

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Reported shortfall in the performance of the 1983 Indo-Soviet trade plan

SHRI JASWANT SINGH (Rajasthan): Mr. Deputy Chairman, Sir, I call the attention of the Minister of Commerce to the reported shortfall in the performance of the 1983 Indo-Soviet trade plan and the steps taken by the Government in this regard.

THE MINISTER OF COMMERCE AND SUPPLY (SHRI VISHWANATH PRATAP SINGH): Mr. Deputy Chairman, Sir, as the Hon'ble Members are aware, India conducts its trade with the USSR under a bilateral Trade Agreement which is renewed from time to time. The present Agreement is valid for the period 1981-85. In terms of this Agreement, the trade is conducted on a bilateral and balanced basis, with payments for both imports and exports being made in Indian rupees. The system provides for the funds generated through USSR exports to India being credited to their account opened in India and purchases in India to be made from these funds. Even repayments of State/commercial credits are credited to the USSR account for being used for purchases of Indian goods.

2. Indo-USSR trade has been moving satisfactorily over the years and had reached a peak level of Rs. 3174 crores (Exports: Rs. 1921 crores; Imports: 1253 crores) in 1982. We are exporting to USSR not only traditional items like Tea, Coffee, Spices, Tobacco, Mica, Leather, Textiles etc. but also a number of manufactured products particularly from the Chemical and Engineering sectors. Manufactured products to the USSR constitute nearly 60 per cent of our total exports to USSR at present. We import from the USSR mainly Crude oil and Petroleum products as also Fertilizers, Non-ferrous metals and other industrial raw materials required for our economy.

This trade has been of mutual benefit to both the countries.

3. The annual trade plans are concluded with the USSR within the broad framework of the Trade Agreement. The annual trade plan for 1983 was concluded on the 24th December, 1982. It provides for exports and imports of a value of Rs. 3625 crores (Imports: Rs. 1745 crores; Exports: Rs. 1880 crores). I am glad to mention that the Soviet Union have so far contracted to buy Indian goods valued at around Rs. 1185 crores, that is, 60 per cent of the trade plan provisions upto mid-April this year that is within a quarter of a year. Indian importers have also contracted for purchase of USSR goods valued at Rs. 1240 crores against the import side Trade Plan provision of Rs. 1745 crores, i.e. 71 per cent of the trade plan provision.

SHRI JASWANT SINGH: Mr. Deputy Chairman, Sir, I must at the very onset say that in today's world, trade and military hardware are the arbiters of foreign policy. They are not the consequence of it. They go towards determining the postures that one nation would adopt with one another. I would also like to make a mention here that as far as trade is concerned, trade between nations is concerned, the criteria that should apply above all, to my lay mind, is the criteria of mutual benefit and that too of money, nothing else. Trade is really all about selling and buying and, therefore, it becomes necessary to come to one more conclusion, which is, that we must depoliticise trade. We must not trade with any kind of dewy eyed sentimentality. My concern with Indo-Soviet trade and the difficulties that we are currently encountering in respect of it, arises precisely because, firstly, of the difficulties themselves; and secondly, because we have a tendency to view the whole question of Indo-Soviet trade in a kind of political isolation. Therefore, it becomes necessary to very briefly recount the history of our trade relationships. In the 60s, when we started really trading with USSR the basis of the development of India became State plan-

ning... Because it was State planning, therefore, we needed large projects. Because we needed large projects, we needed machinery for it. Because the total framework of the plan was on certain basis and because the machinery that we needed, we could not buy from the West at prices that we could afford, therefore, our trade life with the Soviet Union started with machinery. There was a certain dynamism in the decade of 60s in our trade with the Soviet Union. That dynamism was on account of the machinery that was required for our major projects. Now here as the projects evolved and as the Indian technology also took off, we came to the conclusion that the machinery that was being supplied to us by the Soviet Union, whereas it was abundantly satisfactory for the initial requirement for which it was meant—and the best examples of that are, of course, ONGC, MMTC, BHEL etc.—was not so now and we started switching our technology from the Soviet Union to Western technology. This was a necessary and a vitally needed step that we had to take. Here, again, there was no sentimentality involved in it.

Another complicating factor was that in Soviet concepts trade must always grow, and, secondly, they also subscribe to the view that no project envisaged or no project report prepared by Soviet technicians can ever predict a failure. This was something which we in India could not possibly countenance and I would like to give the example of—though it is not a sufficiently well-known example, yet it provides a kind of watershed—Bharat Pumps and Compressors. When it came to the question of setting up Bharat Pumps and Compressors, we found that the Soviet project reports were not satisfactory and we switched.

Now, I am giving these illustration to show that the switching of Indian trade from Soviet machinery to Western technology was not motivated by politics, was not motivated by sentimentality. It was motivated purely by the country's requirements. It resulted in a further loss of dynamism. When it

resulted in loss of dynamism, we came against the block of Soviet subscription to the theory that trade between two countries must always continue to grow. I do not know what is so sacrosanct about trade between two countries necessarily always continuing to grow. However, a political initiative became necessary and just at that time, because of a political initiative, we urged USSR to move into oil. It was only on account of the political initiatives taken that the Soviet Union contracted to supply us oil. This reimparted yet, again, dynamism to our trade. As far as the Soviet Union is concerned, their calculations were based on the fact that their research, investigation and development of Siberian oil with Japanese assistance would, perhaps be coming on to the market at that time and they would thus have a buyer in India. Here, again, it was a purely commercial consideration, removed from sentimentality, which is perfectly understandable. Therefore, oil became the sustaining factor in Indo-Soviet trade. They could not however, supply Siberian oil because it had not been developed. So the Soviet Union started supplying us oil from the Gulf.

The world of oil then goes into a turmoil. Oil prices start rising. And when oil prices start rising, the whole question of figures of trade between the Soviet Union and India also starts arising. This creates an illusion. 1973 is year of crisis following upon the Yem Kippur War. 1978 sees another war and another crisis following from the revolution in Iran and the downfall of the Shah. Oil prices jump again between 1978 and 1981. We quadruple our trade with USSR. It goes up by about 900 crores only on account of increase in oil prices.

Now, there are considerations. Of course, this increase gives another lease of dynamic growth to our trade. Along with this dynamic growth, there were two other aspects the rupee-rouble question, and switch trade. Now I am adult enough to understand that in all trade there is a kick back and no trade

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is innocent of people making money. I also do not want to get involved or side-tracked into the debate whether rupee-rouble is a good arrangement or a bad arrangement. It appears that the Ministry has had a Consultative Committee meeting on precisely the same subject. But I would submit to you that upto a certain level, I would go along and say: "All right, as long as 90 per cent of India's imports from the Soviet Union are oil, is equal to dollars, therefore, if the Soviet Union and we have a rupee-rouble arrangement, it does not really matter that much because for our Rupees we are buying oil and oil is equal to dollars." That is one way of looking at it, and I would perfectly go along with it, provided simultaneously you take into account that this kind of rupee accumulation within the country has, without any doubt whatsoever, consequences. And what are the consequences? The Soviet Union says that it will not deal with the STC; it will deal with private dealers. They are a sovereign country. They are well within their rights to say with whom they will trade. But certain anomalies develop. Now I am giving an instance. I do not know whether it is verifiable. When the onion prices obtaining are Rs. 50 a tonne, for one consignment a dealer in Bombay gets Rs. 350 a tonne. One could say that the dealer has made a killing and good luck to him. But the fact remains that with this extra payment the disparity in the prevailing domestic market price and the price paid internationally remains and that does definitely interfere with our internal arrangements, with our politics. Of course the Soviet Union alone does not do it; all other nations do it. We have to accept it because it is one of the consequences of trade. Now all this results in two or three damaging things. It results in making our trade and industry lazy because the Soviet Union becomes like a ready available market. Therefore, effort towards marketing, towards developing alternate markets, towards competing in the world, is dead. Efforts are no longer made.

I have already spoken of the dangers of kickbacks. The second danger is that the market becomes sluggish. The third danger is about internal anomalies. The best example of that is cashew from Kerala. The price paid for cashew by the Soviet Union is so much higher that Kerala is persuaded to put a floor price for internal consumption so as to ensure support to cashew producers within the State itself. The Soviet Union now stops buying cashew or cuts down on the purchase of cashew. Price of cashew falls. When the price of cashew falls, what does the Kerala Government do? It is helpless. It cannot make the price of cashew fall likewise. This kind of internal anomaly arises. Of course, there are benefits in some ways. For instance, we supply them cosmetics. With due deference to all the cosmetic manufacturers, if we attempt to sell these cosmetic in the rest of the free world, we will perhaps find it difficult. It is advantageous to sell these third rate cosmetic to them. Now take textiles. It creates difficulties. Our trade becomes sluggish. I will leave it as a query, through you, to the Minister and ask him to take note of the fact that the Sino-Soviet trade has increased by 170 per cent, the Soviet trade with Pakistan has also increased.

DR. MALCOLM S. ADISESHIAH
(Nominated): What is wrong in that?

SHRI JASWANT SINGH: Nothing is wrong, I agree. There is absolutely nothing wrong. But when the Sino-Soviet trade is increasing, we would draw some lessons from it. The point I am trying to make is that we must not be over-dependent on them when the Sino-Soviet trade is increasing and the Soviet Union starts buying textiles from China.

Sir, it will take me half a minute if I may read out some figures of that kind of level of dependence. This is what we are normally exporting to the Soviet Union. This is from a study

of East European and USSR exports. Tanned leather, for instance, is 97.5 per cent, acrylic knitwear—96.3 per cent, pepper—69.0 per cent, cashew—65 per cent, coffee—45 per cent, textiles—23 per cent; tobacco—41.6 per cent; drugs and pharmaceuticals—42 per cent, cosmetic, detergents and toiletries—83 per cent, and mica—76 per cent. These are in terms of the total exports. This is a study done by one Jayashekar of Jawaharlal Nehru University and it is quoted in a quarterly journal on International Affairs, problems of Non-Alignment. We would be happy to be informed that these figures are wrong. I do not have the Ministry of Commerce working for me, but the hon. Minister does have it. He might as well say that this kind of dependence is not there. My point is that at this level of dependence, when your trade is sluggish, when there are no new Soviet Union areas, you are going in for steel, for machinery. What do they suggest? They suggest, you put up nuclear power plants, you put up aluminium plants, you put up a steel plant in Orissa. Now we may need to put up a steel plant in every State. It benefits us politically. But I do not know whether it always makes sound economic sense. I do not know whether it makes economic sense to put up steel plants. I do not know whether it makes sense to put up aluminium plant when the rest of the world aluminium has come to standstill. Therefore trade in machinery comes to a standstill. Oil has been at standstill. Of what we import from the Soviet Union, 90 per cent is oil. Simultaneously we make assertions that by 1990 we will become self-sufficient in oil. The hon. Minister has said that the volume of trade is in the region of Rs. 3,000 crores. Out of Rs. 3,000 crores, 90 per cent of what you import is on oil. Our traditional items of export are cashew, oil-seeds, pepper, textiles, cosmetic. The Soviet Union is diversifying as far as their imports are concerned. If trade comes to a standstill because the Soviet Union does not believe in trade gaps, certain

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very essential questions arise. Therefore, I would like to ask the questions, I have not taken too long.

MR. DEPUTY CHAIRMAN: You have already taken much time.

SHRI JASWANT SINGH: I have taken much time, but I have not taken too much time.

MR. DEPUTY CHAIRMAN: You ask questions.

SHRI JASWANT SINGH: I will come to the specific questions.

DR. MALCOLM S. ADISESHIAH: Do you say that 90 per cent of the trade is in oil?

SHRI JASWANT SINGH: Yes. This is a fact. My understanding is that our four-fifth of what comes to us from the Soviet Union is oil.

I will take only a minute. I am being educated in the process. Here is an eminent economist sitting. Dr. Malcolm Adiseshiah has asked me a question. Perhaps the Minister would field the interjection. Our level of oil import is, two-and-a-half million tonnes of crude and two-and-a-quarter million tonnes of kerosene and diesel. The crude price falls by 15 per cent. The Soviet Union has some complicated arrangements of its own pricing of oil. Whereas the world crude price has fallen by around 15 per cent, that of the Soviet Union has declined by 10 per cent. But on the question of kerosene and diesel, the prices have fallen by almost 100 dollars. From 400 dollars peak they went down almost to 280 dollars, and they have just gone up to about 300 dollars now. Twenty-five per cent the prices have fallen. Naturally, the Soviet Union will be worried because to my mind 90 per cent of their supply to India is oil, and if oil has become sluggish, they suggest machinery which we do not want because that machinery is not the best in all fields. In some fields it is good. In mining it is not. The question that arises is: Given the difficulties of

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traditional exports, given these difficulties, given these difficulties of oil, given the fact that the Soviet Union is legitimately and reasonable expanding its trade with Pakistan, with Bangladesh, with hCina and our total trade package with the Soviet Union being in the region of Rs. 3,000 crores, given the fact that by 1990 we want to be self-sufficient in oil, what is going to happen? Rs. 3,000 crores lie at the basis of this Calling Attention notice. Therefore, I will now ask the questions that I have.

I am intrigued by a deletion in the statement. Which was made by the Minister. I personally thought that the deletion is perfectly innocuous and one would ordinarily have left it there. The Minister has deleted an interesting sentence, I would like him to tell us why that sentence has been deleted. The sentence says:

"We may reasonably hope that with the additional measures taken and the agreement now reached, the USSR will fully implement the Trade Plan provisions for export from India by December, 1983."

He has deleted it. I am sure he has very good reasons. The agreement to which he refers was concluded just as the Soviet Minister was leaving. In a dramatic fashion, just on his departure a memorandum was signed. Was it signed at the airport? I do not know. It might have been signed in more comfortable surroundings. But what was the need for this deletion?

The next question is—I leave it both as a question and as a suggestion—about Soviet Union's trade with the COMECON countries. To settle this business of trade deficits, they have come up with an answer which they call 'convertible rouble.'

Now would the Government not think in terms of the convertible rouble answer which only implies that at the end of year, you sit down and you add the pluses and minuses and whoever has to pay the deficit in trade pays in hard currency? Will the Government of India think in terms of re-

solution of our trade difficulties with the Soviet Union by adopting what even the COMECON countries are adopting, which is the convertible rouble and setting all your trade deficit at the end of year in hard currency?

SHRI R. R. MORARKA: (Rajasthan): Either side?

SHRI JASWANT SINGH: Either side. If we are in deficit, we pay in hard currency. If they are in deficit, they pay in hard currency.

SHRI R. R. MORARKA: What is the use of having it in Indian rupees then?

SHRI JASWANT SINGH: That becomes a very big question and I have purposely not raised it as the Deputy Chairman has said that I have taken too much time.

MR. DEPUTY CHAIRMAN: Yes, please put the questions now.

SHRI JASWANT SINGH: I would like to ask my next question. There are shortfalls. There is absence of dynamism. I have had occasion to say this earlier that maternity is an established fact but one can always doubt paternity. Sluggishness in Indo-Soviet trade is an established fact. Let us not be sentimental about it. I started by saying that we are concerned with every rupee, aana and pie. To instill our trade with dynamism and to fulfil the shortfalls, what steps is the Government of India contemplating? I am not interested in what steps the Soviet Union is suggesting.

Then I would like to ask my next question. I mentioned briefly about this question of internal anomalies, of which I gave examples, for instance, cashew and the kickbacks. Is the Government aware of such internal anomalies? I am sure the hon. Commerce Minister would find it extremely difficult to say "No, I am not aware". And if he is aware, what steps is the Government contemplating to take, firstly, to remove the existing internal anomalies and secondly, to

prevent their happening in future? I would like to ask one more question. The Soviet Union prefers to do trade with private companies. I am all for it. But this is Government trade, and one would have thought that they would trade from Government to Government. What is the difficulty in trading with the STC? What is the Government of India's thinking on whether there ought to be trade with the STC, between the Soviet Union and India, or not?

MR. DEPUTY CHAIRMAN: Yes, the Minister, please.

SHRI JASWANT SINGH: No Sir. Just one more question. I will leave it as a question and also a suggestion. Now, one of the dynamic growths that India has witnessed in respect of trade in the last five to seven years in fact, we are now competing with established countries—is in the field of diamonds. The diamond trade has grown in India phenomenally in the past five to seven years. Such is my understanding. I am not a diamond trader...

MR. DEPUTY CHAIRMAN: Diamond user.

SHRI JASWANT SINGH: I am not a diamond user either. But the fact remains that so dynamic is our diamond industry that it has competed on equal terms with established countries like Holland, Israel, etc., and has driven them out of their own home territory, for instance, New York. The Soviet Union produces a great deal of diamonds. When there was sluggishness in machinery, we moved to oil. When oil has become sluggish, I suggest to you that there may be a way out by resorting to diamonds and bold jewellery. The Soviet Union is a producer of a large quantity of rough diamonds. Have you thought of it? Do you like the idea or do you reject the idea? Would you consider it? Have you discussed it with the Soviet Union? Finally, are there any other alternatives for the post-1990 period when we say we are

going to be self-sufficient in oil. Thank you very much.

SHRI VISHWANATH PRATAP SINGH: Trade with Soviet Union is on a parity basis. If you allow to answer in time to the honourable Member on a parity basis, on a balanced trade basis, I suppose I could have answered so many questions. Anyway, I will attempt to answer and if there is a deficit, what I understand is he is not against deficit trade, not at all; if there is deficit in the answer to the several questions raised, he will pardon me. I am grateful to the honourable Member for complimenting the State organisations like ONGC. I also endorse that trade has to be based on mutual benefits, for national interest, not on sentiment or on political grounds. We have a common approach so far as this is concerned. He has queried: Should there be a compulsion of growth in trade? There is no compulsion either of growth or stabilisation or deceleration, excepting the three or four principles that were enunciated of mutual benefit, of national interest and so on. We have to look at as you have suggested, very coolly and objectively not sentimentally in rupees or paise—whether the trade with East Europe generally or USSR particularly, has been of our interest. In this I would plead with the honourable Member to apply his analysis in an objective fashion to which he has pleaded and he must also not be subjected to any subjectivity on political considerations thereof. If we look, USSR is the only one country which responds by further imports from us when we buy from them, they respond by further export from us. Even the dependence that was expressed by the honourable Member is in areas which are labour-intensive and agricultural products. I think USSR is a very useful market for us where there are such a large number of people engaged and they get an outlet in the export market. So far as diversification is concerned, every country follows the path of diversification and we are all for diver-

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sification. But if there is an outlet which is available to us, we shall certainly not close it, because when Russia does not buy, we have to see so many other areas. Mention has been made of percentages. I have also got percentages. Percentages are a question of statistics and that is not the core of the arguments. When it buys, they say it has become monopolistic. Look at the contradiction in the two approaches of the honourable Member. But our approach has contributed in the conservation of valuable foreign exchange in the supply of essential items like crude oil, fertilizer, non-ferrous metals. I am not going into the data of the savings. I can reel out so many figures. The savings we have made in foreign exchange by imports from Rupee payment countries of critical industrial raw materials are to the tune of Rs. 1094 crores in 1980 Rs. 1315 crores in 1981, Rs. 1237 crores in 1982 in the import of crude oil and petroleum products, fertilizers etc., among the essential items. As far as rupees, annas and paise are concerned, it is not in our commercial interest to disclose the comparative rates within various countries because they are used in our contracts and negotiations. But I can assure the honourable Member and this House with confidence and surety that we have been beneficiaries in sales as well as purchases with USSR, even when the international market has been fluctuating. We have been seeing protectionism in the developed markets. We have been experiencing extreme trade deficit. It is in these areas that we have provided a balance to our trade and there has been growth in our trade with USSR and Eastern countries.

Now about championing the cause of private exporters. In fact, if he is the champion of private trade, he should compliment the USSR and the Soviet Government at least in this matter that they are accommodating a sector which he champions.

When it comes to rupees, annas and pises, let it be known that private trade is not selling goods to USSR because of love of communism. They are doing it for their own profit. Even after this, least complaints or rejections have been coming from the USSR. Compared to the complaints coming from all other countries, the minimum complaints have been from the USSR. The potentiality of our trade with USSR is high. We share only 3 per cent of the global trade with USSR. Therefore, the growth potential is high. Why should we give up a market like that particularly for items of light engineering and consumer items where we have made a mark in technology? Now our technology has come up. It is not that Russia is forcing us to buy or we are going to accept anything which is not needed by us. Certainly we will explore the possibility of expanding our trade. We are exporting light engineering goods and sixty per cent of non-traditional items from portion of our trade with the USSR. Why can't you look at the position? We are even importing raw material and exporting our finished products. What better trade relations can you think of with them?

About switch trade, there has been no positive proof of it. A lot of noise has been made about groundnut extraction and it was said that our trade has been hit without any particular proof on that.

It was said that oil is at a standstill. I would not agree. We have got an additionality of 2.5 lakh tonnes recently. There was the budget debate on that day and Parliamentary proceedings are not guided by signatures of trade protocol. There has been no misunderstanding on that count.

Then deletion of a sentence. Well, I had included it. It is not there. But the hope is there.

About COMECON—I need not go into it.

About Chinese-USSR trade, we need not go into that.

SHRI JASWANT SINGH: If you wait for a minute...

SHRI VISHWANATH PRATAP SINGH: I will come to the convertible Rouble. But about Chinese trade and other things, we need not go into that aspect.

The whole problem of convertible Rouble has arisen because of sluggishness caused by a certain imbalance of trade. The hon. Member has not spelt it, but that was perhaps at the back of his mind when he suggested the solution as to why not we switch over to convertible Rouble which should be easier. When balancing of trade is aimed it is not that at every point of time there will be balance. Balancing is only over a period of time. Even in the protocol, two years' time has been suggested for balancing and it should not be forgotten that while we may have some surplus at this moment, in 1978-79, 1979-80 and 1980-81, whatever surplus was there was liquidated by the USSR. There have been occasions earlier also when the otherwise was true. Now, during such a short period, to such a thing we should not over-react today. Then there is the satisfactory trade relationship that has been proved in the run of time. Just because there is some small trouble, we cannot over-react and there are various other possibilities in which we can solve this problem. Now, I will come to the steps taken.

This sort of an arrangement is an arrangement which has proved to be of benefit to both of us and in the promotion of our exports it has contributed and we have a surplus today and it is because of the dynamism of our exports and it is because of the fact that many of the non-traditional items have shown growth and we have come to this sort of a position. And, Sir, it is not only trade that balances such surplus reserves, but also there

is some thing called deferred payment. There are deferred payments and repayment of credit and they take care of this. In 1980, there was not a trade surplus of about fifty crores. But, when the total counting was done, also of the deferred payments, we ended up with a net deficit of Rs. 214 crores. So, Sir, the steps which we are positively taking in this regard I have already mentioned in the statement. On the USSR side, in one quarter of a year 60 per cent of the trade provisions in the protocol have been done and from the Indian side 71 per cent has been done and there is hope, if the question is about deletion.

About the steps that specifically have been taken, in the recent meeting in the 3rd week of April, when the USSR delegation came here, 2.5 lakh tonnes of crude as additionality the USSR has agreed to. It has also agreed to supply additional machinery and it is not the machinery that has been mentioned as obsolete. I can give the list. It includes items right from helicopters to hammers. When I say 'hammers', you should not unnecessarily be scared, because that is not the Communist hammer that I am talking of, but it is hammer of five to ten tonne capacity and there are other items like microscope and automatic sewing machines and all that. The whole list is there in which there is certainly crude oil. Apart from this, there has been agreement that we would identify other items also. So, keeping these aspects in view, we hope that this problem would be solved and we feel that we should not over-react.

So far as the question of diamond is concerned, Sir, all that I can say is that the suggestion of the honourable Member is worth its weight in diamonds.

SHRI R. R. MORARKA: Mr, Deputy Chairman, Sir, I want to put only few questions to the honourable Minister. The first question is this: Why are

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our exports to the Soviet Union in 1983 expected to fall as compared to 1982, any why, at the same time, are our imports expected to increase in 1983 as compared to 1982? Sir, our balance of trade with the USSR in 1982 was plus Rs. 668 crores and now, in 1983. It is expected to come down to plus Rs. 135 crores only.

DR. MALCOLM S. ADISESHIAH: That is the reason.

SHRI R. R. MORARKA: But why? That is what I am asking. My point is that we talk of the dynamism of our exports and all that, I would say that the need for increasing our export trade is the most important need of the hour. I can understand the increase in our imports because of our needs.

But why our exports fall? They, I think, should not be compelled by the need to balance this account. The account, for some time even if it is not settled finally in hard currency as it is suggested, even if it is carried, Sir, it does not matter because of our need to import items like oil and at one time import of wheat. Therefore, I do not know why we are giving less importance to exports as compared to imports. Now, Sir, the second point is, the hon. Minister has said in his statement that the system provides for the funds generated through USSR exports in India being credited to their account opened in India and purchases in India to be made from these funds. Sir, I would like to know what is the exact position of this account today—credit or debit? How withdrawals from this fund are guided? Do you allow the funds to be withdrawn for incurring unaccounted expenditure in India, or do you allow the withdrawal only for the payment for their imports from here? Now, Sir, when you have, what we call—my third question—rupee payment trade, why at times you have to resort to barter trade with Russia? I remember at one time when we imported wheat from Russia, they

sold wheat to us on the condition that we return the identical quantity of wheat in a year or two and that import would not be settled through rupee payments. What was the reason? Then, Sir, the import which we have from Russia in major items like steel plants, what methods, what means, do you have to check the correctness of their price? Sir, I raise this question because I remember in the case of Bokaro steel the estimates were one and the actuals when they came, the final figure, was several times more. I understand we went to Russia at that time because America and England backed out, but even so I would like to know, Sir, that since large amounts are involved, what is the method, what is the machinery, through which to check that we are paying the correct price? Mr. Deputy Chairman, my next question is that when rupee depreciate in terms of dollars or other currencies, why should rupee also depreciate in terms of rouble? When we have got the rupee trade and we receive payment in rupees and make payment in rupees, then why do you allow the fluctuations of international currencies to affect the rupee payments? I remember that when our rupee depreciated at one time Russia claimed appreciation of rouble in terms of rupees at that time and there was a substantial amount involved, more than 50 per cent, in the ultimate settlement. I do not know why that was so.

Sir, another question, related question, is whether the Minister has any information about the switch trade how much of the goods that the Russians buy from us, are diverted to other countries, whether the international trade intelligence has given you, or whether you have got any means to know, as to what quantity of our goods and what goods of Indian origin are diverted to other countries. Then, Sir...

MR. DEPUTY CHAIRMAN: That is sufficient for him to reply—a large number of questions.

SHRI R. R. MORARKA: All right, I omit the other questions. I sit down. (Interruptions).

SHRI VISHWANATH PRATAP SINGH: Sir, as far as the question why exports have been reduced and imports have been increased is concerned, as far as gross figures are concerned, there is growth in exports also. In 1983 plan there is a growth of 6.8 per cent. So, it is not correct to say that exports have declined or will decline. *(Interruptions)* Or, I have not understood you properly.

SHRI R. R. MORARKA: My understanding is that our favourable trade has declined from Rs. 668 crores to Rs. 135 crores. The reason was that our imports increased more than our exports.

DR. MALCOLM S. ADISESHIAH:
Which year?

SHRI R. R. MORARKA: 1983. It is in the statement.

SHRI JASWANT SINGH: This figure of Rs. 668 crores comprises Rs. 468 crores which goes towards repayment of credit which is for special purchases. That is altogether a different matter. The trade deficit itself is just Rs. 200 crores. Rs. 668 crores that is spoken of here has a component of Rs. 448 crores which is towards armaments which does not normally come as trade figures, and it is only Rs. 200 crores which is the actual trade deficit.

SHRI R. R. MORARKA: I have taken the figures only from the Minister's statement which he has read out before the House. Sir, on the first page he says, "Indo-Soviet trade has been,"

SHRI VISHWANATH PRATAP
SINGH: I understand.

SHRI R. R. MORARKA: You understand it? I am obliged.

SHRI VISHWANATH PRATAP SINGH: I will restate your question.

Your question as I understand is that in 1982, the surplus was Rs. 668 crores and it is reduced to Rs. 135 crores.

SHRI R. R. MORARKA: That's right.

SHRI VISHWANATH PRATAP SINGH: If we understand Indo-Soviet trade, I think, there will not be a question. It is no a balancing process. And the process is trying to balance the gaps, and that is the effort on both sides to balance the gap and the imbalances be removed. So, either it is on minus side or plus side.

SHRI R. R. MORARKA: Therefore, is it a fact that you are deliberately trying to increase the import and reduce the export? Is it a deliberate attempt?

SHRI VISHWANATH PRATAP SINGH: Yes, there is no hesitancy in saying that we will increase the imports, and we will make a definite attempt to increase the imports so that we can balance our exports. That is the mechanism in it. And there is no need of mining the words. And the only thing is that so long as we are importing the needed things, the essential things, the things which will contribute to the dynamism of the economy of the country, there is no hesitancy. Why should it be parcelled out that we will not import from it the same thing which we go and import from other country that will not import from here?

SHRI R. MORARKA: That would apply to the years ever since the trade came into existence. Why only the year 1983?

SHRI VISHWANATH PRATAP SINGH: You just have patience and let us not stick to 1983 only. If you look earlier also, in 1978, 1979 and 1981, it was the other way round. I mean, they were having the surpluses. So it is not that it is sticking to one year. So, over a period, sometimes the USSR is having a surplus. Then they make effort that this be balance. Sometimes

(Shri Vishwanath Pratap Singh)

we have a surplus. Then both make an effort that this be balanced. That is the mechanism of the growth. It is by import and export, both increasing and balancing each other that we climb up the ladder. That is the mechanism so obviously stated here.

About the switch trade, Sir, I have already answered earlier. So, I need not repeat.

DR. MALCOLM S. ADISESHIAH: Mr. Minister, on switch trade, I think, your answer should be that the Government has no machinery to find out what switch trade is taking place. But we the researchers have made researches in this. You should also say that when you export to a country, there is no binding agreement that that country must does consume what you export. There is no such thing. There is a big switch trade going on.

SHRI VISHWANATH PRATAP SINGH: Sir, I have already categorically stated that we have no proof. Secondly, Sir, the hon. Member has said that the very definition of switch trade has to be examined. Can we debar any country and say that if you buy any commodity you will not sell it without our knowledge to any firm or that on the seas it could not be switched over? I did not raise this issue because already there are consultations and that will open the debate what the switch trade is. Therefore, deliberately I did not take that aspect. The only thing that I said is that we have no positive proof of it and by raising this we have hurt our interest and not gained anything out of it.

About barter, it is a thing of mutual interest to both the countries. Both the countries sit down and identify products what they need and what we need. It is not against one commodity or another commodity. The flexibility is absolutely there. What is after all

money? Does it not represent commodities, after all? And, ultimately, if there is a money imbalance haven't finally the commodities to be exchanged between the two countries? So, money is a convenience for commodities. Finally, it has to be commodities in the ultimate analysis. (Interruptions). Now you understand. Why do you further cross-examine then?

On steel plants, the answer has been given by the hon. Member. He said, every country backed out, only Russia came forward. Now, if Russia is the only country to come in the core sector, are we going to assess the development of this country by the Audit Report? The answer is given by him.

SHRI R. R. MORARKA: Mr. Deputy Chairman, are you satisfied with this answer? Is it an answer at all to this question?

SHRI VISHWANATH PRATAP SINGH: It is a total answer and I stand my ground.

SHRI R. R. MORARKA: I am not asking your opinion, I am asking Deputy Chairman's opinion.

MR. DEPUTY CHAIRMAN:
Your question is there and his answer
is there. My opinion does not arise.

SHRI R. R. MORARKA: What mechanism do you have to verify whether you are paying the correct price or not for such big items?

MR. DEPUTY CHAIRMAN:
For one item one transaction is repli-
ed. Now, let us see what he says next.

SHRI R. R. MORARKA: What I said about Bokaro was only by way of illustration. Now the Minister says that the Member has already answered the question.

MR. DEPUTY CHAIRMAN:
Let him complete the whole answer.

SHRI R. R. MORARKA: When we want to know about Bokaro, it has

two aspects. One is the original issue about Bokaro which is 1.2 or 1.7 million tonnes. There is also the expansion stage which is 4.5 million tonnes. They have really taken us for a ride on the expansion stage.

MR. DEPUTY CHAIRMAN: Let him complete, then you can ask.

SHRI R. R. MORARKA: I can understand if the hon. Minister does not have the information just now readily available. He can supply it later on. But, Sir, he should not give an indifferent answer.

SHRI VISHWANATH PRATAP SINGH: Sir, I have already the information. I am not going to yield on this ground. So far as prices are concerned, we do correlate them with international prices of equivalent articles or objects. But because a specific thing was stated, I stand my ground very firmly. It is a question of core sector. The country wants to go ahead, a developing country, other countries have backed out, one country comes forward and then there is the Audit Report and it is being asked whether we are going to develop or not. Even on that sector I hold my ground. So far as other prices are concerned, generally prices are valued as what are the international prices, what are the fertiliser prices and what are the other prices and hard bargaining is done on both sides. There is no question on that. I assure the hon. Member that the interests of the country in the matter of prices are always taken care of and I have already said that if I were to give a comparative chart it would not be in the commercial interests to disclose but it will perfectly satisfy the hon. Member on prices. In this matter we have not slipped or defaulted in our trade with East European partners.

About funds, there are two major flows in which the rupee funds are generated. One is by trade, by purchases we make of USSR goods, that creates the rupee fund against which they make purchases from here. There

are also funds which are generated by what they give, capital goods and other things on deferred payments. Those payments in various stages of instalments when they are due, they

1 P.M.

are also deposited in this fund. And from there purchases are made of items which we have agreed on. About fluctuations of international money and its value, now, you cannot have both ways. Once you say you have all commodities and other things at international prices, you have the currency pegged, at, if you have to compare with international prices, monetary influences have to come, commodity influences have to come, pricing influences have to come in our trade consideration and certainly, the exchange considerations will have to come.

SHRI R. R. MORARKA: Sir, the most important point he has not answered, whether he allows from this account withdrawals for unaccounted purchases. This was my most important question.

MR. DEPUTY CHAIRMAN: You have put so many questions.

SHRI VISHWANATH PRATAP SINGH: I have mentioned that this account is used for purchases made from India and for any payments to be made under the agreement. It is all accounted for.

MR. DEPUTY CHAIRMAN: Mr. Rameshwar Singh. (Interruptions).

SHRI NIRMAL CHATTERJEE (West Bengal): Sir, is not my name there? I have given my name?

SHRI A. G. KULKARNI (Maharashtra): Sir, is it not my name there? This is something fantastic. (Interruptions) Yesterday also, it was the same. If you do not want to call me, I do not mind.

MR. DEPUTY CHAIRMAN: I will call you.

SHRI A. G. KULKARNI:
When you are in the Chair, I am under your command. If you do not want to call me, it is allright.

MR. DEPUTY CHAIRMAN :
Don't make unnecessary remarks. I do not think, these remarks are called for.

(Interruptions).

SHRI A. G. KULKARNI:
I know what is your attitude.

(Interruptions).

SHRI SANKAR PRASAD MITRA
(West Bengal): Sir, yesterday, there were 20 persons. Today, there are only a few. Give them chances.

MR. DEPUTY CHAIRMAN :
If the names are there, they will be called. I promise that they will be called.

Mr. Rameshwar Singh, please put your questions now.
(Interruptions).

SHRI SANKAR PRASAD MITRA:
Sir, yesterday, you were in difficulty. There were 20 names. That is why...

MR. DEPUTY CHAIRMAN:
There is no difficulty, Mr. Mitra. The names are not with me at present. Let me see.

SHRI SANKAR PRASAD MITRA:
Yesterday, you had to be selective. Today, there are only a few people.

MR. DEPUTY CHAIRMAN:
One hour has already gone. Now, let Mr. Rameshwar Singh put his questions.

श्री रामेश्वर सिंह (उत्तर प्रदेश) :
मैं केवल दो प्रश्न पूछना चाहता हूँ। मंत्री जी ने उत्तर दिया है कि हम आयात अपनी आवश्यकताओं के मुताबिक करते हैं। मैं पूछना चाहता हूँ कि मूल्य निर्धारण करने का मापदण्ड आपने कोई बताया है, किसी सामान की कीमत का हिसाब

किस तरह से लगाते हैं, इंटरनेशनल मार्केट का रेट आप किस हिसाब से लगाते हैं? दूसरे जो माल आप एक्सपोर्ट करते हैं आप कह रहे हैं कि वह कभी घट जाता है, कभी बढ़ जाता है, लेकिन क्या यह सही नहीं है कि यहां पर जो प्राइवेट फर्म हैं—सरकारी फर्मों की चर्चा में नहीं कर रहा हूँ—जो प्राइवेट फर्म माल सप्लाई करती हैं उसको उस माल में क्या यह सही नहीं है कि वहां से जो आर्डर मिलता है कुछ प्राइवेट घरानों को चाहे जो माल भेजते हों, चावल भेजते हों, काजू भेजते हों, उसमें जो कमोशन का रुपया मिलता है क्या वह पोलिटिकल पार्टियों को मिलता है, कुछ लोगों को मिलता है...

श्री उपसभापति : इस का जवाब दे दिया गया कि जो एकाउन्ट हैं उसमें ग्रान्ट-एकाउन्टेड मनी नहीं जाता। उसको दोहराने की जरूरत नहीं है।

श्री रामेश्वर सिंह : मैं चाहता हूँ कि सरकार स्पष्ट करे कि यह पैसा पोलिटिकल पार्टी को मिलता है, किसी को भी मिलता हो, कैसे रोक जाये इस धांधलेवाजी को?

श्री उपसभापति : इसका जवाब तो हो चुका है, आप दोहरा दीजिये।

श्री विश्व नाथ प्रताप सिंह : मान्यवर, वह किस हिसाब से व्यय किया जाता है या बेंचा जाता है तो इसमें यह ध्यान रखा जाता है कि जो अन्तर्राष्ट्रीय बाजारों में जो भाव है उस का तुलना में हम किसी के साथ घाटे का सौदा न करें और यहाँ उसकी नीति रहती है। जहाँ तक प्राइवेट फर्मों का संबंध है, प्राइवेट फर्म अपना व्यापार करती हैं और उस में हम लोग किसी तरह का रुकावट नहीं लगा सकते कि प्राइवेट फर्म व्यापार न करें क्योंकि यू० एस० एस० आर० मोस्ट

फंड नेशंस को कैंटेगरी में आता है और जो सुविधायें हों हिमा और देश को देंगे वह उनको भी देंगे। अगर अन्य देश प्राइवेट पार्टियों से खराद सकते हैं तो हम रुस के लिए प्रतिबन्ध नहीं लगा सकते कि वह न खरोदें। बाकी जो संवाल रहा कि यह पैसा राजनीतिक फंड में जाता है या किता इंडिविजुअल के पान जाता है, इसके बारे में कोई सूचना सरकार के पास नहीं है।

SHRI NIRMAL CHATTERJEE: Sir, before I go in for my own questions, I will make a reference to what Shri Morarka was really asking and no reply was given to him. The reference is to the statement of the Minister, paragraph 2, that export in 1982 was of the order of Rs. 1921 crores and in paragraph 3 it is said that the export in 1983 was of the order of Rs. 1880 crores. The specific reference is that it has to be balanced. I will come to the question of balance but is it at the cost of curbing exports? Is that necessary? That is my question and that was his question also. Let there be balance at a higher level.

The second thing connected with this is, I do not think that the Minister is on the right when he says that there has to be a balance of trade. I believe, what he means is that there has to be a balance of payment and not trade only because if there is a balance of trade, then there will be a problem of repaying the debts which you incur from the Soviet Union. We have to have export surplus so that we are able to pay back all the loans that we get from them. Perhaps the Minister will clarify this.

Then the question of economic sense has been raised. In this connection, I must say that economic sense is of all kinds. There is one variety of Reagan and Freeman—that is one kind which believes in free competition with the weak so that such countries are really forced to do it. They have an excess of capital, surplus of

capital, they have to transfer that capital and that they have to do via the IMF, the world Bank and via bilateral agreements. There is compulsion also. I consider it to be a good fortune that such a fact exists today in the world map that there is a socialistic segment in the world. There is no compulsion on the part of the socialistic economy by definition. I do not want to get into argument, but there is no compulsion. So, I do not agree, as hon. Member Jaswant Singh, my colleague has posed it, that politics and trade are related only in one way, in fact it is a two-way relation. Most often politics in the capitalistic countries is an indication of their trade and profit interest, but that is not the case with the Soviet Union. Certainly the Soviet Union comes to our assistance, as Shri Morarka pointed that when every other country is backed out, the Soviet Union stood by us. They could allow our Bhilai and Bokaro to come up.

May be the terms were not as good as they preferred them to be. Now, Sir, there is nothing truly wonderful about it that ideally trade should expand, as world production increases, the trade should grow faster than the world production, because there will be more and more division of labour. Therefore, it is good, in the economic sense, that the trade with the Soviet Union should also grow. Then it would have been excellent—which, unfortunately, is not true—if the ideal condition of trade in the world is based on division of labour on the basis of natural endowments. Unfortunately, the international trade is not conceived on natural endowments, International trade depends on man-made endowments also. It is quite fortunate for India. I should say, that the Soviet Union takes into account the natural situation in the two countries before entering into the trade agreement.

My question, Sir, this. The problem that we have is an internal problem—the problem of our deficiency in the Plan so that we are not able to

[Shri Nirmal Chatterjee]

utilise fully the opportunities available from socialist countries. I want to find out from the Minister whether the terms of trade in relation to the socialist countries, despite all this, have worsened, and if they have worsened is it to the same extent as it has worsened in relation to the dollar world. This is my first question. If it has not and if it has improved, to what extent the terms of trade have improved. I want to know that.

Secondly, I want to know whether or not, in dealing with the Soviet Union, we have taken into account the needs of the entire small scale sector of the economy. Like in the field of coir exports, cashewnuts, there is scope for a large number of products in the small scale sector which can be exported to the Soviet Union. So I would like to know whether or not adequate attention has been paid for exporting these goods to the Soviet Union.

SHRI VISHWANATH PRATAP SINGH: Sir, for balancing of trade, certainly it is not our intention to curb exports and then balance it. It is our intention that there should be growth and not any curbing of exports. But if at this moment, there is a surplus of rupees, we are exploring the possibility of what more we can import from the Soviet Union. And I am in agreement with the perspective that the hon. Member has outlined that it is not by curbing of exports but we are finding a solution ever by increased imports. When we are surplus we will look for imports; when they are in surplus they will look for imports. Thus there will be a growth of trade.

About balance of trade, of course, it is not only balancing of trade, there are other payments, deferred payments and other credits also. Balance of payments and balance of trade are two different things. It is the overall final picture that comes out in the balance of payments. This is a temporary problem. We should not feel that it is a perpetual problem that we will be facing. I am hopeful that this problem

will be tidied over, whatever we have at the present moment.

About the need of the capitalist countries to export capital being built in their economy and the socialist countries not having such a need, I would be entering into a debate which will be much wider. But even the champions of free trade would admit that assumptions of free trade do not exist today. If we look to world economy, some of the assumptions of free trade are: (1) it will be free trade. (2) there will be free flow of technology, (3) that labour and capital parity will be there between trading partners; (4) that prices will express the true scarcity of the commodity.

If we take these parameters on which liberal and free trade depend, today none of them exists. There is no free trade. As I said, if we say there is parity of labour and capital as trading partners, it is not there. If we say that there is free flow of technology, we know that it is very hard for the developing countries to buy technology. And if we say that prices are the true expressions of scarcity, Sir, we are quite aware how prices can be manipulated by the multinationals who are really not true representatives of this country. So, the assumption of free trade which was there is no longer existing. We are faced with modifications where protectionism tariff barriers, non-tariff barriers are there. When they are there, why are we taught a lesson on that account? So I do not think we will have a debate on that. About the question of terms of trade vis-a-vis developed markets and East European markets, I may inform the hon. Member that, so far as free markets are concerned there has been deficit while in socialist countries there has been surplus and there has been growth of trade.

SHRI NIRMAL CHATTERJEE: I think you have not got my point. By terms of trade I have not meant whether there is surplus or deficit. The terms of trade is defined in terms of

price per unit of import and price per unit of export. It is in this sense that I have asked the question.

SHRI VISHWANATH PRATAP SINGH: Sir, in this sense, I think the terms of trade are favourable, so far as the question of trading with East Bloc countries is concerned.

SHRI NIRMAL CHATTERJEE: What about prices?

SHRI VISHWANATH PRATAP SINGH: I will not disclose the prices. I have got the list of prices. I do not think it is in our interest to disclose them. But your point is met. Why do you cross-examine me any more?

AN HON. MEMBER: But it is a published document.

SHRI VISHWANATH PRATAP SINGH: Then you refer to that.

SHRI NIRMAL CHATTERJEE: Mr. Minister, international terms of trade are all published. What I want to know is whether the terms of trade are worsening in terms of trade with the western countries. That is what I wanted to know.

SHRI VISHWANATH PRATAP SINGH: I have generally said what the position is. He is asking about prices. On that if we compare it there is overall benefit of our trade with the socialist countries. Please do not press me on that. I have the material and I can prove the point. But it will not be in our commercial interest to go into that. About the small-scale sector, I have already mentioned that when it comes to light engineering, coffee, leather, woollens and many other sectors where the exports are there to the Soviet Union, they concern labour-intensive areas where large people are there small people are there. We are conscious of it that there has been definite benefit by trading with these countries.

SHRI A. G. KULKARNI: Sir, I have got only two questions to ask, because much has been discussed now. I do not want to go into the per unit cost or the

switching trade. What I am more concerned, Mr. Minister, is whether an assessment and monitoring has been done in the Commerce Ministry of various types of machinery purchased, the handicap in technology, while we purchase from Russia, vis-a-vis, the western countries. And if so, has the technological handicap, whether in the Bokaro concern or any other concern, been identified and quantified? If so, how much? The second thing is whether the Minister is aware that when we purchase such high technology machinery from the Soviet Union, there are often and persistent press reports, whether it is in regard to the defence purchases or the civil purchases, that Russians usually have a habit of withholding the spares. Will the Minister assure this House that spares are easily and liberally available, because whether it is with western countries or these countries, whenever defence equipment comes, that problem arises even with the USA, the UK or France? The last point which I want to ask is really a million dollar question which the Minister himself has very recently replied. My friend, Mr. Morarka and these friends were making out a point. And this, I want to elaborate. I am only waiting for the opportunity. It is about unaccounted money. In this connection, Mr. Minister, I, as an exporter on behalf of the co-operative—we export cotton yarn to Czechoslovakia—I insisted in the last five years, "Let it be a trade between the co-operative here and a marketing co-operative in Czechoslovakia." Totally refused. They say, "XYZ is our agent, and you supply him the goods." I think, perhaps, Mr. Jaswant Singh and others wanted to ask the same thing. Now I ask you that very direct question. I raised a question about the export of Basmati rice to Russia. Coarse rice was exported with the connivance of the Indian agent and the Russians, and Rs. 40 crores of rupees under the table were recovered, out of which many political parties, including the friends of mine on the left and on the right...

SHRI YOGENDRA SHARMA (Bihar): I object, Sir. He may be

[Shri Yogendra Sharma]

knowing all this black world. I am absolutely unaware of this black world.

SHRI A. G. KULKARNI: O. K. The major share was with Mr. Vishwanath Pratap Singh's political party. I do not want to quantify it because it is no use quantifying it. You agreed that coarse rice was exported. You agreed that a fraudulent licence was used. But you are going to take a silent and sympathetic view because the Chairman of the National Consumer Co-operative Federation is a Congress (I) M.P. I want to know whether you will take proper legal steps and not reply to me that the NCCF has gone against that Eagle Exports in the court.

I am asking you a question. This is a worry of the trade wherein private agents are being placed by Russia and Czechoslovakia or other East European countries, and money is switched over for political parties. Would you confirm or deny it? And would you take proper action against the NCCF for this misdeed?

SHRI NIRMAL CHATTERJEE: Why not nationalise the entire export trade?

SHRI A. G. KULKARNI: I am with you. Let the STC export to Russia Basmati rice. But Mr. V. P. Singh cannot do that. (*Interruptions*)

MR. DEPUTY CHAIRMAN: Let the Minister reply.

SHRI VISHWANATH PRATAP SINGH: Sir, Mr. Kulkarni has passed on to me benefits which I will have to hunt, about where they are.

Sir, about technology and assessment whether the machines were proper or not, whether the defence machines are proper or not, and spares also, I suppose, Sir, the relevant Ministries have a very competent mechanism and also committees of experts to go into them before any such purchase is made. And we should not doubt the competence

of our experts in this matter. When they make selection, they make elaborate comparison with the alternatives they have, the systems suitability they have, the parameters they have, and then decisions are made. I do not see any reason why we should doubt the competence of the experts, the technical committees and their judgements and all those who go into these things.

SHRI YOGENDRA SHARMA: A point of order. I think, one of the tests is whether your Bhilai steel plant is working better or your Rourkela steel plant is working better. That is the test.

SHRI A. G. KULKARNI: That is right.

SHRI VISHWANATH PRATAP SINGH: Sir, I suppose it is not proper because there can be several other parameters. I am not competent, dealing only in trade, to go into the relative performance of the steel mills. I will not be doing justice to the House or to the Member if I even attempt to answer that question. I think all variables, not only the performance of the machine, should be assessed and then a total assessment should be made. That is all I can say in fairness to the House and the hon. Members of the House.

Sir, he said that they nominate only private agents and they do not trade with any public sector bodies. Sir, so far as trade is concerned, so far as export and import policy is concerned, we make no distinction because any facilities that we give to any country we cannot deny to the socialist countries or to the USSR. If the USA can nominate its agent, then certainly the USSR or Czechoslovakia is free to do so.

MR. DEPUTY CHAIRMAN: It is their choice or your choice?

SHRI VISHWANATH PRATAP SINGH: It is entirely their choice because we cannot discriminate between them. If the most favoured nation's

facility is given, we cannot distinguish between one country and another. Now if Mr. Kulkarni pleads and convinces them to change their functioning and their policy, that is a different matter. But so far as our policy is concerned, we have to treat them equally.

SHRI A. G. KULKARNI: What about Basmati rice?

SHRI VISHWANATH PRATAP SINGH: I am coming to that.

SHRI NIRMAL CHATTERJEE: Why not treat them equally by nationalising it?

SHRI VISHWANATH PRATAP SINGH: Mr. Kulkarni will oppose if you start nationalising (*Interruptions*) So far as Basmati is concerned, there is an inspection system. It is only in small quantities. One agency was supposed to do the checking. It was found at the customs that it was not proper rice. In that respect a fine of Rs. 30,000 has been imposed and I myself have asked for deterrent action against this. So action has been taken. There is no compromise on it. Any imputation that we are a party to it cannot hold water at all because we have taken the fullest action. There is no compromise. As far as the NCCF is concerned, there has been a case of obtaining fraudulent use of the rubber-stamp of the NCCF. In this respect the CCIE is investigating the matter. As soon as the investigation is completed, fullest action will be taken. No compromise on that. (*Interruptions*) That was the job of the customs. The first one was stopped. The other one, whether it was actually exported or not, I will find out. I have not the facts with me. I must answer with responsibility. Action has been taken. It has been fully investigated.

MR. DEPUTY CHAIRMAN: Shri Satyanarayan Reddy. Please put one small question.

श्री बी० सत्यनारायण रेड्डी (आंध्र प्रदेश): उपसभापति जी, मंत्री महोदय से

मैं एक ही सवाल पूछना चाहता हूँ और वह यह कि जो पूँजीवादी देश हैं और जो समाजवादी देश हैं, जिनके साथ हमारा व्यापार संबंध है और जिनके साथ हमारा आयात-निर्यात होता है, हम पूँजीवादी देशों और समाजवादी देशों से जो चीजें मंगाने हैं या भेजते हैं, तो उनमें ज्यादा कठिनाई किन देशों के साथ हमारे व्यापार में आती है। चीजों को भेजने या चीजों को मंगाने में किन देशों के साथ ज्यादा कठिनाई होती है और उससे निपटने के लिये सरकार क्या योजना बना रही है ?

श्री विश्वनाथ प्रताप सिंह : मान्यवर, किसी एक देश में किसी चीज के लिये कठिनाई हो सकता है और दूसरे में आसानी हो सकता है। तो यह कोई जनरल कठिनाई और आसानी की बात नहीं है। जहाँ जिस देश की आवश्यकता होती है उसको छान-बीन करके उन चीजों को वहाँ भेजने का प्रयास होता है।

श्री बी० सत्यनारायण रेड्डी : जो चीजें हम एक्सपोर्ट करते हैं या इम्पोर्ट करते हैं...

श्री उपसभापति : जवाब हो गया है।

श्री बी० सत्यनारायण रेड्डी : जो पूँजीवादी देश हैं और जो समाजवादी ...

श्री उपसभापति : इसका जवाब हो गया है आप बैठिये।

श्री बी० सत्यनारायण रेड्डी : एक ही किस्म की चीजों के बारे में...

श्री उपसभापति : सवाल स्पष्ट है और जवाब भी स्पष्ट है। इस पर मनन करिये थोड़ा सा... (व्यवधान)... उस पर मनन भी करिये।

SHRI B. KRISHNA MOHAN (Andhra Pradesh): Sir, I want to ask

[Shri B. Krishna Mohan] d

about one exportable item and that is tobacco. There is a large output of the lower grade tobacco and the estimated yield of Virginia tobacco in Andhra Pradesh is about 1,40,000 tonnes. The STC has stepped in by creating the necessary infrastructure for purchasing tobacco from Andhra Pradesh growers. Soviet Union is the highest importer of Indian tobacco. There are instances where the tobacco exported by our own private traders is of a substandard quality thereby tarnishing the image of the country in the international market. Since STC has stepped in by purchasing tobacco in Andhra Pradesh, will the Government consider nationalising export of tobacco?

SHRI VISHWANATH PRATAP SINGH: I don't think it will be in the interests of the country to nationalise it, because there are exporters in the private sector who have established contacts and there has been growth of exports. Even for tobacco contracting the trade agreement with USSR was in 1982 for 35000 tonnes and in 1983 it was 40000 tonnes so there has been an increase. Then why should we give it up? I don't think it is necessary. STC is doing its best to buy even low grade.

MR. DEPUTY CHAIRMAN: Now the discussion is over. सदन को कार्यवाही ढाई वजे तक स्थगित की जाती है ।

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

The House reassembled after lunch at thirtythree minutes past two of the clock.

The Vice Chairman, (Dr. Shrimati Najma Heptulla) in the Chair.

REFERENCE TO THE DEMAND FOR PRESIDENTIAL ASSENT TO THE BILL FOR TAKING OVER OF THE KUMARDHUBI ENGINEERING WORKS, DHANBAD, BIHAR, BY GOVERNMENT

THE VICE-CHAIRMAN (DR. (SHRIMATI) NAJMA HEPTULLA): Special Mention by Shri Jaswant Singh.

श्री जसवंत सिंह : (राजस्थान) मान्यवर...

DR. MALCOLM S. ADISESHIAH: (Nominated): Is that used while addressing male or female?

SHRI JASWANT SINGH: This is common.

In deference to the intervention by my esteemed colleague, Dr. Adisesiah, I will switch over to English. I thought of making this Special Mention in Hindi.

Madam, Deputy Chair-person I rise to make this special Mention on a matter of urgent public importance. It relates to the reported death of 147 labourers of Kumardhubi Engineering Works, Dhanbad, Bihar, and non-payment of wages to over 4,000 employees of the same concern for almost nine months.

Kumardhubi Engineering Works became sick and the Bihar Legislative Assembly was persuaded to pass a Bill taking it over. The Bihar Legislative Council did like-wise. The Bill having been passed by both the Houses of the Bihar legislature, it has been lying waiting for Presidential assent for the last nine months. Because Presidential assent has not been granted for the Bill, during this period, over 4,000 employees have remained without their wages. This has resulted in the death of many. Documentary evidence is available to show that 147 persons have actually died because of starvation and malnutrition, factors which arise out of lack of income. It is believed, it is rumoured, that the Presidential assent to the take-over of the Kumardhubi Engineering Works has not been given because of various kinds of political pressure. May, I, through you, Madam,