmenting exports from India and for matters concerned therewith or incidental thereto, if you go through the entire Bill you will find that everything has been said about import but very less about export facilities. First of all, we will have to think what the necessity is for bringing this Bill. To my mind, it is because of the major changes in the trade policy announced in July 1991 and the new export and import policy which was announced in March, 1992, which is an integral part of the trade policy, so, to my mind these are the factors which have necessitated this Bill. Apart from this we have taken several measures to liberalise the Industrial Policy. The Government has also taken several measures to improve the fiscal policies. We have to view the entire scenario of our economy in the light of these changes which have taken place recently. I think, that is why this Bill has been brought. It is true that the wheel of development cannot move in speed unless each and every part which is connected with development is taken care of. We have taken up the task to change the lot of our people. Our Prime Minister is very keen to eradicate poverty, to bring the country at par with the developed nations. Unless some changes in the trade policies are brought about, we cannot have such progress and we cannot stand at par with other developed countries. But for achieving this our exports have to be improved. In this Bill emphasis has been laid on imports. We all know that the new export and import policy which is effective from the 1st April, 1992 to 31st March, 1997 is coterminous with the Eighth Plan period and this policy is also required to keep pace with the Eighth Plan period.

The fundamental feature of our new policy is freedom in the field of foreign trade. It substantially eliminates licensing, quantitative restrictions and other regulations and

discretionary controls. But we have to be more cautious. As my other colleagues have warned the Government, this Bill has been brought for development and regulation of foreign trade but bureaucratic approach may hinder the progress of our trade policy and also the very objective for which this Bill has been brought.

I would also like to bring to the notice of the hon. Ministers both the Ministers are sitting here—that there is absolutely no cooperation between the departments, that is, Commerce and Textiles or Textiles and Industry. I would like to give an example. Even today the floor price is being fixed by the Textiles Ministry. Floor price means the price fixed by the bureaucrats of the Department of Textiles. At one end we are liberalising everything and allowing free trade having a new export and import policy where, as I have said, several restrictions and regulatory controls have been revoked, but in textiles, which has our maximum export in the world market, has got a floor price which is hindering our exports. I don't remember the exact percentage but it is suffering for de-regulatory control. There have been less exports due to this policy. The Commerce Ministry has no control, and this is going to hinder our exports. The floor price should be removed and the buyers and sellers should be allowed to fix up prices as is being done in our neighbouring countries. We have to compete with Bangladesh. We have to compete with Sri Lanka and Pakistan. Because of bureaucratic approaches and bureaucratic tendencies which prevails in our country—the floor price is being fixed by the bureaucrats—we are not able to compete in export. I have just quoted an example. In respect of imports, we have liberalised our import policy, This is going to tell heavily on our economy. Our friend, Mr. Jagesh Desai, has very rightly pointed out that just because we have got foreign exchange reserves, it does not mean that we should allow import of everything inspite of the



fact that we have the capacity to produce it in our country. There should be control over our imports. We should not allow imports indiscriminately. Moreover the multinational companies which have branches and head-offices in foreign countries will take advantage of the liberalised policy and will drain away our foreign exchange reserves to other countries. So these are the disadvantages which need to be looked into. The policy also tells us something about facilitating imports. Chapter II tells us about the Powers of the Central Government to make orders and announce export and import policy. Clause 6(1) says.

"The Central Government may appoint any person to be the Director General of Foreign Trade for the purpose of this Act."

The powers of the Director General as mentioned in the Bill are advisory. At the same time he is responsible for carrying out the policy. I am surprised that how an adviser can carry out the policy. It is not clear whether the Director General has any biting teeth as is made out to be in Clause 6(2) which says :

"(2) The Director General shall advise the Central Government in the formulation of the export and import policy and shall be responsible for carrying out that policy."

I would like to seek a clarification from the hon. Minister whether the Director General has any powers in regard to regulating imports. Otherwise there will be no one to control imports. Chapter V of the Bill is regarding Appeal and Revision. It says:

"The order made in appeal by the Appellate Authority shall be final."

I hope the right to appeal to the Supreme Court has not been taken away by this Bill. I would like to know from the hon. Minister whether

this right to appeal to the Supreme Court is there or not. The hon. Commerce Minister is himself a wearied advocate and he should be able to clear this doubt. I know respect of search, seizure, penalty and confiscation. The Government should specify some time in the Bill so that the Appellate Authority can dispose of the cases in that time limit. Lastly, I would like to bring to the notice of the Government that there are a large number of cases of over-invoicing in imports which eroding our foreign exchange. As I have already said, all these precautions need to be taken care, otherwise the hon. Minister will come again with an amendment to this Bill after two or three months. All these precautions as mentioned by me and the other hon. Members should be taken care. Thinking you.

**SHRI SUBRAMANIAN SWAMY :** Sir,

the discussion today on this Bill, this ordinance, is on a crucial occasion. As it has been pointed out, the Bill by itself is a very pedestrian Bill. It is a technical issue. But this is an occasion when we, in Parliament, have an opportunity to look at what has happened in the last one year in foreign trade. Sir, the share of India in world trade which was about 2% in 1949 is now down to something like 0.3%. This is a matter of great scandal considering that the share of other countries,—I am not talking of small countries, but even of medium and large countries—the share of many of the fast growing countries, has increased over the year. Japan, for example, has exports which are almost three times of ours and there is no reason why we are in this disappointing state. When I took over the Commerce Ministry, I felt very strongly that we needed major reforms. A Paper was prepared on this subject. It was also passed by the Cabinet Committee on Trade and Investment. But, unfortunately, the Government fell soon after and in a distorted way, that reform, that package, has been implemented by the successor

[Shri Subramanian Swamy]

Government. There have been some mistakes in that. In particular, I was totally against devaluation because devaluation, in the present context of our economy, would be wrong as it would raise the cost of imports and we didn't have the infrastructural capacity and marketing facilities abroad to increase the exports. Also that would result in lower prices of our exports because of devaluation. Since we were not in a position to really step up exports in a major way and at the same time there would be an increase in the cost of imports which resulted from devaluation, I was against devaluation as a first step. I thought that that should be the last step. But, unfortunately, the successor Government implemented my package, but upside down and put devaluation as first. As a consequence, what we see today is a dismal performance on the export front. The World Bank, which this Government is now regularly consulting and looking to for certificates, has, in its report circulated in Paris—the report was submitted in May this year and the Paris meeting took place in June also clearly said that on the export front, the performance has been disappointing. Consequently, today, we are in a situation where I think new package of reforms is necessary correct all distortions that have been introduced in the last one year in the Commerce Ministry. And I hope that these two young, dynamic Ministers will do what needs to be done in this area. Sir, the latest figures are indeed very distressing. The latest figures available for April, in a detailed way, show that, for example, in 1990, the trade deficit was 445 million dollars. By April, 1991, when I was the Commerce Minister, this had been turned around to a surplus for the first time, maybe in 17 or 18 years, of 52 million dollars... (Interruptions). Can you deny these figures? Again, I find in April... (Interruptions)

SHRI G. SWAMINATHAN : I am on a point of order. The same

point was raised by the hon. Member, Shri Yashwant Sinha, and he took credit for the performance and he said, "I made it a surplus". Now the then Commerce Minister says, "It is my performance. I made it a surplus." Who was responsible for what?

SHRI YASHWANT SINHA : I must put the record straight. I never claimed any credit for this. I merely referred to the policy of import compression which was brought into force when we were in power.

SHRI G. SWAMINATHAN : Who are responsible Sir—the Finance Minister or the Commerce Minister?

SHRI SUBRAMANIAN SWAMY : This surplus record remained as long as I was in office and after that... (Interruption)... In April, 1991, the trade surplus was fifty-two million dollars. It was a surplus. In April, 1992, it is minus 4.19 million dollars. That is deficit. Again if you look at the export growth rate, the export growth rate to general currency areas i.e. hot currency areas, was growing at the rate of 14 per cent in April 1991 and today in April, 1992, it was minus 1.17 per cent. This is the first time that we have a minus growth rate in exports. And if you take me—the Commerce Minister should confirm it—I believe that if you take April and May together, the export growth is minus 4 per cent in dollar terms. So, I would like to know whether there is any crisis management going on considering the dismal performance on export front. You don't have to take my words. The World Bank, to which you care so much and whose certificate you are all the time in search of, in its interim report which was presented to the Indian Government in a Consortium Meeting in Paris says that of all the areas where we trade, the most disappointing and dismal performance is in the area of exports. So, how is the Government going to change the situation in this regard?

In the meantime, the Commerce Minister has also disappeared. Therefore, it is now in effect a headless ministry. Although we have two very dynamic people—one has a concurrent charge and the other deserves to be promoted but he is still a Deputy Minister—I think the Commerce Ministry needs a new and decisive leadership. . . . (Interruptions)...

Now, Sir, the way we brought about the trade surplus was by fixing certain areas of exports. Mr. Swaminathan talked about not exporting everything but certain areas. There are certain areas, where we can make massive expansion. We did it during that year. One is computer software. The other areas are leather, agricultural, processed foods, particularly sea-foods and a variety of such areas. For example textiles. If the Uruguay talks comes to a successful conclusion, we will get a tremendous opportunity for the export of textiles. That was one way. The other way I found is that Soviet trade was a big drain on our dollars. For example, we were importing cashew kernel from Tanzania and then exporting it to the Soviet Union. We were paying for it in dollars and receiving for the same thing from the Soviet Union in rupees. and, of course the Soviet Union was then exporting it to Canada and earning dollars on it. So, should we put a value added requirement of two-hundred per cent. That is why the rupee trade with the Soviet Union began to decline. We also went in for a trade protocol. Today, we have opened border trade with China. How did that come about ? For ten years this was not possible. They have tried for ten years to trade with China. But when I was the Commerce Minister, I was able to go to China and sign a trade protocol not only to get border trade opened but also to trade in coking coal, silk which you could not trade with China. I think that is the way we should be going about. Sir, I would like to conclude by saying

when the world is getting so competitive and when we have to have a dynamic approach, I won't agree with my colleague, Mr. Yashwant Sinha, who suggested import compression as the only way because imports are also going into our exports. Imports are going to our industry. What we need is that we should be able to substitute it in a cost effective way for many of the imports which we are not doing. By sheltering our industry, we are actually becoming the highest-cost producers of items in the world. In fact, we have the lowest cost labour. But it is a matter of great shame that a country like ours with such technical man-power surplus should be a high-cost country. That is where we need to focus our attention on and, if fact, if imports go to promote exports, we ought to be really liberalising on that front.

THE VICE - CHAIRMAN  
(SHRI H. HANUMANTHAPPA) :  
Please conclude now.

SHRI SUBRAMANIAN  
SWAMY : We have fourteen Members and I am sure I have got more time. Anyhow, I am going to take only one more minute.

I would like to say that the Commerce Ministry owes it to the country to come out with a new package, to generate some confidence in the exporters. We have been changing the policies too quickly and too fast in the last one year. The REF licence was scrapped and the Exim Scrip was brought in. Then it was scrapped and something else was brought in. Now, we have a dual the market system and God knows, what. Total confusion is prevailing in the minds of the exporters. What the exporters are in need of now is our ability to market abroad and that is where we are the weakest. We do not have the marketing infrastructure abroad. And, today, if you want to export, you need an aggressive marketing infrastructure. This is where the Government can play a role. Japan

[Shri Subramanian Swamy] did it, Hong Kong did it and Singapore did it. They assisted their exporters to market abroad aggressively. I am surprised to find, when Government of Mr. V.P. Singh ordered all our export offices abroad to be closed down in the name of economy drive ! This a foolish kind of economy drive. We should have these export organizations, whether it is the Tea Board or the Coffee Board or whatever it is, and they should be aggressively working in the marketing area.

Now, I would like to mention the last thing and it is about the Dunkel Report. I think there is a separate discussion on that. I would like this Government to avoid being a Hemlet on this issue. Either they should totally oppose it or they should totally support it and there is no middle way on the Dunkel Report. Yes, some minor changes can be made. This is a Report which was compiled by a civil servant, produced after five or six years of deliberations by 108 countries... (*Interruptions*)... I think there is a change of guard now.

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA) : Anyhow, your time is over.

[The Vice-Chairman (Shri Shankar Dayal Singh) in the Chair]

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : Mr. Swamy, your time is over now.

SHRI SUBRAMANIAN SWAMY : I was welcoming you and this is your reaction ?

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : No, no. Your time is over now.

SHRI SUBRAMANIAN SWAMY : With regard to the Dunkel Report, this is a compromise document. There is hardly any country in the world today which is

taking the hard line which India is taking.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : Your time is over now... (*Time Bell Rings*)...

SHRI SUBRAMANIAN SWAMY : My time is over in other ways also. But I will take one more minute. I do not know why you are ringing the bell... (*Interruptions*)...

SHRI G. SWAMINATHAN : He is not ringing the bell for you. He is just testing whether it is working or not... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : No, no. Mr. Swamy, your time is over. Yes, Mr. Sivaji... (*Interruptions*)...

SHRI SUBRAMANIAN SWAMY : I have not finished yet and you cannot stop me in the middle of a sentence.

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : It is not possible... (*Interruptions*)...

SHRI SUBRAMANIAN SWAMY : I am speaking on popular demand ; they are asking me to speak... (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI SHANKAR DAYAL SINGH) : Now is it possible ? I am telling you, your time is over.

SHRI SUBRAMANIAN SWAMY : All right. I am just concluding. Please do not press the bell when I am in the middle of a sentence. I said that the Dunkel Report is a very important Report and, on this Report, either we will have to be with it or will have to totally oppose it. If we totally oppose it, then we should make up our minds to be outside the international system because today there is an around and wide spread international consensus that this Report

should be adopted except for some minor changes. Therefore, I would like the Government to take a stand categorically. My own view is that we should now agree to support the Dunkel Report as it is with some minor modifications because there is nothing better we are likely to get out of the international system in the bargaining position that we are in today. Thank you.

**DR. YELAMANCHILI SIVAJI** (Andhra Pradesh) : Sir, the Statement of Objects and Reasons of the Bill says that it is based on the new economic policy and then it says that the new export policy augments the exports. Although the new export policy, prepared from Mr. Chidambaram's time, abundantly reflects a business like approach, I am very much afraid that the various Departments of the Government are working at cross purposes. Nothing has been done in the Budget proposals to augment the exports.

Dr. Swamy was mentioning that for foreign trade export promotion, the allocation was only Rs. 12 crores. And we know, Sir, that the infrastructure at home is very poor whether it is ports or communication or certification agencies or others. Sir, the allocation for ports development in the last Budget was as low as Rs. 15 crores. And lot more time is being consumed for clearing in dock yards. And it is a problem to get a vessel, and it is a much more a problem to reach the port. About the certification agencies, the certificates issued by the quality control authorities do not find any place or any value in the international market. Sir, it is a fact that the Agmark Department issues certificates knowing not what is contained in the container, and the goods that are supplied and the consignment sent outside the country prove otherwise. That is how several of our shipments have been detained in the international ports. And it is reported that many Indian export

consignments were detained in the US ports. And to my utter surprise, they include several organisations of repute at home and the Government organisations as well. And it is not exclusively of the private sector, but some Government organisations are also involved in it.

Sir, it is a fact that various other commodity boards like the Tobacco Board, the Tea Board, the Coffee Board and the Rubber Board also work at cross purposes with the Government. The Finance Ministry does not know what the STC is doing nor the Prime Minister's writ runs in the Commerce Ministry or the STC. Sir, you know pretty well that the tobacco growers took up an agitation for clearing their stocks and for better price to their produce. And the Prime Minister assured umpteen number of times that the farmers would get a better price than last year. And thereby the minimum export price is enhanced by 50 per cent. But precious little has been done to execute the same. Even though the minimum export price was hiked by 50 per cent, the realisation price for the farmers was 50 per cent less than that of last year. At the peak of the agitation, when the negotiations were going on between the Prime Minister on the one side and an all-party delegation on the other, the STC in a subtle way passed over an order of 240 tonnes of tobacco to some private dealers. I allege that there is some mischief at the level of the STC. And the Commerce Ministry could not control them, and the Commerce Minister could not answer it. And that is the problem.

Sir, the exports of all our agro products have been hampered with the developments in the erstwhile USSR. The main hitch is that we could not settle the rupee rouble exchange rate, thereby the technical credit or the Central Bank of USSR or whatever it is, are not able to solve the problem. And thereby all our agro products like tobacco, tea, coffee, spices, etc. are hampered. Contrary to the figures of last year,

[Dr. Yelamandulli Sivaji]  
the export figure of tobacco this year was only 9600 tonnes as on 20th of this month. So, the Ministry is no serious to settle the problem. And the Ministry of Commerce says one thing which goes contrary to what the Ministry of Finance says. The Ministry of Commerce says to the trades as well as the growers, "all right, there is no problem with technical credit; we are releasing any amount of technical credit," but Dr. Manmohan Singh and the Department of Economic Affairs sits on it and says, "no, no, we are not releasing any technical credit to the Russian Embassy." And the Government is yet to solve the problem. And it is reported that our outstanding debt to the erstwhile USSR is running into 37,000 crores of rupees. And the rupee-rouble protocol rate is Rs. 38 for a rouble, but the market rate is only 25 paise of a rouble. And the Government is yet to settle the rouble-rupee exchange rate. When Moscow could enter into a pack with the IMF and settle their exchange rate, there is no point in our sticking on to the old rate. So, I would suggest to the Government to see that this exchange rate is settled so that our exports to the erstwhile Soviet Republics could be augmented. With the collapse of the Soviet Union and disappearance of the USSR, several independent republics have come into existence like Baylorussia, Uzbekistan and others but our Government is yet to negotiate and sign any protocol with all these countries. The Government has failed to explore new markets for our agro-products. During the last 30 years we have neglected all other areas and our export partners in other countries like the traditional European countries and the U.K. and solely depended on the USSR. Unfortunately the USSR collapsed and we find no way out and we lost markets on all sides. USSR after its collapse is not in a position to absorb our exports nor are we in a position to export to new markets. Thus our exports have been hampered. I would advise the Government to see

that something is worked out fast so that our agricultural exports may take a leap.

Mr. Subramanian Swamy mentioned about our border trade with neighbouring countries like Pakistan, Bangladesh, Nepal etc. Even in this border trade, the Government is not serious and they are just whiling away their time. The Board says one thing, the STC says another thing and the Department of Economic Affairs says yet another thing, and ultimately Dr. Manmohan Singh vetoes everything and Shri P.V. Narasimha Rao, our hon. Prime Minister is *moni-baba* and he sits mum. So, nothing concrete is being worked out. I would like to urge the hon. Commerce Minister to take courage in the matter; whether you get a promotion or not; but you hold the independent portfolio. Please take courage and see that something substantial is done.

Some years ago, during the eighties, we exported 28,000 metric tons of tobacco to China. We lost that market and Dr. Swamy knows how and why we lost it. Our hon. Prime Minister went on record several times saying that he had a dialogue with his counter-part in China, Mr. Li Peng, to revive the trade with China, to export our tobacco to China. But nothing concrete has come out. What are the impending factors, and what are the hurdles between China and India? We could settle several issues like the NPT etc. Why could you not settle similarly the issue of reviving export of tobacco to China? What are the hurdles in the way? We can also suggest certain measures to solve the problem. Dr. Swamy is here. There is something shady....

SHRI SUBRAMANIAN SWAMY : Yes, that is the problem.

DR. YELAMANCHILI SIVAJI : So, in spite of the assurances from the Prime Minister and from the Government, nothing substantial has been done. I feel there is basically something wrong somewhere at the Government level. Unless these

distortions are rectified, I don't think any kind of a new policy, any number of Bills that you pass here, can bring about any improvement.

I would like to appeal to the Government once again to see that something concrete is done as far as agro-products are concerned. Thank you.

5-00 P.M.

**उपसभाध्यक्ष (श्री शंकर दयाल सिंह) :** मैं इस संबंध में सदन की राय जानना चाहूंगा कि कल जो स्टेटमेंट मालेगांव और केरल के संबंध में मंत्री महोदय ने दिया था और जिस पर करिफिकेसेन्स चल रहे थे वह अभी होना है। तो अब उसको ले इसको कल लें। मंत्री महोदय यहां हाजिर हैं। वे चाहते हैं और वे आज भी तैयार हैं हर तरह से। इसलिए अगर सदन की राय हो तो...

**श्री जगदीश प्रसाद माथुर :** (उत्तर प्रदेश) : यह डिस्कशन जो है, इसके कल कर लिया जाए।

**श्री यशवंत सिन्हा :** 5 बजे तो इसके लेना ही है। यह तो आज का बिजनेस है।

**श्री सुब्रह्मण्यम स्वामी :** मंत्री जी को रात को अध्ययन का मौका दिया जाय ताकि वे कल अच्छा जवाब दे सकें।

**उपसभाध्यक्ष (श्री शंकर दयाल सिंह) :** हमने सुब्रह्मण्यम स्वामी की बात मान ली।

**श्री हेच० हनुमन्तप्पा :** (कर्णाटक) हाउस की राय मांगी और सुब्रह्मण्यम स्वामी जी की राय मान ली। यह क्या न्याय है। रिकार्ड के लिए बोल दीजिए हाउस की राय यह है।

**उपसभाध्यक्ष (श्री शंकर दयाल सिंह) :** मान साहब, आप कल बोलिए। आपका नाम सबसे ऊपर है, गुजराल साहब का है और डा० नौनिहाल सिंह का है। दो-तीन नाम हैं। मलिए आप इस पर कल बोलें।

## CLARIFICATIONS ON THE STATEMENTS BY MINISTER

### Re. Communal violence in Kerala and Maharashtra

**उपसभाध्यक्ष (श्री शंकर दयाल सिंह) :** अब हम कल का स्टेटमेंट ले रहे हैं, सबसे पहले श्री अनन्त राम जायसवाल। उपस्थित नहीं है। श्री राजगोपाल।

**SHRI O. RAJGOPAL (Madhya Pradesh) :** Respected Vice-Chairman, Sir, I would confine myself to what has happened in Kerala, since my colleague, Shri Pramod Mahajan, had already dealt with the incidents that took place in Maharashtra.

Sir, I am constrained to remark that this statement is an effort to conceal the facts rather than brings out the real facts behind the incidents that took place in Kerala. It appears that there is an effort to protect some persons or some forces.

It is well-known that the State from which I come, i.e. Kerala, has always enjoyed communal peace. Even when communal clashes take place in the rest of the country, normally, there is communal peace in Kerala. But strangely enough, this time, when some development took place in far off Ayodhya, when there were no communal incidents, either in Uttar Pradesh or anywhere else, in North India, in far South, in Kerala, certain incidents took place. In these incidents six persons lost their lives. One hundred and fifty houses were set on fire, completely burnt down. Scores of people were stabbed and admitted in hospital. Property worth lakhs of rupees were looted and destroyed.

Now, this statement does not reflect the real state of affairs. It is generally conceded by all the newspapers and political observers that the entire incidents in Kerala commenced because a regular RSS *shakha* was attacked by a new organisation called the ISS. I would