

SHRI MULKA GOVINDA REDDY :  
Please allow him.

MR. DEPUTY CHAIRMAN : Are  
you raising the same point?

SHRI K. CHAND RASHEKHA-RAN : It is a serious but different point. The hon. Minister stated that the information need be sent only within 24 hours. This 24-hours restriction is only with reference to article 22 of the Constitution so far as the production of the arrested person before a magistrate is concerned. So far as the practice and procedure in respect of Members of Parliament and Members of the Legislatures are concerned, the information should be given as early as possible.

MR. DEPUTY CHAIRMAN: It is  
right.

SHRI K. CHANDRASHEKHA-RAN : The Deputy Chairman knows the rule. It is as early as possible. As the hon. Member, Shri Bhupesh Gupta, has said, if three Members of Parliament can bring the information, why is it the Government is not bringing the information? Why is the magistrate not communicating to the Chairman of the House?

SHRI G. A. APPAN (Tamil Nadu) : With all due respect to our friends, Members can know the information directly and from even hearsay, or they could have seen it. But officers have to send the information through the proper channel. A sub-inspector who arrests the person has to give information to the Superintendent; the Superintendent to the I.G.; and then details have to come to the Home Ministry. They cannot simply do it in a moment. As soon as possible—that is all right. It takes some time to reach. But for that we cannot take the Government to task.

MR. DEPUTY CHAIRMAN : Mr.  
Subramania Menon.

**I. STATUTORY RESOLUTION  
SEEKING DISAPPROVAL OF  
THE FOREIGN EXCHANGE RE-  
GULATION (AMENDMENT)  
ORDINANCE, 1969 (No. 9 OF  
1969)**

**II. THE FOREIGN EXCHANGE  
REGULATION (AMENDMENT)  
BILL, 1969—contd.**

SHRI K. P. SUBRAMANIA MENON : Mr. Deputy Chairman, the problem of leakage of our foreign exchange resources is not going to be solved by this Bill alone, nor can it be solved by other provisions of the existing Act. Experience since this Act came into force has shown that it has signally failed to arrest the drain of our foreign exchange resources through illegal channels. As it has been pointed out, one of the most prolific sources of this leakage is the under-invoicing of exports and over-invoicing of imports. This business has been going on for such a time, and one of the methods of financing the smuggled imports into our country is through the illegal gains due to the under-invoicing of exports and over-invoicing of imports. Many times it has been pointed out in this House also that a number of foreign firms as a matter of fact have been indulging in this sort of illegal activities for a long time. For example, sometime back Jardine Henderson and Company were hauled up for violation of the foreign exchange rules through the over-invoicing of imports and under-invoicing of exports. Similarly it has been known that the tea exports from this country have always been under-invoiced, and the brokers, traders and other people in London have been earning a huge amount of money through the tea trade in our country. Similarly, in recent years due to the phenomenon of foreign collaboration having increased, the danger to our earning of foreign exchange or the danger of illegal imports into India has also increased. A recent survey, for example, points out many instances in support of the findings about the supply of second quality machinery at high cost and refusal of the collaborators to make available improved technology developed by them. The study also reveals that in many cases capital and technology have been imported unnecessarily, that is, wastefully and at a great cost to the country. In one case it was fork-lift trucks imported at over Rs. 60,000 per piece, while the local 1-ton pedal lifts are selling for less than Rs. 1500. In a factory manufacturing electrical measuring instruments with foreign collaboration it was seen that 6 out of 10

drilling machines were idle because they were not required at any stage of the operation. This sort of wastage of foreign exchange resources have been going on on a large scale due to the foreign collaboration agreements which we have 4 P. M. S<sup>0</sup>l. Again, some time back it was pointed out during the Question Hour that we are exporting Usha sewing machines at about Rs. 90.00 per piece. As you konw, this is a ridiculously low price and the exporting firms must have got quite a large amount through the under-invoicing of their exports. In every item, especially in *\he* engineering item, today this practice of under-invoicing of exports is going on on a large scale and I would request the Government to look into this matter.

Finally I would say only this—because my time is limited—that the only lasting solution to the problem of illegal leakage of foreign exchange resources is to nationalise bur foreign trade. Unless we resort to that step, there is no other way, and whatever we may do, whatever controls we may impose, the traders, the black-marketeers and the smugglers will always try to evade the revenues.

MR. DEPUTY CHAIRMAN : Mr. Appan, do you want to speak?

SHRI G. A. APPAN : Why not?

MR. DEPUTY CHAIRMAN: All right. You can make only one or two points.

SHRI G. A. APPAN: Sir, I have got certain observations to make about the Foreign Exchange Regulations under discussion in this House today. I would say lhat it is really a very sorry state of affairs that the people in this country lack so much of technical know-how of foreign trade. When this country acquired independence, the foreign exchange at our credit was more than Rs. 3,000 crores or so. But within a few years of our independence, this depleted to a very low level. Now, it is to our disadvantage. Why? How? Unnecessarily the Government is trying to interfere with the public sector work of the Ministry of Commerce and Industry. We cannot sell anything below the cost of production. That is the industrial and economic philosophy.

But when it comes to the question of foreign trade, we even under-sell some of our commodities to foreign countries just ior the sake of earning foreign exchange. Unless a person has at least equal balance, he will not have any respect. In Tamil there is a verse,—

*"Kadan pattar nenjampolumkalangin-an  
Elangai Vendan"*

That is to say, the greatest emperor of Ceyion began to suffer agony in his mind which an ordinary debtor would experience. Indebtedness is a great head-strain which no ordinary man with self-respect can tolerate. Are we not indebted to any number of countries? Is it not below our diginty ? So, I would request the Government to take steps to become a creditor country sooner or later without getting themselves satisfied, "Oh! they give us aid, they give us loans, they give us subsidies, etc." This is very very bad.

As a man who is qualified in exports, imports, marketing and foreign exchange, I feel that the people at the helm of affairs in most of our Government departments should be fully qualified. I have told you in this House some time back that there is a Department here, the Indian Institute of Foreign Trade, manned by some of the people who are equal to nothing. I can tell you, they are not fully qualified. Most of the officers at the Indian Institute of Foreign Trade are unqualified. They have come there by dint of casteism or communalism or favouritism through some Ministers or heads of departments. There is not even one single Scheduled Caste man in higher categories in that department or in foreign business or in most of the Departments like the Finance Department and all these things. I request that the Minister concerned should reconstitute the Indian Institute of Foreign Trade which is responsible for foreign exchange business mostly. The Indian Institute of Foreign Trade tackles the business of import also. But there is not even one single member of the Scheduled Caste community. I really wonder if there is no member from Scheduled Caste/ Schedule Tribe communities qualified better than some of these officers there. There is one Mr. H. D. Sowri. I wrote to him in 1965 to employ Scheduled

[Shri G. A. Appan]

Castes in every cadre. He is a Director. He may be an IAS. But he is not qualified to hold that office. Most of these officers are untrained being paid rupees three thousand or rupees two thousand just to make that department a show box. I request an assurance from the Minister that some examination will be conducted for these in this department. It will have to be conducted sooner or later. About the qualifications of these officers in the Indian Institute of Foreign Trade, people who are concerned with foreign exchange business should only be appointed. And we should also see that our commodities do not sell in the foreign markets at less than the cost of production here and for whatever we produce, nothing should come from other countries as imports. Many of the things that are imported here, we can safely manufacture here.

MR. DEPUTY CHAIRMAN: You have made all those points now.

SHRI G. A. APPAN : Take a simple thing, the tennis ball. It is a textile man's business. Could not this country manufacture tennis balls which are badly required in this country? Of course, as a textile man, I told on the floor of this House "Give me your estimate. I will produce the tennis balls this country needs." But no Minister has come forward for that. We should have technical people, scientists and qualified people who can deal with the business competently rather than entrusting such important things only to IAS officers who know nothing about the techniques. Most of these non-technical people spoil the technical men and the development of this country and its technical trade and business.

MR. DEPUTY CHAIRMAN : You should wind up now. It is not relevant to this Bill.

SHRI G. A. APPAN: I would request that we should give more responsibility to business men, scientists and technologists rather than entrusting everything only to the administrative official ranks. With all due respect to the official ranks, this will not only help the officers, but also the nation. Nation is more important than leaving our interests in the hands of a few officers.

## MESSAGES FROM THE LOK SABHA

1. THE APPROPRIATION (RAILWAYS) NO. 5, BILL, 1969
2. THE APPROPRIATION (NO. 5) BILL, 1969
3. THE APPROPRIATION (NO. 6) BILL, 1969
4. THE MANIPUR APPROPRIATION BILL, 1969
5. THE BIHAR APPROPRIATION BILL, 1969.

SECRETARY: Sir, I have to report to the House the following messages received from the Lok Sabha, signed by the Secretary of the Lok Sabha:—

(1)

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Appropriation (Railways) No. 5 Bill, 1969, as passed by Lok Sabha at its sitting held on the 20th December, 1969.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

(2)

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Appropriation (No. 5) Bill, 1969, as passed by Lok Sabha at its sitting held on the 20th December, 1969.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

(3)

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith the Appropriation (No. 6) Bill, 1969, as passed by Lok Sabha at its sitting held on the 20th December, 1969.