

August, 1973, publishing the Textile (Product on by Knitting, Embroidery, Lacemaking and Printing Machines) Control Amendment Order, 1973, under sub-section (6) of section 3 of the Essential Commodities Act, 1955 [Placed in Library see No LT 5927/73]

III A copy (in English and Hindi) of the Ministry of Commerce Notification GSR No 1122 dated the 24th September, 1973, publishing the Rubber Board (Service) Amendment Rules, 1973, under sub-section (3) of section 25 of the Rubber Act, 1947 [Placed in Library, see No LT 5928/73]

change Regulation Act 1973

I Notification under the Foreign Exchange Audit Report on the Accounts (1971-72) of the Andhra Pradesh State Financial Corporation, Hyderabad

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI-MATI SUSHILA ROHATGI) Sir I beg to lay on the Table

I A copy (in English and Hindi) of the Ministry of Finance (Department of Economic Affairs) Notification S O No 3043 dated the 27th October, 1973 under sub-section (3) of section 79 of the Foreign Exchange Regulation Act, 1973 [Placed in Library see No LT 5861/73]

II A copy (in English and Hindi) of the Audit Report on the Accounts of the Andhra Pradesh State Financial Corporation, Hyderabad for the year 1971-72, under sub-section (7) of section 37 of the State Financial Corporations Act, 1951, read with sub-clause (iii) of clause (c) of the Proclamation dated the 18th January, 1973, issued by the President in relation to the State of Andhra Pradesh [Placed in Library see No LT 5863/73]

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Nepalese ban on export import trade of foreign companies

SHRI HARSH DEO MALAVIYA (Uttar Pradesh) Sir, I call the atten-

tion of the Minister of Commerce to the reported ban imposed by the Government of Nepal on foreign Companies from carrying on the export-import trade and its likely effect on the Indian owned or financed companies carrying on business in Nepal

THE MINISTER OF COMMERCE (PROF D P CHATTOPADHYAYA) Mr. Chauman, Sir, the Government of India have seen press reports of a Communique stated to have been issued by the Ministry of Commerce and Industry of Nepal according to which

Exporters of finished jute products to countries other than the ones already importing the same from Nepal will henceforth be allowed an additional five per cent bonus in the form of incentives. But the firms run by the foreigners or in collaboration with them will not be permitted to export and import goods to and from Nepal

The new steps are intended for making the trade diversification policy still more effective as well as to encourage the foreign investors to go into industrial ventures. The underlying purpose for not permitting foreign firms based in Nepal to export jute is to make use of their technical expertise and investment for the country's industrialisation. The principal purpose of the new arrangement is to render the policies and practice of trade diversification, import of development materials and other consumer goods more effective and practical. Also projected is the regulation of distribution system in such a way that the general public are able to procure or purchase essential commodities at reasonable rates"

Our Embassy in Kathmandu has asked for the official version of the statement of the Ministry of Commerce and Industry. It is not possible to make any comment until Government have received the official version and the report of our Embassy and studied them

SHRI HARSH DEO MALAVIYA Sir I am sure that the reply and the remarks of the hon Minister will

be entirely endorsed by the House because Nepal is our friendly and brotherly country and we have to maintain the best of relations with it. I agree that it will be very difficult to say anything since he is expecting a report from our Embassy in Kathmandu and we have not yet had the full details. But I would like to draw the attention of the hon. Minister to the Indo-Nepal Friendship Treaty which was signed in 1950 and which lays down:

"The Governments of India and Nepal agree to grant on a reciprocal basis to nationals of one country in the territories of the other the same privileges in matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature."

This Treaty has been hitherto in operation but the Government of India did not encourage these nationals to own property in Nepal. I think it was very correct. Of late, what has happened is—again, I am quoting from a press report—that, "the Nepalese businessmen were rather unhappy at the concentration in the Indian hands of the import and export trade, and for sometime now the Indian nationals are not getting import and export licences". This makes it amply clear that while the foreign firms would be allowed to set up industries, these would not be encouraged to carry on trade, especially export and import trade. In a way this is understandable. Our Indian nationals abroad, in many countries, for example, in East Africa, at a certain stage dominated the trade. And when those countries got freedom and their nationals came up, our Indian nationals and businessmen had to go out. I don't think we can take too unkindly to the attitude which is being adopted in Nepal specially in view of the fact that our Indian nationals will be free to set up industries in Nepal and they would have the freedom. Still, I would like to know one thing from the hon. Minister—I cannot ask him any more questions because he says he has not yet got the information. Sir, there was a report that a Nepalese delegation headed by Mr. Nayan

Raj Pande, Chairman of the National Trading Limited of Nepal, recently went to the Canton Fair with a shopping list of nearly about Rs. 25 millions. His Majesty the King of Nepal is to visit Peking soon. I am sure, we also do not object to this. It is free for the Government of Nepal to have relations with every country in a proper way. But we would like to ask whether the Chinese influence there has anything to do with this. I doubt very much. But we know that the Chinese are very unreliable people. They can do anything.

Secondly, Sir, will the Government assure us that in dealing with this question, they will keep in view the best interests not only of the Indian nationals but also the sovereign and inherent desires and rights of the Nepalese people and the Nepalese Government to exercise their right in their own way?

PROF. D. P. CHATTOPADHYAYA: Sir, as regards the first question whether there is any Chinese influence underlying this decision, I would like to say that what the decision is, we do not know, still less about the Chinese influence. We are, more or less, sure that the Chinese influence has nothing to do in this matter. About the Nepalese interests, I think the Nepalese Government themselves are quite capable of looking after the Nepalese interests. When it is of bilateral relations, we sort out this sort of relations through mutual and friendly discussion as provided in the Treaty of Peace and Friendship.

श्री ओम् प्रकाश त्यागी (उत्तर प्रदेश) :

उपसभापति महोदय, अभी मंत्री महोदय ने जो उत्तर दिया है उसमें उन्होंने असमर्थता ही प्रगट की है। भूतकाल के अनुभव से मैं इतना तो कह सकता हूँ कि दूसरे देशों में उगांडा में, कीनिया में, जंजीबार में, तन्जानिया में हमारे व्यापारियों ने व्यापार बढ़ाया और उनके साथ भी इस प्रकार का व्यवहार हुआ। नेपाल में वहाँ के वाउचर सिस्टम का ध्यान करते हुए भारत के व्यापारी वहाँ गए और उन्होंने एक-दो करोड़ नहीं अरबों रुपया वहाँ लगाया हुआ है। भारत सरकार के

श्री ओम् प्रकाश त्यागी

गत अनुभव से यह लगता है कि सरकार असमर्थ है अपने व्यापारियों की रक्षा करने में जिन्होंने आपके प्रोत्साहन पर विदेशों में उद्योग स्थापित किये। मैं यह जानना चाहता हूँ कि 1950 की ट्रीटी के आर्टिकल 7 के अनुसार क्या नेपाल सरकार ने आपको यह आश्वासन दिया था या नहीं दिया कि जो व्यापारी एक-दूसरे देश में उद्योगों को स्थापित करेंगे उनको इस प्रकार के आयात-निर्यात की मुविद्दा होगी? मैं यह जानना चाहता हूँ कि अब जो उन्होंने नेपाली इन्टरैस्ट को देखते हुए प्रतिबन्ध लगाया है क्या वह प्रतिबन्ध लगाने से पहले उन्होंने आपसे कोई विचार-विनिमय किया, उनका कोई संकेत राजदूत के द्वारा आपको मिला या नहीं मिला और आपने अब तक उनके राजदूत के द्वारा कोई जानकारी जानने का प्रयत्न किया या नहीं किया?

दूसरी बात मैं यह जानना चाहूंगा कि अगर नेपाल सरकार का यह निर्णय, जिसके बारे में आपने कह दिया कि अभी जानकारी ले रहे हैं कि सही है या नहीं, सही निकला तो भारत नेपाल मैत्री पर भी इसका प्रभाव पड़ने की संभावना है? विदेश मंत्री साहब भी यहां बैठे हैं, तो क्या इस प्रकार के निर्णय में भारत नेपाल मैत्री सम्बन्धों पर तो कोई प्रभाव नहीं पड़ेगा?

तीसरी बात मैं यह जानना चाहूंगा कि जो हमारी व्यापारिक सन्धि है, धारा 7 के अनुसार अगर यह निर्णय सही है तो व्यापारिक सन्धि में आप कोई परिवर्तन करने का विचार रख रहे हैं?

अन्तिम प्रश्न मेरा यह है कि आपके अपने व्यापारियों के रक्षार्थ आप क्या कोई कदम बढ़ा रहे हैं? अगर नेपाल सरकार इस किस्म का निर्णय ले ले और जो औद्योगिक केन्द्र आपके प्रोत्साहन से हमारे वहां पर बने हुए हैं उनके रक्षार्थ आप क्या कदम उठाने का विचार रखते हैं?

PROF. D. P. CHATTOPADHYAYA: Sir, the hon. Member wants to know whether Indian traders in Nepal have been debarred from importing and exporting certain things. As I have said, we do not have detailed information on the matter. Whatever little information we had, has already been submitted to the House in the body of my original statement.

Sir, I do not think there is any reasonable basis to apprehend that our very good and cordial relations with our neighbour, Nepal—which are very much evident from the visit of His Majesty the King of Nepal to our country and also the visit of our Prime Minister to Nepal some time back—, will be adversely affected. Our friendship with Nepal is very much there and, in fact, it is improving. We appreciate our friendly neighbour country's anxiety to revise its industrial and commercial policy from time to time, according to its own requirements. But, we think, when this sort of policy revision is likely to have some bearing on national equal treatment provision, i.e., Article 7 of the Treaty of Peace and Friendship, 1950, we should hold mutual discussions in the spirit of the Treaty. We are sure that this sentiment of ours is very much shared by our friend.

SHRI BABUBHAI M. CHINAI (Maharashtra): Sir, in view of the fact that we have a treaty with Nepal, that we are taking great interest in the development of that country and we have gone into a Treaty of Peace and Friendship with that country, will this statement of the Government of Nepal—for which we only rely on the press statement because we have not yet got an official statement from our Embassy—affect our trade relations and the agreement which we have recently entered into with Nepal in 1972. May I know whether the import and export trade which Indian firms in Nepal are having will be affected by this notification? The notification which the hon. Minister has read states 'all foreign firms'. If it is all foreign firms, then India cannot be out of it. Will the hon. Minister be kind

enough to assure us that he and his colleague, the Minister of External Affairs, would use their good offices to see that our friendly trade relations are maintained as they are being maintained at present?

PROF. D. P. CHATTOPADHYAYA: Sir, as I have already said, both in the provisions of the Treaty of Peace and Friendship of 1950 and also in the Letters exchanged at that time it has been provided that when some decision in either of these countries is contemplated or taken about vital matters likely to affect the other country, then some bilateral discussions will be held and I have no reason to think that from this view, agreed to by us, anybody has realised

In that context I would like to say and observe that if and when some such contingency arises, this will be taken care of in pursuance of the provisions and in the spirit of the letters exchanged in 1950.

श्री नवल किशोर (उत्तर प्रदेश) . श्रीमन् मुझे ताज्जुब यह है कि मंत्री महोदय ने कहा कि उन्होंने प्रेस रिपोर्ट से ऐसी बात जानी । श्रीमन् नेपाल हमारा दोस्त है और पड़ोसी मुल्क है और अखबार से उनको इस बात का पता चला और इंडियन एम्बेसी वहा पर बैठी रहे और कोई खबर भारत सरकार को या काममें मिनिस्ट्री को न दे, मैं समझता हूँ कि यह कोई बहुत अच्छा काम करने का तरीका नहीं है ।

दूसरी बात यह है कि जब उन्होंने कह दिया कि कोई पता ही नहीं है तो फिर वह इस पर क्या हो, फिर भी मैं चट्टोपाध्याय जी से जानना चाहता हूँ कि नेपाल में कितनी इंडियन फर्मस हैं जो इम्पोर्ट और एक्सपोर्ट का बिजनेस कर रही हैं और अन्दाजन कितना बिजनेस वे करती हैं । उन्होंने कहा कि 1950 में हमारी ओर उनकी ट्रीट हुई थी । उसके बाद भी मुझे याद है कि ऐग्रीमेंट्स हुए हैं जिन में नेपाली गुडम् हिन्दुस्तान के यू. वंगला देश वगैरह को जा सकती हैं और उसके लिये सुविधाएँ दी गई हैं । यह सही है कि उन्होंने जो फैसला किया है वह तमाम

फार्गेन फर्मस के लिये है और हिन्दुस्तान का उसमें कोई एक्सेप्शन नहीं है इसलिये आब्जेक्शन करने की उसमें गुंजाइश भी कम है, मगर फिर भी एक युनिलेट्रल फैसला नेपाल ने किया तो क्या यह मुनासिब नहीं था कि भारत सरकार की निगाह में कि इस फैसले को करने से पहले कम से कम भारत सरकार या इंडियन एम्बेसेडर को किसी भी स्टेज पर वह अपने कार्डिडस में लेने की कोशिश करता । मैं भी उन लोगों में से हूँ जो यह समझते हैं कि हमारे नेपाल के साथ सम्बन्ध अच्छे हैं, मगर मैं देखता यह हूँ कि चाहे वे अफ्रीकन कंट्रीज हों या कोई ओर कंट्रीज हों, आहिस्ता आहिस्ता हिन्दुस्तानी लोग जो वहाँ गये हैं जिन्होंने वहाँ की ट्रेड को डेवलप किया है, उनको स्क्वीज आउट करने का वहाँ से निकाल देने का ट्रेन्ड बढ़ता जा रहा है । अगर उसी ट्रेन्ड के तहत नेपाल ने यह किया है, तो यह एक चिन्ता की बात है । एक बात यह सही है कि जहाँ हम दोस्ती का हाथ सब जगह बढ़ाना चाहते हैं, वहाँ हमें इस बात का भी खयाल रखना चाहिये कि हर छोटा बड़ा कंट्री यह न समझ ले कि हिन्दुस्तान को ही सब की दोस्ती की जरूरत है और हिन्दुस्तान की दोस्ती की जरूरत किसी को नहीं है । मैं ज्यादा बातों में न जाते हुए चट्टोपाध्याय जी से चाहूँगा कि वे मालूमात कर के सदन को सूचना दे कि जो उन्होंने फैसला किया है और जो अखबारों में छपा है उसके अनुसार हमारे ट्रेड इंट्रेस्ट पर कैसा असर पड़ेगा । यदि कोई ऐडवर्स इफेक्ट पड़ने की संभावना है, जैसी कि मुझे लगती है, तो क्या वे ऐसी कोशिश करेंगे कि इंडियन इंट्रेस्ट पर कोई ऐडवर्स इफेक्ट न पड़े । मुझे उम्मीद है कि नेपाली गवर्नमेंट इस बात को मानेगी और अगर वह नहीं मानती है तो फिर सोचना पड़ेगा कि हम भी उसका रसीप्राकल स्टेप क्या उठाये ।

PROF. D. P. CHATTOPADHYAYA: Sir, as I have already said that our relations with Nepal are good and cordial, it is not only our relations with them, it is a symmetrical relation. Their relations with us are also

[Prof D P. Chattopadhyaya]
good and some of the apprehensions expressed by the hon Members with reference to some other countries, I do not think, have much bearing in this particular context.

We have two major treaties One is the Treaty of Peace and Friendship of 1950 and the other is the Indo-Nepal Treaty of Trade and Transit negotiated and signed by my friend, Lalit Babu, sitting here in 1971 and in pursuance of that our trade relation has substantially improved as will be evident from the figures Our export to Nepal in the year 1971-72 in terms of lakhs of rupees was 2844 while our import from Nepal was 1027 In the year 1972-73 our export was 3507 and import 951 So both in terms of figures and also in terms of facts we have every reason to believe that our relations are good bilaterally

DR K MATHEW KURIAN (Kerala). Sir, in the trade statistics of our country trade with Nepal figures only relatively recently. From 1951 onwards we have trade statistics and to some extent our trade with Nepal in the 1960s shows relatively better figures My question mainly relates to two points With reference to our trade relations with Nepal there are a number of instances of smuggling, of goods being moved between the borders without proper authorisation because the whole system of inland trade between the two countries is not yet on a systematic basis There is sufficient room in the manner in which trade takes place through inland routes to suggest that there are a number of instances possibly of corruption, smuggling, movement of goods which are not authorised and possibly therefore there is apprehension in the minds of people in Nepal. Blackmarketeers and traders who are thriving in the country not only because of shortages but also because of the black money economy—it is estimated to be to the extent of Rs 1500 crores—with their money power are able to move goods across the border and resort to unfair trade practices which are really in the area of corruption Therefore I would like to know from the hon Minister whether any serious attempt

has been made to understand this problem and to identify ways and means of plugging this type of unfair trade movements between the two countries supported and initiated by blackmarketing operators in this country.

The second question relates to the policy regarding allowing Indian ventures in Nepal and this also applies to other countries Sir, according to an answer given to a starred question which I had put in this House on 30th November the Minister of State in the Ministry of External Affairs had informed the House that there are now 19 joint Indian ventures in Nepal either wholly or partly owned by Indians and that the total financial assistance given by the Government of India to Nepal up to 31st March 1973 amounts to Rs 96 crores All these 19 ventures are according to my information private ventures and this is what is said in the reply also Apart from Rs. 90 crores given by the public sector to the Nepalese Government for projects there are these 19 joint ventures all in private sector The history of Indian joint ventures abroad shows that contrary to original expectations the development of small and medium industries through our technology and our skill in organising and building up small and medium industries abroad has not fructified. On the contrary the big business and black money operators have gone abroad in the name of joint ventures Sir, joint ventures is expected to be one of the methods of export promotion but in fact it is the big business houses and black money operators who have gone abroad Taking advantage of the benefits available under the various schemes of the Commerce Ministry and other Departments they go abroad and not only dabble in local politics but they link up with the local oligarchies and local businessmen and try to exploit the people generally.

Therefore, unless the Government is aware of the misuse of joint ventures abroad—even if in the particular context of Nepal there has been no unfair practice—the unfortunate impression will be created in all the

countries that Indian joint ventures, particularly those indulging in unfair practices go abroad in order to exploit. This is particularly significant in view of the policy statement of the Government of India

MR DEPUTY CHAIRMAN Please wind up

DR K MATHEW KURIAN According to the Government of India's policy no foreign company will be allowed to indulge in trading operations. This is an important policy pronouncement. Unfortunately, even this policy that foreign companies will not be allowed in trading operations in our country has been violated by the Government of India. Recently foreign companies have been allowed to enter trading operations in this country. Therefore I am surprised that the Government have a soft corner for Indian trading companies which go abroad and do some type of mischief. Therefore, I want a clear and categorical statement from the Minister as to whether the Government of India sticks to the policy statement that foreign capital will not be allowed to enter trading operations in this country and that they will take a similar attitude regarding Indian people going abroad for participating in joint ventures.

MR DEPUTY CHAIRMAN How does this arise from this? You have not asked any question pertaining to this.

DR K MATHEW KURIAN I have asked two specific questions.

MR DEPUTY CHAIRMAN The first question will be ruled out because it does not relate to this matter.

DR K MATHEW KURIAN I said about trading between India and Nepal.

SHRI A G KULKARNI (Maharashtra) It is his political philosophy.

DR K MATHEW KURIAN Sir, if you have not understood it, I can explain it . . .

MR DEPUTY CHAIRMAN I have understood you, Dr. Kurian. I am sorry to say that the first question that you asked does not relate to the subject-matter of the calling attention motion.

DR K MATHEW KURIAN Why not?

MR DEPUTY CHAIRMAN I shall not permit it. We cannot deviate into a discussion on the entire trade policy of the Government of India. We are discussing something which is happening in Nepal.

DR K MATHEW KURIAN There are loopholes and they should be plugged.

MR DEPUTY CHAIRMAN Please take your seat. Whatever is relevant, the Minister will reply to.

SHRI A G KULKARNI I do not want to understand Marx.

DR K MATHEW KURIAN Mr Kulkarni, you understand the landlords of Maharashtra.

MR DEPUTY CHAIRMAN Now, let the Minister answer.

PROF D P CHATTOPADHYAYA Sir, we have seen reports, from time to time about some unwholesome practices across the border. We have taken appropriate action and the concerned Ministry particularly has taken appropriate action in the matter. We have a joint customs group which holds periodical meetings between them and also a joint statistical group. Under the Commerce Ministry we have recently set up a surprise inspection cell to see if the joint ventures that we have there indulge in such practices. I would like to submit that joint ventures are welcome ventures by the foreign countries concerned. So the uncharitable remarks about them are not good either for us or for our friends who welcome these joint ventures.