

(b) The question of acquiring suitable powers under the existing laws for taking over uneconomic and/or mismanaged tea estates is under examination.

#### REVIEW OF INDO-BANGLA DESH TRADE

83. SHRMATI PRATIBHA  
SINGH: SHRIMATI SAVITA  
BEHEN:  
SHRI SANAT KUMAR KAHA:  
SHRIMATI .LAKSHMI KUMARI  
CHUNDAWAT:  
SHKI SHYAMLAL GUPTA:  
SHRI SITARAM KESRI:

Will the Minister of FOREIGN TRADE be pleased to state:

(a) whether a mid-term review of the trade agreement between India and Bangla Desh was recently made in New Delhi and at Dacca;

(b) if so, what specific problems were discussed; and

(c) the precise modifications that have been made or are proposed to be made in the Indo-Bangla Desh Trade Agreement in the light of these discussions?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE J: (a) to (c) Representatives of the Government of India and Government of Bangladesh met in Dacca from 5th to 8th October, 1972, to review the implementation of the Trade Agreement between the two countries.

2. The Indo-Bangladesh Trade Agreement, which was concluded on March 28, 1972, provides for—

(i) *Border Trade* to facilitate exchange of articles of daily use to meet the requirements of people living in rural areas on either side of the land customs frontiers;

(ii) *Limited Payments Arrangement* for balanced trade in commodities of special interest to the extent of Rs. 2b crores each way; and

(iii) *Trade outside the Limited Payments Arrangement* in terms of the normal global import and export policies, and to be paid for in convertible currency.

#### *Border Trade*

3. It is a feature of rural life in the Eastern region that a group of villages form a single economic and social community, and "haats" are held in rotation on different centres. Traditionally, the residents of a community have moved from "haat" to "haat" within that community to exchange articles of daily use such as fish, fresh vegetables, poultry, eggs, fruits and the like. In the case of those communities which lie astride the border, traditional life was preserved by the grant of special permits for going to "haats" on the other side of the border.

4. The provision in the Trade Agreement between India and Bangladesh for the issue of such special permits was to be reviewed after a period of six months to consider whether it should be extended or amended in any way. During the midterm review in Dacca, India has deferred to the wishes of Bangladesh to suspend the arrangement until control of the border could be firmly established, and administration geared to enforce meaningful checks along the entire length of the Indo-Bangladesh border.

#### *Limited Payments Arrangement*

t>. Procedures for imports/exports under the Limited Payments Arrangement and the banking arrangement for disbursements to exporters, which were evolved in consultation with the Bangladesh authorities, were announced simultaneously in Dacca and New Delhi on April 20, 1972.

6. According to information received from the State Bank of India, contracts registered under the Limited Payments Arrangement reveal that exports from India to Bangladesh would be larger than those from Bangladesh to India. It emerged during the mid-term review that

this is due mainly to the fact that whereas essential goods such as coal and cement were urgently needed in Bangladesh and had to be procured immediately, inadequate transport facilities and other institutional difficulties had inhibited exports from Bangladesh to India.

7. With the growth of intra-regional trade between East Bengal (Bangladesh) and Pakistan, the traditional means of transport of goods between India and Bangladesh declined progressively, and were totally disrupted in 1965. Restoration of these transport arrangements is in itself a stupendous task. It has been rendered all the more difficult by the damage caused during the struggle for liberation.

8. Lack of availability of supplies has been another factor restraining the level of imports from Bangladesh. For instance, supplies of furnace oil will fall short of 200,000 tonnes for which contracts have been concluded. Similarly against the provision of Rs. 25 lakhs for molasses in the Limited Payments Arrangement, contracts could be concluded only for about half the provision.

9. Out of Rs. 25 crores worth of goods to be exported from Bangladesh under the Limited Payments Arrangement, fish and jute were to account for Rs. 10 crores.

10. In regard to raw jute, apart from the problem of prices, the infrastructure in Bangladesh for procurement and supply of jute has been inadequate. There have been difficulties with regard to railway operations, loading arrangements and customs clearance. These difficulties were discussed at length, and it was decided that, in order to effect better coordination at the field level, a task force—consisting of representatives of Bangladesh Customs, Railway and the Jute Export Agencies, would be set up. Indian importing agencies, may also be associated with this task force which will try and overcome field level difficulties on the spot,

11. Common understanding has been reached between India and Bangladesh on the prices and qualities of further quantities of jute to be imported. With this; and with the recent opening of the Hardinge Bridge, it is expected that supplies of jute would come up to the levels envisaged under the Limited Payments Arrangement.

12. On the other hand, the prospects for import of fish are not so encouraging. It is not expected that it would be possible to obtain more than about Rs. 3 crores to Rs. 4 crores worth of fish (out of Rs. 9 crores worth provided in the Agreement) before the end of March, 1973. The difficulty has been mainly in organising facilities for packing, preservation (ice) and transport at 14 of the 17 centres from which, in the past fish used to be exported to India. Bangladesh has been able to reopen only 3 centres so far to handle exports of fish to India. To overcome the transport difficulties in Bangladesh, Indian trucks are being used for the transport of fish. It has been agreed that matters relating to export of fish, in particular the steps necessary to maximise exports, should be constantly reviewed in detail in the Joint Review Committee on purchase of fish. This Committee, is handled on the Indian side by the Ministry of Agriculture.

13. At the request of the Bangladesh delegation, mini buses, tooth brushes, shaving brushes, conch shells, tarpaulins and spares for the Chattak ropeway have been included among miscellaneous articles for export from India, under the Limited Payments Arrangement. Tanning extracts, turtles and tortoise, straw mats and brooms, handicrafts, ceramics and other articles have been included for export from Bangladesh. It has also been agreed to make provision for export of oranges, potatoes and ginger from Meghalaya and adjoining areas, in return for import of pineapples and dried fish.

14. It is difficult to forecast at this stage what might be the actual imports and exports under the

Limited Payments Arrangement by the end of the current trade year— March 27, 1973. Consequent on the mid-term review it is the hope that as transport facilities improve and institutional difficulties in export are overcome, exports from Bangladesh will pick up leading to a balance between exports and imports.

15. It is provided in the Trade Agreement that—

"The two Governments agree to make mutually beneficial arrangements for the use of their waterways, railways and roadways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other".

16. In the wake of the mid-term review, the Government of India and the Government of Bangladesh have concluded a protocol valid for five years, in the first instance, for the use of waterways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other.

17. Representatives of the Railways of the two countries have exchanged ideas on the reciprocal facilities to be provided for the operation of the railways in that region. Delegations of the two countries would be meeting shortly to finalise "inter change arrangements".

18. Reciprocal facilities have been provided for the operation of trucks between the two countries to handle the trade in fresh fish. It is proposed to conclude, in due course, a comprehensive protocol which would facilitate trucks to ply between the two countries for the carriage of other commercial traffic.

*Trade outside the Limited payments arrangement*

19. It is the understanding between the two Governments that imports and exports outside the Limited Payments Arrangements will be governed by their respective imports,

export and foreign exchange regulations, it has been the practice in Bangladesh to invite international tenders for imports required by Government departments and state trading agencies. Indian entrepreneurs have been successful in winning such tenders for the supply of cycles, commercial auto rickshaws, automobile spares, pumping sets and textiles.

**SHORTFALL IN EXPORT AND IMPORT TARGETS**

84. SHKISHYAMLAL GUPTA:

SHRI SUKAJ PKASAD:

SHKI BHOLA PRASAD:

SHRI YOGENDRA SHARMA:

Will the Minister of FOREIGN TRADE be pleased to state:

(a) whether it is a fact that the targets fixed for the import and export of goods have not been fully achieved,

(b) if so, the item-wise details of the targets fixed, the actual supplies and the shortfall for the years 1970, 1971 and 1972 (till June, 1972); and

(c) the reasons for the shortfall.

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE): (a) to (c) A statement is laid on the Table of the House.

STATEMENT

Under the fourth Five Year Plan, India's overall exports were expected to reach a level of Rs. 1,900 crores in 1973-74 over the base-year exports of Rs. 1,358 crores in 1968-69, which implied an increase of 40 per cent in exports over the period of five years or a compound rate of growth of 7 per cent per year. As regards imports, the Fourth Plan expected India's overall imports to rise by nearly 16.3 per cent (over a period of 5 years) from a level of Rs. 190.9 crores in 1968-69 to Rs. 220 crores in 1973-74. Thus the overall imports