

SHRI A. M. TARIQ: It is only , clarification.

SHRI BHUPESH GUPTA: It is a clarification for information. I think the hon. Minister was here. Some of us pointed out that there is strong resistance on the part of the local authorities in the States, including university authorities, to make the regional language the medium of instruction in the higher stages of education. For example, in Bengal 1 P.M. we have it, opposition coming from very influential quarters. Now they are making use of the three-language formula to retain English more or less as the medium of instruction at the higher stages of education. May I know what steps the Government are taking with a view to bringing about the changeover at the State level in the higher stages of education from English to the regional languages? This is very very important in the context of the formula. The formula is being sought to be distorted. Secondly, what has happened to the Nepali language in West Bengal? I want to know whether it is being given its due place and treated as the language for official purposes in the Nepali-speaking districts or sub-divisions and so on.

MR. CHAIRMAN: I am afraid you have not left any time for the Minister to reply.

SHRI LAL BAHADUR: I shall only say. Sir, that Bhupesh Guptaji has to suffer for his absence. I have already covered that.

MR. CHAIRMAN: The House stands adjourned till 2.30 in the afternoon.

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

The House reassembled after lunch at half past two of the clock. THE Deputy CHAIRMAN in the Chair.

MESSAGE FROM THE LOK SABHA

THE EMPLOYEES' PROVIDENT FUND* (AMENDMENT) BILL, 1962

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

"In accordance with the provision* of Rule 120 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to inform you—that Lok Sabha, at its sitting held on the 28th November, 1962, agreed¹ without any amendment to the Employees' Provident Funds (Amendment) Bill, 1962 which was passed by Rajya Sabha at its sitting held on the 15th November, 1962."

MOTION RE REPORT OF THE STATE TRADING CORPORATION

SHRI M. S. GURUPADA SWAMY (Mysore): Madam Deputy Chairman. I beg to move the following motion:

"That the Fifth Annual Report of the State Trading Corporation of India Limited, for the year 1960-61 laid on the Table of the Rajya Sabha on the 8th August, 1962, be taken into consideration."

Madam, before I directly deal with the Report under discussion, may I say a few words about the situation in the international trade and commerce that obtains today? Perhaps, the House is aware that some time ago we discussed the report of Sir Ramaswamy Mudaliar Committee on international trade, and we brought to the notice of the Minister concerned how grave the situation was, especially the situation so far as our export trade was concerned. Since we considered that report quite a few weeks have elapsed, and what is the picture today? Recently, the Board of Trade has fixed a target of Rs. 720 crores as the limit for export during this financial year.

rial year. But unfortunately during the last six months we have not got any encouragement to think that this target will be reached. On the contrary there seems to be a setback during the last six months or so in this financial year. As nearly as Rs. 33 lakhs decrease has been noticed compared to the corresponding period in the previous year. Recently, we brought about a considerable cut in our imports. That was necessitated because of the critical foreign exchange situation, and there have been cuts now and then in the last few years. In spite of these cuts, Madam, the country is importing today goods as much as Rs. 1080 crores worth, and this is not being balanced by a corresponding increase of exports. The exports continue to be stagnant and stale, and as I said during the last few weeks there has been even a setback. The hon. Minister who is known for his vigilant dynamism . . .

THE MINISTER or INTERNATIONAL TRADE IN THE MINISTRY or COMMERCE AND INDUSTRY (SHRI MANUBHAI SHAH): Could I interrupt on a point of clarification of fact? It is true that it is stagnant, but the total increase is Rs. 5 crores in exports, in the last month it was Rs. 4 crores. "This is not any considerable amount. But only to correct the impression I would say that there was no decrease of Rs. 33 lakhs. In the month of October our exports rose by Rs. 4.79 crores over the corresponding month last year, and in the last six months the overall increase is Rs. 5.1 crores. Of course, that is not a very great amount

SHRI M. S. GURUPADA SWAMY: I stand corrected, but I still think it would be very difficult at this rate to reach the target fixed by the Board of Trade, the target being Rs. 720 crores. I am drawing the attention of the House to this important aspect of the problem to make the House understand the gravity of the situation. We are really passing through a crisis today in the international trade, especially in the export trade. In this

context we have to consider how far the S.T.C. would serve as a potent, vigorous and thriving instrument of export promotion. When I looked up the Report of last year and also the Report of 1961-62, it somewhat encouraged me to think that the S.T.C. could have played a far more vital role than it had been playing along. When it began, the S.T.C. started with a turnover business of Rs. 10 crores. There is a turnover according to the Fifth Report of Rs. 65 crores. Now, it has reached about Rs. 77 crores or Rs. 78 crores. There has been a steady increase. But this trading by the S.T.C. has rather been construed or misconstrued by business circles that it is a threat to some of the fundamental liberties or rights of the business community. It is amazing how such an argument could be advanced and even be sustained. When you look at the figures which I quoted just now about the total import and export, you would find that the total amount exceeds Rs. 1,600 crores. What is the S.T.C. doing, and how far the S.T.C. is sharing in this trade? What is the percentage? The percentage is ridiculously small, as I said. The latest report shows that the total turnover of the S.T.C. is in the neighbourhood of Rs. 77 crores. It is negligible indeed. If you go through the Reports, you will find that so far after six years of its existence this organisation has been able to handle only a small number of items: 36 items in the case of export perhaps, and 33 items in the case of import. These items form a negligible part, a ridiculously small part of the great list of items of export and import. I do not know how that argument that the S.T.C. is really coming in the way of the traders could be sustained when we consider this fact.

In this connection I would like to say that the S.T.C. should be made a potent and strong instrument of international trade, and there are today about five hundred people participating in export trade. And I do not find any one of them being displaced as a result of the interfering

[Shri M. S. Gurupada Swamy.] activities of the State Trading Corporation. On the contrary, I find from the Report that private trade and industry have been considerably helped and strengthened. Certain gaps which were prevalent in the past have been filled up by the operation of the State Trading Corporation. And I would have really appreciated if the State Trading Corporation which began a few years ago, had developed much faster, much more, than what it is today. I am so sorry to say that though the field is vast and large and there is considerable scope for the S.T.C. to function, the expansion though steady is rather very much limited.

Now, the State Trading Corporation depends mainly upon mineral ores and a few other items. And it is also managing the distribution of a few items. During the course of the last few years, one thing has become very apparent and that is that certain commodities by nature are speculative and they largely determine the scope and tendency of prices in the domestic market. Such commodities are worthy of being taken up by the State Trading Corporation for trade and distribution. May I point out that commodities like cotton, textiles, sugar, such major commodities, which tend to add to the speculative character in the price system could be safely taken over by the State Trading Corporation? Further, the S.T.C. Memorandum provides sufficient scope for the expansion of its activities. The nature of its activities allows it to go into various fields. At the present moment the organisation is restricting itself to a considerable extent to trading with the East European countries and to a certain extent, with other countries in regard to a few commodities. And if we want to develop this organisation into a vigorous, thriving and a far more effective instrument, I would suggest to the hon. Minister that the area of operation has to be considerably expanded. I know that my hon. friend, Mr. Manubhai Shah, is very anxious

indeed to promote exports and that he has taken up the work with a certain amount of missionary zeal. But, unfortunately, factors or situations as they obtain perhaps have not been able to help him in the direction of the promotion of exports as much as we expect him to do.

Madam, there are three conventional criticisms which are levelled off and on against the State Trading Corporation—firstly, that the State Trading Corporation should only deal with Communist countries and not with other countries; secondly, that the State Trading Corporation is making a very large amount of profit on certain items; and thirdly, that the establishment charges of the State Trading Corporation are rather on the increase. With regard to the expansion of the activities of the State Trading Corporation, I have no doubt that it needs further expansion. I would suggest that the Minister may draw up a plan for five years or so by which it would be possible to get a clear picture of the various commodities which could be entrusted for trading operation to the State Trading Corporation. I do not find any programme or plan drawn up or thought out or even any clear-cut decision taken. There has been considerable uncertainty in regard to the various operations that are to be carried out. This will not do. May I ask the Minister to plan the operations of the State Trading Corporation with that in view, to draw up a list of items for a period of five years at least so that the S.T.C. will have an opportunity to plan the whole thing, contact the various markets in the world and bring about permanent or long-standing arrangements with those countries so far as the various items are concerned? As it is today, there is so much of confusion and it is left to the whims and fancies of the Ministry concerned to pick and choose. This is not the manner in which things should be done. The State Trading Corporation is a Governmental organisation and I expect this organisation to function more methodically.

cally and in a better manner than what it has been doing *so far*.

Then, regarding the second argument that the State Trading Corporation is making a large amount of profit, may I say that the State Trading Corporation like any other mercantile organisation is also a trading agency? I wish very much that this organisation remains as a trading organisation of the Government, and it should not carry within itself the characteristics of a utility organisation and in that case it would be difficult to operate efficiently, economically and purely on business line³. Sometimes the State Trading Corporation has tried to combine both these characteristics in its functioning and it has resulted in a certain amount of distortion. And this cannot be permitted because it cannot combine both the characteristics and functions effectively. So, may I point out that the S.T.C. should function hereafter wholly on the basis of business principles?

Incidentally, please allow me to mention one more point. I find in the past too much of interference or, may I say, too much of imposition of the opinions of the various Ministries on the operations of the S.T.C. I rather wish that such tendencies of interference were kept within permissible limits, within justifiable limits, and it should be confined only to make broad suggestions to the S.T.C, which will help the S.T.C. in carrying out its functions. On the contrary, up to now there has been considerable impact or influence or interference by the various Ministries. This has to be avoided. I feel that the S.T.C, registered as a joint stock company, should function as an autonomous unit, and the policy has to be dictated by the Ministry concerned from time to time, but the actual operation, the actual conducting of the affairs of the S.T.C. should largely be left to the S.T.C. itself.

There has also been some criticism that the S.T.C. has been rather incurring too much of expenditure.

THE DEPUTY CHAIBMAN: You have taken over twenty minutes.

SHRI M. S. GURUPADA SWAMY: I will finish within three or four minutes, Madam.

There is some truth in that criticism. I have got the figures with me though the Report tries to make out that there is not much of an expenditure incurred on establishment charges. If the figures are worked out properly, you will find that the relationship between the expenditure on establishment and the gross receipts in each year do not bear a happy relationship, and each year it seems that this ratio is being distorted. There is a clear case for further economy in this respect. Perhaps, a few drastic steps have to be taken by the S.T.C. itself to cut down its expenditure, and if it cannot do it, may I suggest that the staff should be properly and effectively utilised with a view to promoting and expanding the activities of the S.T.C. so that the profits they earn in a year may bear justifiable relation to the expenditure involved?

Madam, I do not like to take more time. I would end by saying that the Report which is under discussion is not as elaborate as the Report that I received only this morning—the Sixth Report—and the Sixth Report contains much more valuable information than the Reports given to us on previous occasions. I would wish that there would be a further improvement in this matter, because I cannot make out, by reading these Reports, the details of various transactions, some of the important details about the commodities, and about the difficulties and problems that the S.T.C. is facing, and the international situation that obtains. All these factors have to be brought into the report. Otherwise it does not make a full picture.

So, with these suggestions I would commend this motion for the consideration of the House.

The question was proposed.

SHRI ARJUN ARORA (Uttar Pradesh):
Madam Deputy Chairman, I r so to congratulate the State Trading Corporation for what is has done. I however feel that much more could have been done, and I hope that in future the activities of this Corporation as well as the turnover of its business will increase substantially.

When the concept of socialism was accepted by the country, State trading assumed a tremendous importance, and the establishment of this Corporation aroused hopes of a big share of the public sector enterprises in our national and international trade. The Report does not make any pretensions to show that the State Trading Corporation has achieved that big share. As a matter of fact, this Report and the activities of the State Trading Corporation indicate that the share of the public sector in our economy is still extremely limited. The fact that the Corporation itself s-ays that only such commodities were entrusted to it which had big problems of their own goes to show that where profits are insured, the field is reserved for the private sector, and where the problems are peculiar, difficult, and risks have to be taken, the public sector does it.

This Report is a sample of the mixed economy in our country. Talking of mixed economy, Madam, I am reminded of a story. Rabbit stew was being served in an army mess. The cook was asked whether the rabbit •stew contained horse meat. He said, "Yes". Then the cook was asked, "How much rabbit, how much horse meat?" He said, "Sir, 50:50 one rabbit and one horse." Our mixed eco-n~my today is the rabbit stew, "the pubic sector being the rabbit and the private sector being the horse. I hope this situation will be improved, and if we cannot have pure rabbit stew, the State sector should assume the proportion of a horse, and reduce the profit-making private sector, which runs for personal aggrandisement, to the proportion of a rabbit

Madam, when State trading began, there was a great deal of controversy over State trading in foodgrains. And

the controversy assumed such 3 P.M. proportions that one Minister

had to resign. But since that resignation what has happened is that everyone ha, stopped talking of State trading in foodgrains, and the person who talks the least about it is the Food Minister. The Report under discussion today, however, mentions one item. I do not know if it pertains to food or agriculture. The State Trading Corporation imported 150 heads of sheep. I do not know if it was for agricultural purposes or for food purposes or merely to help the country's industry in woollen textiles. All the same, the fact remains that State trading in food has been very conspicuous by its absence. The Government should do something about it.

Madam, the Corporation's share of our imports is of the order of Rs. 125 crores. All this import trade is undertaken by the State Trading Corporation in order to distribute quotas to the private sector in the country. That is a good idea. Import permits have, unfortunately, become a very profitable commodity, and if instead of issuing import permits to the private sector, the State Trading Corporation does all the imports by itself, at least one trade will disappear. The trick of the trade in import permits, which some people found very profitable, was that you had merely to arrange parties in the Ashoka Hotel and Gaylord and obtain a permit, which costs you nothing, and sell it profitably. At least that trade will disappear. I do not say that if the State Trading Corporation imports things and issues quotas, quotas will not be sold. But the chances are that the quotas, even if blackmarketed, will be sold after they have been lifted and some investment has been made. Merely a few cups of coffee and a few omlettes in Gaylord will not be the only investment. So, this aspect of the activities of the State Trading

Corporation must increase and increase enormously.

SHRI P. N. SAPRU (Uttar Pradesh): What about the Ashoka Hotel?

SHRI ARJUN ARORA: That is still better. If you go there, you get bigger permits. I was talking of the smaller fry.

I find that the State Trading Corporation did some indirect business in imports. That is, it imported articles for people and did not even make a service charge. Now, that free service to the industry the State Trading Corporation should not do. If the State Trading Corporation does indirect business and imports things for the private sector, it should make a suitable service charge which should, in no case, be less than what the State Trading Corporation has to bear. The expenses should obviously be covered. As a matter of fact, the State Trading Corporation can make the service charges on indirect business a source of revenue to subsidise exports because our exports are very important and they are not increasing in spite of the efforts of the very energetic Minister of International Trade.

The State Trading Corporation, over which the Minister has a big control, itself admits that its imports are bigger than exports. Now, that situation the country as a whole has to remedy. The malady should be remedied at least by the State Trading Corporation. Madam, the report abundantly mentions the malady of our economy when it says:—

"... Domestic market offered more attractive, quick and easy returns and claimed a larger share of the country's output while the competition for our trade in foreign markets was steadily growing."

There are items which can be exported for which there is demand in other countries, but they are not exported because the domestic market is more profitable. That is • very dangerous

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situation and the Government should take drastic steps to remedy it. If an item is not exported, and if the country is not able to earn the much-needed foreign exchange merely because the traders, the manufacturers, the industrialists and others find domestic consumption more profitable, that domestic consumption must be discouraged, particularly where it is unproductive consumption.

The Government has for long been talking of making industries set apart a quota of their production, a reasonable share of their production, for exports. In the case of textile industry, with which I have some familiarity, automatic looms were permitted to be installed in order to boost our export trade. But I find that the country continues to have more and more automatic looms with a lesser number of operatives working in the textile industry and exports of textile industry showing a continuous fall. That is a dangerous situation which should be the concern not only of the Minister of International Trade but of this House and the whole country.

Madam, it is good that the State Trading Corporation's trade with East European countries is on the increase. I do not say it is for the reasons which are dear to my friend, Mr. Bhupesh Gupta, but because those countries accept rupee payment . . .

SHRI BHUPESH GUPTA (West Bengal): No politics.

SHRI ARJUN ARORA: For a change you also say, "No politics". Very good. Those countries accept the payment in rupees and payment in rupees means that industries in this country get a fillip. I am sure the countries which accept payment in rupees do not accept the payment in the produce of the famous printing press at Nasik; they take our goods, agricultural and industrial. So, trade with the East European countries gives a fillip to our industrial growth. Cotton textiles and shoes, I find, are amongst the items which we export to the East

[Shri Arjun Arora.] European countries. In both these industries there is tremendous scope for increasing production with fuller use of our installed capacity. That unfortunately is not being done in spite of our anxiety to develop our export trade. Only last month I had an occasion to visit this country's biggest shoe-making plant and I found most of its machinery idle because there were no orders. I suggest that the S.T.C. and the Minister for International Trade order a quick survey of the installed capacity of our factories which are making shoes. Of course, the orders for military shoes will begin to pour in and some of that idle installed capacity will be utilised but I do feel that there is a great deal of scope for increasing our production of shoes which are produced not only in large-scale factories in this country but also on a small-scale basis at Agra and other centres. There is a great deal of scope for our increasing the export of these items.

There was some time back a widespread complaint that the S.T.C. was over-staffed. I learnt some months back that one of the good things which the new Managing Director was responsible for was to stop recruitment of all staff till the surplus people were utilised properly. I am told that there are still certain things in the matter of staff which need to be looked into. I understand on very reliable authority that a number of officers' wives are engaged as part-time employees in the S.T.C., not the wives of the officers of the S.T.C. but wives of the Government officers—a large community in the capital. Quite a large number of them are employed there on a part-time basis.

SHRI AKBAR ALI KHAN (Andhra Pradesh): What is the harm?

SHRI ARJUN ARORA: The harm will be evident if you have a little patience and if you will let me complete. They are employed on part-time basis but the work entrusted to them does not correspond to the pay-

ment. The payment is on the higher side and the work is only nominal, an excuse. That is something which must be done away with. Officers' wives can utilise their time better elsewhere.

SHRI M. S. GURUPADA SWAMY: They should be only wives?

SHRI ARJUN ARORA: They may be M.P.s' wives, he suggests, with which I do not agree. Any person, whether a wife or, any other, who is paid from the funds of the S.T.C. should only be paid for the work he or she does and the employment should not be merely an excuse for patronage. I am, of course, happy, being a trade unionist, to find that the Corporation records that the relationship with the staff has been cordial and of good understanding. That is something which has to be welcomed anywhere but much of the staff in this S.T.C. is on deputation and being on deputation in Delhi is a very interesting phenomenon. Instead of going to the Secretariat, you go to Mathura Road from your house. Sometime* Mathura Road is nearer to your house than the Secretariat and you get a deputation allowance. The Government servants on deputation get quite a substantial sum. I do not grudge it as far as the lower paid people are concerned because I feel that everywhere they are under-paid and they deserve more but in the case of people who get more than a living wage, this sort of thing is open to grave objections and this deputation business should either be brought to an end or at least the deputation allowance should go because the deputation means merely a change in office premises in the same city, with a leave and other rights guaranteed.

The Corporation has somehow become quite a big authority in the matter of cement and the work that it is doing in respect of export of cement is very welcome but in the case of domestic distribution in the country itself, the role of the S.T.C. is merely that of a profiteering agent.

The Corporation does not do anything. The same Cement Marketing Company of Mr. Khatau and Mr. Dandekar which offers tremendous finances to the Swatantra Party continues to handle all the cement. The S.T.C. merely charges a small levy of 60 nP. per ton. Now, cement is very important in a country engaged in national reconstruction. The present emergency, which means more roads and more aerodromes, makes cement still more important. I, therefore, suggest that the S.T.C. should not content itself merely with getting 60 nP. per ton. It should get all the cement and arrange for its proper distribution in the country.

The S.T.C. indulges in one or two other vices of capitalism. The S.T.C. also has a 100 per cent, owned subsidiary called the Indian Handicrafts Development Corporation, Limited, now re-named Handicrafts and Hand-loom Export Corporation of India, Limited. We know that under the Companies Act, 100 per cent, owned subsidiaries had to go. They had to merge with those which owned them 100 per cent. If for nothing else, as a measure of economy, the S.T.C. should follow that example and they should not indulge in the vices like managing agency and 100 per cent, owned subsidiaries, etc. You have a Department. It will be more economical to run it. The present national emergency is bound to increase the significance and importance of this Corporation. Holding the price-line is a very important job in which I hope the S.T.C. will play its role. Thank you.

SHRI BHUPESH GUPTA: As the House knows, we are among the very strong supporters of the S.T.C. We have been watching its work with considerable interest because we think that it has a very important and constructive function to play in the economy and planning of our country. We are aware of some of the criticisms that are made. There are two types of criticisms. One type of criticism

comes from those who are opposed to the S.T.C. almost on principle and would like to see it restricted or limited, if not altogether sabotaged and killed. There are others on the other hand who wish well of the S.T.C. but have certain complaints with regard to some aspects of its work and would like to see all round improvement of its activities in our economy. I belong to the Second category of critics.

When the State Trading Corporation was started some six years ago, we expressed our views with regard to this institution and detailed, more or less, what we considered to be its functions in a developing economy. Now, we have got the Reports, the fifth Report and also the latest Report. From these you will see that some little improvement has taken place. I say 'little improvement' advisedly, because when we started, perhaps the trade was of the order of a little less than Rs. 10 crores and in the year 1960-61 it went up to about Rs. 77 crores. Well, some increase has no doubt taken place. But this increase is not big enough. This is what we say. We have to judge the figures not in terms of what they were six years ago and what they are today, but in relation to the total trade of the country. If we take our export and import trades together, we have about Rs. 1,400 crores worth of trade, roughly speaking. In that the participation of the State Trading Corporation is not much at all. I do not blame the Corporation for that. It would be doing an injustice to the Corporation if we criticised it on that score. It depends on the policy of the Government. If the policy of the Government is one of expansion of the State sector in our external trade by taking over more and more items, more and more of the major items of our imports and exports to be handled by the State Trading Corporation, then and only then will it be possible for the Corporation to show a better performance as far as the volume of trade is concerned.

[Shri Bhupesh Gupta.] Therefore, my accusation in this matter is against the Government and its policy and not against the State Trading Corporation. What can the Corporation do? They are restricted in this matter because the policy of the Government, as far as I can see, with regard to our external trade is to leave that trade in the hands of the multimillionaire class, the mono-joint elements, whether it be our import trade or our export trade, so that the Corporation can play, if it likes, the second fiddle in the matter. We would not like the Corporation to be assigned the role of having to play the second fiddle in the matter of our external trade. We would like the Corporation to assume an ever-increasing role and to ultimately become the decisive force and factor in our external trade. If that policy is settled and from that perspective is set before the country, only then will it be possible for the authorities of the State Trading Corporation to widen the scope of their trading operations and bring more and more trade within its orbit. This is not possible because of the very very one-aided policy of the Government.

Now, we find the figures. In 1960-61 the trade came to Rs. 77 crores, as I said. Then it came up to about Rs. 85 crores. Last year it was Rs. 79 crores and in the year before that it was much less. That is the position now. This is something with which we can never be satisfied. It shows that the Corporation is playing only a nominal role in spite of itself. I say 'in spite of itself,' because the Government would not allow it to play a more important part. If you see the items of trade, you will at once understand the position. The major items, as everybody knows, are tea, hides, tobacco and jute. But in these the State Trading Corporation has hardly any say in the matter at all. If you look at the latest Report for 1961-62 and also the figures given in the Report for 1960-61, you will find that in 1960-61 the Corporation

exported 15,198 bales of jute and * came down in 1961-62 to 1,451 bale*. If you take the case of tobacco, it was 17,259 bales and now it is almost the same, i.e. 17,737 bales. Take the case of our fabrics which we are exporting. In 1960-61 it was 2,51,751 yards and in 1961-62 it came down to 1,46,276 yards. Take the case of shoes, if you like. It was 5.5 lakh pairs roughly in 1960-61 and it came to 3,44,500 pairs in the next year, i.e. 1961-62. This is the picture with regard to our exports.

With regard to imports again, what we import most hardly feature here. This only shows that the major items are going to somebody else. They are in the hands of private traders, private exporters and importers, and everybody knows that a few big business-houses in our country control a big chunk of our export-import trade. One computation gave out that nearly 33 per cent, of our external trade is still in the control of business-houses controlled by foreigners, if not owned by them. Such is the position today. There are, of course, Indian business-houses also which are engaged in the export-import trade. So, the issue is whether you are taking a part of that trade, at least to begin with, from those private concerns and placing it in the hands of the State Trading Corporation. This is the crux of the problem. If you want really a rise in business on the part of the State Trading Corporation, you must join issue with the Government, instead of directing your criticism against the State Trading Corporation. Therefore, I think this matter has to be considered from that angle.

We want the State Trading Corporation to become, as I said, a major force or major factor in our external trade. If, for example, the State Trading Corporation were to enlarge its scope in this matter and assuming that about 50 per cent, of our trade was handled through the Corporation, we would have been doing trade worth not Rs. 77 crores but

doing nearly Rs. 600 crores or Rs. 700 crores worth of trade. In the first place, it would have broken the monopolistic hold of some of the big business-houses over our external and internal trade, including the malpractices, whether they be done abroad or at Ashoka Hotel or in the backyard of some other people—I am not concerned about that here. In the second place this would have enabled us to earn quite a lot of profit out of the trade turnover, because we get foreign exchange earnings through our export-import trade, by way of commissions and so on, and more money would have come to the State Trading Corporation thereby transforming this Corporation into an expanding revenue-yielding institution of our country, and in a planner economy that is very very important. Thirdly, it would have enabled the State Trading Corporation to come out of the old "Uts" where the external trade has got stuck up, in certain Western markets and other markets, in traditional markets, and it would have enabled the State Trading Corporation authorities to explore new markets, whether they be in the West or in the East or in the newly liberated countries and so on. Today our trade has got stuck up in the Western market so much so that a big chunk of our trade, still over 40 per cent, or nearly 50 per cent, of it, is linked up with the United States of America and Britain. This is the position. I am not saying that you should give up trading with them. We must trade with them, but trade on an equal basis and the direction and diversification of trade is the most essential need of the hour today in the context of our economy and of the world economy as a whole.

I do not know what is going to happen to the State Trading Corporation, especially with Britain's entry into the European Common Market. The Memorandum submitted by the Government itself would show that our exports will be limited as a result of Britain's entry into the European

Common Market and the European Economic Community. The Sixth Report makes mention of this fact but does not analyse the situation and come to any conclusion or say what should be done. The State Trading Corporation has an important part to play.

THE DEPUTY CHAIRMAN: Only two or three minutes more.

SHRI BHUPESH GUPTA: I will take a little more time.

THE DEPUTY CHAIRMAN: There are a number of speakers.

SHRI DAHYABHAI V. PATEL (Gujarat): Who decides?

THE DEPUTY CHAIRMAN: He has got three minutes more and he said that he would take three minutes more.

SHRI BHUPESH GUPTA: I cannot do it in three minutes, I will take a few minutes more. Then you need not have had this debate at all.

THE DEPUTY CHAIRMAN: The time allotted is two hours.

SHRI BHUPESH GUPTA: How much have I taken?

THE DEPUTY CHAIRMAN: You have taken over fifteen minutes.

SHRI BHUPESH GUPTA: I will try to finish it quickly.

SHRI DAHYABHAI V. PATEL: I think the time should be extended. You can be liberal in regard to the time. We can finish the speeches today and the Minister can reply tomorrow. I support you, Mr. Gupta.

SHRI BHUPESH GUPTA: As far as external trade is concerned, there are some countries with which trade can be developed only on a State to State basis. It is possible to develop trade between capitalist private owners in this country and the socialist countries where trade is nationalised but then, perhaps, it is easier to develop trade with such countries without prejudice to their operation in other countries as well. I think there is greater scope.

TShri Bhupesh Gupta] The trouble with us is that some of us are interested in putting this institution into disrepute and I think speeches will be made soon in this House, more especially when people like Mr. Dahyabhai Patel speak, which will make you realise how the State Trading Corporation is misunderstood by very very reasonable men like the hon. Shri Dahyabhai Patel. Such things are happening today.

SHRI DAHYABHAI V. PATEL: You are passing judgment without hearing me. This shows your biased mind.

SHRI BHUPESH GUPTA: I shall be very happy if you support this institution and I will take back my comments tomorrow. You will find in the millionaire press all kinds of criticism directed against it. A little something that has been done here or there, a little mistake, a very nvnor and innocent mistake is immediately magnified by these very people who are indulging in wholesale corruption, under-invoicing, over-invoicing, all kinds of malpractices like selling permits, cheating Government of the . foreign exchange and so on. These very people and their papers and their mouthpieces come out with most unwholesome and malignant criticism against the State Trading Corporation. We certainly stand for rectifying the errors. I think the Stat" Trading Corporation has got to be protected here against such criticism but I am mentioning this criticism simply because I want to point out how these people are sniping at the State Trading Corporation all the time.

Madam Deputy Chairman, I would say that the State Trading Corporation has a very important part to play in the internal trade of the country also, I am glad Mr. Arjun Arora referred to that point. Now, you cannot develop State trading mainly or wholly, even mainly, on the external trade of the country. Today, it is very very essential that the State Trading Corporation develops its activity in the internal market and that essential commodities are more and more

brought in, especially those commodities in which the prices are rising, which are under the whip of speculation and profiteering operations. These commodities should be brought more and more under the State Trading Corporation. The scuttling of the State trading in foodgrains is one of the most shocking scandals done by whoever did it. The woids of Prime Minister Jawaharlal Nehru are still ringing in my ears and every time I speak on this subject, they come to me. He gave a very good account of the prospect of State trading in food-grains and wanted the country to cooperate with it. We from this side of the House reciprocated with all the forces we could command and looked forward to a continuous rise in the activity of the State Trading Corporation in regard to foodgrains. One Minister went and another hon. Minister stepped into his shoes but the moment he stepped in, the thing that was being scuttled secretly, undermined and sabotaged from within the department came to be butchered openly in the public streets in Bombay where he made that scandalous statement that State trading in foodgrains was dead and gone, buried. This is what I say today. Let there be no mistake about the hostile forces in the country which are interested in upholding the cause of big money. They are interested in seeing that the State Trading Corporation remains restricted in its operation, circumscribed in its activity, given limited power, and to magnify every little mistake on its part in order to put it into disrepute so that ultimately it goes out of the picture altogether. We are opposed to this kind of approach.

We wish all luck to Hie officers and men who are running the Stato Trading Corporation and I think they are entitled to all our good wishes, cooperation goodwill in thic matter. If they are lacking in any powers, it is not due to their fault. It is because here in Parliament we, ot all parties, who stand for the public sector, expansion of State trading and so on, have not brought our wisdom to bear

upon this subject in an effective manner, in such a manner that the Government is compelled to reorient its policy towards State trading both in the internal and external markets. I would ask the Government to do that. The time has come to review this whole matter and formulate necessary policies so that the State Trading Corporation becomes one of the flourishing, constructive and beneficial institutions of our country, an institution which will play a very great, constructive and noble part in our developing economy, take more and more charge of certain vital aspects of our economic life and above all, bring the external trade which is the lifeline of India's trade and planning under its control. This is how we should approach this matter and I hope, Madam Deputy Chairman, steps in this direction will be taken. It is no use merely complaining about what is given or not given in this Report. What else can they write? What power have they been given? They have been given very little power and their scope is so limited that they can hardly tell us much about the subject. I would appeal to the authorities of the State Trading Corporation when they make their report to Parliament, to tell us frankly what their problems are, where they are coming up against difficulties and how they would like Parliament to consider this matter and refashion the trade policy of the Government, how they would like to be assisted and encouraged¹ by Parliament. Only then will it be possible for us here in this House and in the other House to reflect over this matter and help it to do its part so that it can become the institution that the whole country desires it to be. We must have a flourishing, good and powerful State Trading Corporation embracing the entire trade, whether it is internal or external.

SHRI DAHYABHAI V. PATEL: Madam Deputy Chairman, we have before us the Report of the State

Trading Corporation for 1960-61 for consideration today. And this morning or yesterday the Report for the year 1961-62 has also been made available to Members. I wish we had an opportunity of considering them both together; it would have perhaps saved time. I agree with my friend, Mr. Gurupada Swamy, that the Report for 1961-62 is presented better, has more details and is more informative but I would judge the Report of the State Trading Corporation from what the State Trading Corporation was expected to do for us. The State Trading Corporation was founded to keep down prices, to bring down prices, to keep the cost of living lower. Has it succeeded? The State Trading Corporation was founded because, as was said repeatedly *ad nauseum* by my friends on the two sides—both really belong to the same side even though they sit separately—that the merchants of this country are corrupt.

DR. M. M. S. SIDDHU (Uttar Pradesh):
And greedy as well.

SHRI DAHYABHAI V. PATEL: I would say that to a certain extent the criticism may be justified but the remedy is not State Trading Corporation. If there is to be trading by the State, then let us learn from the State Trading Corporations all over the world and see how they are managed. To that I shall come a little later.

Since the State Trading Corporation was set up in May 1956 there has been progressive expansion of the activities of the Corporation in both internal trade and exports. Broadly speaking the Corporation has been acting in the following ways—this is what the Handbook of Export Promotion 1962 says on page 20:

"As a direct trader in the case of mineral ores.

As a servicing agent for bringing together buyers and sellers, assisting them and implementing their business contracts and using its

[Shri Dahyabhai V. Patel.] good offices to settle disputes amicably, *e.g.*, assisting in the imports of essential machinery and capital goods from new sources of supply and exports of a variety of Indian piecegoods.

As an agent of the Government, as in cement and fertilisers.

As an agency for the development of trade, *e.g.*, in the export of shoes handicrafts and woollen fabrics."

An examination of the activities of the Corporation disclosed that although the Corporation was formed to supplement the normal trade channels, in actual practice it has supplanted private trade in many spheres. The object of exploring fresh export markets has been relegated to the background . . .

SHRI MANUBHAI SHAH: Who says this? Does the Handbook of Export Promotion say this?

SHRI DAHYABHAI V. PATEL: No; I just quoted from it regarding its activities.

SHRI MANUBHAI SHAH: Then let the House know that the two are different.

SHRI DAHYABHAI V. PATEL: After quoting from the Handbook about its activities, I am now proceeding with my own remarks.

SHRI MANUBHAI SHAH: That is all right.

SHRI DAHYABHAI V. PATEL: The object of exploring fresh export markets has been relegated to the background and instead it has been competing with the private trader in *exporting* to traditional markets. In this the Government enjoys an advantage. Because of trade restrictions and the policy of licensing, the same Department, that is, the Com-

merce Department, that runs this, receives the applications for licence for import or export so that they get the knowledge free, the knowledge as to where there is a demand and where there is not, and they take advantage of it. I would put it to the House* and ask them whether they consider this a very honest and fair practice. Somebody works to find out where there is a market, where there is a demand, and the Government officers sitting in the State Trading Corporation go and take advantage of it. Even in this sphere there is nothing commendable as the export of traditional items has not gone up significantly. The only significant performance has been in the field of iron ore to Japan. That is also not creditable, because even in the absence of the Corporation iron ore exports would have gone to Japan through the normal trade channels because even if we were slow, even if our Government were slow, and even if our merchants were a little slow, the Japanese agency is very quick and they were looking out actively all over the world for supplies of iron ore.

As regards the export of manganese ore, the performance of the State Trading Corporation has been a dismal failure. It is true that this has been partly due to the exploration of new ores in Brazil with a higher manganese content, the entry of Russia on a large scale into the world market and the general slump in trade in the world market, but it should not be forgotten that the change-over in the export of manganese ore from private channels to the State Trading Corporation has adversely affected our traditional connections with the importers of our ore. Moreover, there have been complaints regarding non-observance of delivery schedules by the State Trading Corporation due to its bureaucratic set-up. Further the personnel of the State Trading Corporation do not have knowledge of running the trade generally, let alone trade in manganese ore.

The State Trading Corporation has [apread its activities over a number of items including caustic soda, soda ash, fertilisers, sulphur, camphor, dyes, newsprint, wood pulp, non-ferrous metals, photographic goods, packing paper, industrial machinery, etc., etc. It has virtually a monopoly in a number of these items both as buyer and as seller. It is complained that the Corporation is making as much as 80 per cent, profit in the import of caustic soda and soda ash. There is *no* gainsaying the fact that the State Trading Corporation has to continue in a democratic set-up. It should not be given the monopoly in any trade. It should be one of the traders so that it should compete on fair terms with others. The link deals chiefly with the Communist countries entered into by the State Trading Corporation have come in for a good deal of criticism. The Communist countries which have entered into trade with India have done so purely for political considerations. There is no doubt that the moment these deals do not suit them they will suddenly terminate the imports from our country. Meanwhile, our traditional customers would have been lost to us. It is, therefore, necessary that in our zeal for cultivating new customers, who for political reasons would not hesitate to change their policies, we should not run the risk of allowing our export trade to be jeopardised. Herein lies the danger of going too much after bilateral agreements with the Communist countries. In this connection it is pertinent to point out that we are doing a large export business with Vietnam and some of the South East Asian Communist countries. It is reported that these countries are trading back the rice to China. Does our Government and do our people look upon this with favour when we are faced with the emergency just

now? This will happen only when we are dealing through the State Trading Corporation. If we are dealing through private merchants, ade-

quate and proper care could be taken and such things could be prevented.

DR. A. SUBBA RAO (Kerala): How? Can they not have trade agreements with Vietnam?

SHRI DAHYABHAI V. PATEL: Certainly they can have trade with them. But when the Government is independent of these deals and when it is not the Government that is entering into these deals, the Government would take a judicious and impartial view. That is the point. Now, both the authorities are the same, the Government. What is required is that the authority that deals in these things should be completely different from the State and the function of the State should be to see that the trade is carried on fairly and properly, that the trade is carried on in the interests of this country. When the trading agency and the controlling authority are combined, these considerations evaporate and, therefore, the interests of the country would suffer. I hope I am sufficiently clear to my friend.

DR. A. SUBBA RAO: Not at all.

SHRI DAHYABHAI V. PATEL: The State Trading Corporation participates in trade fairs in foreign countries, but such participation so far has not paid dividends. On the contrary, as may be seen from the reports of the Estimates Committee and the Public Accounts Committee, in many cases there has been utter neglect on the part of the officers. Goods sent from here have been lying in the docks and not cleared. They have been cleared after the exhibition was over. In many cases the boxes of goods which have gone from this country have remained unopened when the fair was going on and they were brought back to this country or sent to a third country. In many cases costly exhibits have been returned damaged. This happens because we have this method of managing trade fairs and, of course,] the person in charge of this must be

[Shri Dahyabhai V. Patel.] decorated. The officer in charge of this business is not transferable like other Government officers. He has *been* on the same job for ten years and he has been decorated by the President. If you look into the real position of these fairs and exhibitions, you will find that this is what is there behind them.

It is stated that the decline in the profit of the Corporation is due to the marginal profit on the business with the Hindustan Steel. Madam, I would like to ask: Why is there this distinction which the S.T.C. observes in dealing, on the one hand, with the Hindustan Steel and, on the other, with other business concerns? It is not fair that the S.T.C., which calls itself an independent trading corporation, owned and managed by the Government, should differentiate between two different trading concerns.

SHRI SURESH J. DESAI (Gujarat): I will point out to my friend, Mr. Dahyabhai Patel, that this is a supply of iron ore to the Hindustan Steel and other steel mills do not need to buy iron ore from the State Trading Corporation. The question of discrimination against any other concern does not arise.

SHRI DAHYABHAI V. PATEL: That does not matter. The point that I have made stands.

Then, the Report takes credit for profits on import of tyres and cement due to shortages. Does the S.T.C. take credit for the artificial conditions created that enable it to make fabulous profits on these two items? Was this the reason for which the S.T.C. was formed? The Government prohibited the import of tyres, restricted it. Therefore, there was a hunger for tyres and tyres were in great demand. The S.T.C. for a long time had a monopoly of importing them. Therefore, they made profits them. I do not understand how

[credit could be given for this performance of the S.T.C.

SHRI M. RUTHNASWAMY (Madras) : They must have some credit.

SHRI DAHYABHAI V. PATEL: In trade and commerce the greatest virtue lies in competition and the element of competition is being slowly eliminated as regards the S.T.C. If on the other hand the State Trading Corporation was managed, as they do in certain progressive countries, some of its activities, would be welcomed, in spite of spreading its activities to every little item that one could think of. I suggest that the S.T.C. should take a lesson from the Canadian Commercial Corporation whose turnover is of the order of 95 million dollars, equivalent to about Rs. 47.5 crores. The total staff of the Canadian Corporation is 51, whereas in India the S.T.C. employs a staff of about 1,540 and its turnover is much less than that of the Canadian Corporation. Is the S.T.C. trying to solve the unemployment problem side by side? Then, it will succeed in neither. It should do one thing and do it efficiently. As I have pointed out, there is hardly any item in which the S.T.C. has not meddled. There are 33 items. We say in Gujarati:—

“જહાં રાજા બ્યાપારી તહાં પ્રજા ભિચારી”

That is what is happening.

SOME HON. MEMBERS: Would you please explain it?

SHRI DAHYABHAI V. PATEL: Do you not understand this? Where the king or the State takes over trade, the 'Prajā', that is, the people, become beggars. That is what is happening to us.

SHRI M. H. SAMUEL (Andhra Pradesh): It is in Gujarati.

SHRI DAHYABHAI V. PATEL: I am sorry. I have translated it.

'SHRI M. RUTHNASWAMY: YOU must learn a fourth language.

SHRI DAHYABHAI V. PATEL: Madam, Switzerland is a very small country. Its population is 4½ million. England is a small country. Japan is a volcanic country which was devastated and which suffered during the war. These three countries have shown how trade, commerce and industry can progress when there is an element of competition, where the State does not interfere in every way. The test in all these is what succeeds and yesterday we had the benefit of listening to the President of West Germany wherein very politely, very indirectly, he hinted that success comes only from hard work and competition, not by State trading.

THE DEPUTY CHAIRMAN: Please wind up now, Mr. Patel.

SHRI DAHYABHAI V. PATEL: Just two more points. Both the friends who have got something against my Party are not here. Unfortunately, the friend, who sits on the wrong side—he should be sitting here—is as usual misinformed. Mr. Dandekar or Mr. Khatau may belong to the A.C.C. Mr. Dandekar, I think, is no longer with them. His knowledge is antiquated. The A.C.C. may have given some money to the Swatantra Party, but they have given much more to Mr. Manubhai Shah. It suits Mr. Arora to shout without knowledge. He is always wrong because he is sitting in the wrong place. His mind works like Mr. Bhupesh Gupta's. He rightly belongs there, but he is not sure of getting elected if he sits there. Therefore, he sits there and does the work of Mr. Bhupesh Gupta from that side.

SHRI M. P. BHARGAVA (Uttar Pradesh): Are you sure of your place?

SHRI DAHYABHAI V. PATEL: The blame for the cement bungle is not •a the people who produce or the

cement companies. It is because of the Government's interference and if you read the reports of the Estimates Committee you will find out how they have bungled, how different quotations are given at different places and how the price of cement should have come down but for the interference of the Government. We are paying for this both ways. There is the State Trading Corporation and then we have to pay a higher price for the cement. Then, there is the manganese bungle. It is true that trade the world over has gone down by 24 per cent., but our trade has gone down by 50 per cent. 4 P.M.

Therefore, Madam, it is wrong to continue in the same way. Perhaps, the time has come when the State Trading Corporation should restrict its activities to what business it can manage and what it knows. The case of fertilisers is there again. I would ask the Commerce Minister and the Department to look into what is being pointed out again and again, that a large amount of common salt is being sold particularly in Gujarat and in the Deccan by a gang of people who pass it on as sulphate. This ruins the land, this ruins crops, and it does harm even. Whether you agree with my views or his views, the State Trading Corporation or the Government must see that this atrocity that is being perpetrated on the poor farmer is stopped. If the State Trading Corporation imports fertilisers and advertises them, I would suggest that a proper warning should be inserted in the advertisement that the fertilisers should be purchased from recognised dealers or persons who are known and who could be brought to book if what is sold is not fertiliser but common salt. This is a very serious matter, and in all seriousness I appeal to the Minister and through him to the State Trading Corporation to take serious note of it because it has wrought great havoc in Gujarat and in Maharashtra.

PROF. M. B. LAL (Uttar Pradesh): Madam, I want a clarification if you

[Prof. M. B. Lai.] will permit me. Mr. Patel talked to us of the achievements of a Canadian Corporation. I wish to know whether that Corporation belongs to the public sector or the private sector.

SHRI DAHYABHAI V. PATEL: I believe that the State of Canada has a lot to do with it.

PROF. M. B. LAL: Has Canada gone "bhikhari" because of that?

SHRI DAHYABHAI V. PATEL: The hon. Professor knows that he joins in the general conspiracy to create confusion about the Swatantra Party. We know that there is a place for State enterprise. We are never against the nationalisation of Railways. There is a proper place for State organisation. I say that it is wrong for the State Trading Corporation or the State to enter into every little trade when out of these 33 items they cannot manage even one efficiently.

SHRI SURESH J. DESAI: Madam, the State Trading Corporation has been functioning in a rather difficult time. As the Report for 1961-62 points out, the volume of international trade has been growing but at a very slow pace. Moreover, because of the various economic groupings like the European Economic Community, the Economic Consortium and others, there are restrictions on trade and the competition our exports have to meet is also very stiff. But notwithstanding all these difficult circumstances in which the State Trading Corporation has to function, the Corporation has done a really good job, and I must compliment the Corporation for the good results, the encouraging results which they have shown and for the way in which they are extending their operations.

The volume of direct trade of the Corporation in the year 1961-62 has grown to Rs. 77 crores. The volume of indirect trade again is worth another Rs. 48 crores. The gross profits

of the Corporation in 1961-62 were practically the same as in 1960-61 but the net profits show a large increase. It shows that in the year 1960-61 less transfers were made to the reserves than in the year 1961-62. As regards the trading items also, Madam, in the export of iron ore we see rather a phenomenal increase. In 1956-57 it was only 18.35 lakh metric tons. In 1961-62 it has risen to 31.06 lakh metric tons. That is really very encouraging. In other items, as far as manganese and ferro-manganese are concerned, there have been some difficulties specially because our cost of production has been very high and the high freight charges have also added to our difficulties. Because of these difficulties there have been some discouraging results also in some of these items, but that should not deter us from appreciating the good work they are doing. I need not discuss all the various items in which the Corporation is engaged in respect of export and import. But I would like to make some general observations especially on some of the points which my hon. friend, Mr. Dahyabhai Patel, has raised.

About the aims and objectives of the Corporation there has been some misunderstanding. At times it is said that the Corporation was established only with a view to trading with the Communist countries. At times it is said that it was intended to supplant the normal channels of trade. I would just read out the objectives of the Corporation as mentioned in the Report of 1961-62. They are very clearly mentioned here as:

"To undertake trading generally with State Trading countries as well as with other countries in commodities entrusted to it, to explore new markets for traditional commodities and to develop new export markets and to undertake at the instance of Government import and/or internal distribution of commodities in short supply with a view to stabilising prices and rationalising-

ing distribution and generally to implement such special arrangements for import/export and/or internal distribution of particular commodities as Government may adopt in the public interest."

It is very clear that as far as internal trade is concerned the Corporation works to stabilise the prices and rationalise distribution. These words are very important and I hope my hon. friend, Mr. Patel, has read them.

Madam, in a planned economy we cannot allow unrestrained exports and imports because the limited foreign exchange that is available to us is needed for our developmental activities. The whole pattern of our trade has changed in the last few years. We were a country which was exporting primary agricultural produce and importing all sorts of manufactured consumer goods. From that position we have changed completely to exporting a number of manufactured articles and importing mostly industrial raw materials, machinery, accessories, spare parts and components—only those goods which are needed for our industrial development. The whole pattern of our foreign trade has been changing. Imports have to be necessarily controlled in a developing economy and exports of manufactured articles have to be encouraged. "With controlled imports—and this is the point which I would like my hon. friend, Mr. Patel, to note—gaps are likely to develop in the availability of goods in the country. In such a situation profiteering is bound to develop in the country. If steps are not taken to see that there is an equitable and rational distribution of goods and the movement of goods is unrestricted, then there is bound to be large-scale profiteering in the country especially in those articles in which these gaps occur in our developing economy. That is where the State Trading Corporation has a function to fulfil, and that function is to see that goods are made available, that proper and equitable distribution is made, and

that at the same time the goods move from one place to another.

To an appreciable extent, Madam, the pattern of our internal trade is also bound to be in keeping with our socialist objectives and the needs of our developing economy. As the pattern of internal trade is changing, naturally the State Trading Corporation has to play a greater and greater role because the State Trading Corporation will have to supplement to a certain extent the internal channels of trade. But the whole picture is changing. It is not that they will take over the existing channels of trade, but the existing channels of trade will be more and more affiliated to the State Trading Corporation in a new relationship, and that is what is happening at present. The State Trading Corporation has not supplanted trade channels. That is very clearly mentioned here if my hon. friend, Mr. Patel, had the patience to go through the Report.

SHRI DAHYABHAI V. PATEL: I have gone through the Report. I judge the stray acts of the State Trading Corporation by their practice and their actions and not by their avowals. What is the practice of the Government and the State Trading Corporation?

SHRI SURESH J. DESAI: I shall read it out:

"It will be of interest if some details are given in respect of our copra imports ..."

SHRI DAHYABHAI V. PATEL: They are favoured. I have pointed out in this House how the cloth trade exported . . .

SHRI SURESH J. DESAI: It says:

"The Government desired that the Corporation should import copra and distribute it through the established channels of trade. Accordingly agreements were made"

[Shri Suresh J. Desai.] with a consortium of established importers and with scheduled crushers of Bombay and Kerala for import of copra and distribution of extracted coconut oil. Similarly in the case of betelnuts, cloves and cassia, somewhat like arrangements were made. The import and distribution was entrusted to the Associations in Bombay, Calcutta and Madras in order to utilise the existing trade channels to the maximum extent possible."

This is exactly what the State Trading Corporation is doing. A new relationship is growing. The State Trading Corporation takes over certain functions and the other functions are given to the existing channels of trade. This is bound to occur in a developing economy, in a planned economy, with social objectives.

Then, Madam, another point made out by my friend, Mr. Dahyabhai Patel, was about that Canadian Corporation. He said that with a turnover of over Rs. 45 crores they employed only 51 men. His information was a little incorrect. Our turnover has been more than Rs. 77 crores. He said that we employed about 1,500 persons. Certainly the operations of the State Trading Corporation in India are entirely different from the operations of the Canadian State Trading Corporation. We are managing the internal trade also in certain commodities to a large extent, and there is the distribution of cement and a number of other articles. When the operations are different, you cannot run it with the same personnel. The State Trading Corporation of Canada has got only limited functions but the State Trading Corporation of India has a large number of functions. The range of their operations is very different and how can the personnel of the two Corporations be compared? It is a very wrong way of comparison.

As far as cement is concerned, my friend, Mr. Patel, mentioned about the prices, profiteering and all this. The

Estimates Committee, I am aware, made one calculation about the ex-factory prices, about the difference in packing and about the difference in the average freight also. They made one estimate but the Government made another estimate. This difference is bound to occur. The difference in the ex-factory prices according to the calculations of the Estimates Committee and of the Government was only Rs. 1.60 nP. The difference in packing was only Rs. 2.50 nP. And the difference in the average freight also was Rs. 2.50 nP. After all, the two estimates were not made at the same time. There is a gap or difference always of a few months here and there, and in this period the price* vary, and certainly this little difference is bound to occur.

There is another thing about cement also which is very clearly mentioned here. It is not at all profiteering. But some profit has got to be made. It is because 50 per cent, of the S.T.C.'s remuneration has to be utilised for meeting losses on the export of cement. There is a big demand for cement inside the country but because we want to develop and retain our external markets, we are exporting cement and 50 per cent, of the S.T.C.'s remuneration has to be utilised for meeting losses on the export of cement. Where are the profits? There is no profiteering.

I would like particularly to draw the attention of the House to another point about cement—

"For its cement agency function* the Corporation was allowed a remuneration of \ per cent. . ."

It is not that. Just a minute.

THE DEPUTY CHAIRMAN: I think Mr. Patel could help Mr. Suresh Desai to find the page.

SHRI SURESH J. DESAI: It is here. My friend, Mr. Patel, has not gone through this Report perhaps. It is* all given here.

SHRI DAHYABHAI V. PATEL: We read it together on this bench this afternoon.

AN HON. MEMBER: Mr. Suresh Desai would not leave you.

SHRI SURESH J. DESAI: It is stated here. In regard to cement, last year there were certain losses. This year there is a little profit. But 50 per cent, of the profit had to be utilised for meeting the losses suffered on export. I will not dwell on it further.

About manganese ore also, I would mention that the cost of production in India is higher and the freight to foreign countries is higher. Naturally, our exports of manganese ore cannot compete with the exports of manganese ore from other countries which are nearer to the buyers. I know of one instance. In the Shivrajpur Mines in the Panch Mahal District in the State of Gujarat where I come from, the company had accumulated large stocks of manganese ore and had to lay off the workers for a number of months. They, that is Messrs. Killick Nixon and Company, said that they had a large accumulated stock and they could not sell it at the international market price. Therefore, six thousand workers were laid off for several months. It was I who represented to the Government of India and asked them why the State Trading Corporation should not take over this manganese stock of Messrs. Killick Nixon and Company which is a very well-known company. I said that the State Trading Corporation should take over the stock of the Shivrajpur Mines so that at least these six thousand workers and their families might not suffer. If the goods—manganese—could not be sold by Messrs. Killick Nixon and Company, the State Trading Corporation also could not export them. After all, the goods have to go at the international market price.

Then, Madam . . .

(Time bell rings.)

THE DEPUTY CHAIRMAN: Your time is over.

SHRI SURESH J. DESAI: Just a few minutes.

THE DEPUTY CHAIRMAN: If everybody takes a few more minutes, there will be no time left.

SHRI SURESH J. DESAI: With regard to the agreement with the Communist countries, about the barter agreement, there is nothing wrong in that. After all, bilateral agreements have got to be made at this stage of our economy.

THE DEPUTY CHAIRMAN: Mr. Desai, since you have read the Report along with Mr. Patel, you might want very much more time. You please wind up.

SHRI SURESH J. DESAI: I will just finish. I shall not further touch the points which my hon. friend, Mr. Dahyabhai Patel, made. Madam, there is large scope to increase the Corporation's activity. I would like to make one suggestion to the hon. Minister that more emphasis should be put on exports and particularly on the possibilities of reserving a certain quota in every industry for export purposes. Also more attention should be paid to the high cost of our production because that comes in the way of our exports.

Thank you, Madam.

श्री ए० बी० वाजपेयी (उत्तर प्रदेश) :
उपसभापति महोदया, मैं उन व्यक्तियों में से हूँ, जिनके लिए सरकारी व्यापार कोई मज़हब नहीं है, जिसका आख मूँद कर पालन किया जाय और न कुफ़ है जिसे चिमटे से छूना पसन्द न किया जाय। समाज के हित में अगर सरकारी व्यापार आवश्यक है, तो होना चाहिये, किन्तु वह व्यावहारिक नहीं है तो एक मज़हब के नाते उस पर जोर देना ठीक

[श्री ए० बी० वाजपेयी]

भी नहीं होगा। मेरे मित्र श्री भूपेश गुप्त यहां नहीं हैं वे मुझे एक बात कहने के लिए उत्तेजित कर गये। अनाज के सरकारी व्यापार का इरादा सरकार ने छोड़ दिया तो उसके लिए मंत्रि-मंडल के केवल एक मित्र की ओर इशारा करना उचित नहीं है। जो भी नीतियां निर्धारित होती हैं, सारा मंत्रि-मंडल करता है और मैं समझता हूं कि प्रधान मंत्री की राय से होती हैं। लेकिन प्रधान मंत्री की प्रशंसा करना और खाद्य मंत्री की निन्दा करना यह कम्युनिस्ट पार्टी का पुराना हथकंडा है। लेकिन ये ही हथकंडे अगर पुराने डिफेन्स मिनिस्टर के बारे में काम में लाये जाते तो उन्हें पसन्द न आते। तब वे कहते कि जो भी पुराने डिफेन्स मिनिस्टर कर रहे हैं वे तो प्रधान मंत्री की राय से कर रहे हैं, खाली उन्हें दोष देना क्या जरूरी है, अगर दोष देना है तो प्रधान मंत्री को भी दोष देना चाहिये। लेकिन खाद्य के व्यापार के मामले में वे दूसरी नीति अपनाते हैं। मैं इस विवाद में पड़ना नहीं चाहता हूं।

यह जो रिपोर्ट आई है, अच्छा होता १९६१-६२ की रिपोर्ट भी पहले आ जाती। फिर भी हमारे मनुभाई शाह बड़े कुशल मंत्री हैं, उन्होंने इस बात को रोकने के लिए कि कहीं आलोचना न हो, यह रिपोर्ट आज या कल ही सदस्यों में वितरित कर दी।

श्री मनुभाई शाह: कल ही तैयार हुई तो भेज दी।

श्री ए० बी० वाजपेयी: यह रिपोर्ट कल ही तैयार हुई है, यह बात मैं मानने के लिए तैयार नहीं हूं क्योंकि इस रिपोर्ट पर दस्तखत सितम्बर में हुए हैं और पार्लियामेंट की बैठक ८ नवम्बर से हो रही है। अगर थोड़ी सी सावधानी बरती जाती तो शायद यह रिपोर्ट भी हमारे सामने पहले आ जाती। लेकिन हमें पुरानी रिपोर्ट पर विचार करना है और उसके कुछ पहलुओं की ओर मैं माननीय मंत्री जी का ध्यान दिलाना चाहूंगा।

सीमेन्ट की बहुत चर्चा हो रही है। इसे तो सभी स्वीकार करेंगे कि सीमेन्ट के वितरण की व्यवस्था ठीक नहीं है। मैं यह मानता हूं कि स्टेट ट्रेडिंग कारपोरेशन हर नगर में और हर गांव में वितरण की व्यवस्था नहीं कर सकता है। लेकिन सीमेन्ट के व्यापार में जितना घाटा हो रहा है, निर्यात में और देश के भीतर भी, और उसके ऊपर यह शिकायत है कि उपभोक्ताओं को उचित दर पर, उचित समय पर, सीमेन्ट नहीं मिलता है, तो यह स्टेट ट्रेडिंग कारपोरेशन के लिए कोई बड़ी प्रशंसा की बात नहीं है। लेकिन इससे भी एक छोटी चीज है, जिसकी ओर मैं ध्यान दिलाना चाहूंगा। पिछली रिपोर्ट में सीमेन्ट का जहां उल्लेख किया गया है, वहां कहा गया था, मैं कोट कर रहा हूं :

"The question of revision of ex-works prices and the sale price of cement is under the consideration of Government."

मामला सरकार के विचाराधीन था। कितने दिनों तक विचाराधीन रहा, उस पर क्या निर्णय लिया गया, मैंने नई रिपोर्ट उठाकर देखी है, उसमें इस संबंध में कोई प्रकाश नहीं डाला गया है। अगर व्यापार के मामले में कोई चीज बहुत देर विचाराधीन रहे तो व्यापार बढ़ नहीं सकता, उसमें जो लाभ होना चाहिये, उस लाभ की प्राप्ति नहीं हो सकती।

हैन्डलूम के बारे में जो कुछ रिपोर्ट में कहा गया है, वह भी मेरे लिए एक गुत्थी है। मैं मंत्री महोदय से प्रार्थना करूंगा कि वे जरा इस बात का स्पष्टीकरण करें कि हमारे हथकरघा कपड़े के लिए जब बाजार है, तो ऐसी स्थिति क्यों पैदा हुई कि उस बाजार में संकट आ गया, हमारा माल बिका नहीं। और एक जो बात कही गई है कि बाजार में ज्यादा खरीददार आ गये इसलिए बाजार खतरे में पड़ गया, इसे मैं नहीं समझ पाया।

श्री मनुभाई शाह : वह “ब्लॉडिंग मद्रास” के बारे में है जो अमरीका में जाता था, तीन साल पहले । वहां बहुत से लोग अच्छा कूड़ा-कबाड़ा, सब किस्म का माल ज्यादा दाम पर बेचने के लिए चले गये ।

श्री ए० बी० वाजपेयी : मेरा निवेदन है कि बाजार में खरीददार ज्यादा पैदा हो गये इसलिए संकट पैदा नहीं हुआ, बेचने वाले ज्यादा पैदा हो गये, इसलिए संकट पैदा हुआ ।

श्री मनुभाई शाह : दोनों बातें हो सकती हैं ।

श्री ए० बी० वाजपेयी : मैं एक लेमन हूँ, अतः कह नहीं सकता, बाजार में खरीददार ज्यादा हों फिर भी बाजार में संकट पैदा हो जाय । हो सकता है; लेकिन मेरी समझ में नहीं आता ।

मैंने रिपोर्ट में पढ़ा है, उसका जो भी घाटा हुआ वह हमको उठाना पड़ा, सारा माल स्टेट ट्रेडिंग कारपोरेशन को लेना पड़ा । लेकिन मेरा निवेदन है कि इसका जो स्पष्टीकरण किया जा रहा है, वह पूरा समाधान नहीं देता है । हो सकता है, मेरे समझने में कोई कठिनाई हो ।

एक बात मैं और कहूंगा कि स्टेट ट्रेडिंग कारपोरेशन अपनी गतिविधियों का विस्तार करता जा रहा है । लेकिन स्टेट ट्रेडिंग कारपोरेशन की सफलता की कसौटी यह नहीं है कि उसका व्यापार कितना फैला हुआ है । उसकी सफलता की कसौटी यह है कि वह किस काम को कितनी अच्छी तरह से कर रहा है । केवल काम फैलाते जाना यह तो स्टेट ट्रेडिंग कारपोरेशन का उद्देश्य नहीं हो सकता । देश में जो निजी व्यापार चलता है, स्टेट ट्रेडिंग कारपोरेशन को उसमें सहायक होना चाहिये ।

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अगर उसमें कहीं कमी है, खामी है, उसको पूरा करना चाहिये; लेकिन उसका विकल्प बनने का प्रयत्न नहीं करना चाहिये । लेकिन इस रिपोर्ट में कुछ निर्यात के आंकड़े दिये गये हैं, कुछ चीजें गिनाई गई हैं और मैंने जब उनको पढ़ा तो मुझे बड़ी हंसी आई कि स्टेट ट्रेडिंग कारपोरेशन कितना माल बाहर भेज रहा है, कितनी संख्या में भेज रहा है । मैं सदन का ध्यान इस तरफ दिलाना चाहता हूँ ।

पृष्ठ १६ पर कुछ चीजें गिनाई गई हैं, जिन्हें स्टेट ट्रेडिंग कारपोरेशन ने बाहर भेजी हैं । अगर आप देखेंगे तो उसमें मिलेगा कि हमने बाहर बिजली के पंखे भेजे हैं । कितने बाहर भेजे हैं ? केवल ग्यारह पंखे बाहर भेजे गये ।

सिलाई की मशीनें हमने छः बाहर भेजी हैं और इलेक्ट्रिक इंस्ट्रुमेन्ट स्टोरलाइजर एक बाहर भेजा है ।

एक माननीय सदस्य : संपुल के लिए ।

श्री ए० बी० वाजपेयी : मैं नहीं समझता छः सिलाई मशीन भेजना स्टेट ट्रेडिंग कारपोरेशन के लिए कहां तक जरूरी था ?

श्री डाह्याभाई व० पटेल : मैडम, कौफी परकुलेटर भी क्यों नहीं भेजा ?

श्री ए० बी० वाजपेयी : यह जो हमने ग्यारह बिजली के पंखे भेजने के लिए स्टेट ट्रेडिंग कारपोरेशन को सेवाएं आवश्यक समझीं, क्या यह उचित था ? अगर स्टेट ट्रेडिंग कारपोरेशन चाहता, अगर उसको आदेश प्राप्त हुए थे, तो जो हमारे पंखे निर्यात करने वाले हैं या सिलाई की मशीनें निर्यात करने वाले हैं उनका उन आदेशों को पूरा करने के लिए कहा जा सकता था । लेकिन ऐसा लगता है कि जो निजी व्यापार है, सरकारी व्यापार है, उसमें तालमेल की आवश्यकता है, ऐसे तालमेल की आवश्यकता है कि एक दूसरे के पूरक बनकर वे चलें । इसकी

[श्री ए० बी० बाजपय्यो]

संभावना पर गम्भीरता से विचार होना चाहिये, क्योंकि हम ऐसी अवस्था नहीं चाहते हैं जिसमें विदेश का और देश का सारा व्यापार सरकार करे और हम व्यापारियों को खुली छूट दें, यह भी आज की स्थिति में संभव नहीं। हमें मध्यम मार्ग का अवलम्बन करना है। तो फिर स्टेट ट्रेडिंग कारपोरेशन वही काम अपने हाथ में ले, जिस काम को वह ठीक तरह से कर सकता है।

मैं एक बात और कहूंगा। निर्यात व्यापार को बढ़ाने के लिए मुख्यतः स्टेट ट्रेडिंग कारपोरेशन को स्थापना हुई थी लेकिन यह स्टेट ट्रेडिंग कारपोरेशन द्वारा प्रकाशित एक पत्रक है जिससे पता लगता है कि जो हमारा बैलू आफ एक्सपोर्ट है, वह पिछले चार पाँच सालों में बहुत थोड़ा बढ़ा है। सन् १९५६-५७ में जब स्टेट ट्रेडिंग कारपोरेशन कायम हुआ, हमारे निर्यात व्यापार का मूल्य ६२० करोड़ था और सन् १९६०-६१ में ६४८ करोड़ रुपया है। इस तरह से २८ करोड़ की वृद्धि हुई और यह कोई संतोषजनक वृद्धि नहीं कही जा सकती। अपने धन को इस व्यापार को बढ़ाने पर लगाने के बजाय अगर स्टेट ट्रेडिंग कारपोरेशन देश के व्यापार में अनावश्यक हस्तक्षेप करे, तो उससे दो उद्देश्य पूरे नहीं होंगे। इससे हमारा निर्यात व्यापार भी क्षति उठायेगा और देश के भीतर भी अनावश्यक प्रतिद्वंद्विता पैदा होगी जो अन्ततोगत्वा राष्ट्र के हितों को नुकसान पहुंचायेगी।

मैं माननीय मंत्री जी से यह भी जानना चाहूंगा कि यह कहा जाता है कि कुछ नये कारपोरेशन बनने वाले हैं—एक मिनरल्स के लिए, एक एग्रीकल्चरल प्रोड्यूस के लिए—यह कहाँ तक ठीक है? इनका क्या कार्यक्षेत्र होगा? कहीं अलग-अलग कारपोरेशन अलग अलग कार्यक्षेत्र में कार्य करने के बजाय

एक दूसरे के मार्ग में बाधा न बनें, इसकी सावधानी रखनी होगी।

कम्युनिस्ट देशों के साथ व्यापार रुपये के भुगतान की सुविधा की दृष्टि से अच्छा है किन्तु इस व्यापार में एक बात का हम ध्यान रखें कि उस रुपये से वे जो सामान खरीदते हैं वह सामान वे कहाँ बेचते हैं। मुदालियर कमेटी के सामने इस तरह की शिकायतें आई हैं कि वे हमारे रुपये से हमारे बाजार में सामान खरीद करके ऐसे बाजारों में बेचते हैं, जहाँ हम निर्यात करते रहे हैं। अगर उनके निर्यात से हमारे बाजार बिगड़ जायें, तो रुपये के भुगतान के कारण हमको जो सुविधा मिलती है, वह सुविधा हमारे घाटे में बदल जायेगी। उनके व्यापार के पोछे राजनैतिक कारण भी होते हैं और राजनैतिक स्थिति बदलने से वह व्यापार कब खत्म हो जायगा, यह कहा नहीं जा सकता। इसलिए जो हमारे परम्परागत बाजार हैं, उनको दृढ़ बनाते हुए नये बाजारों की खोज करते हुए, स्टेट ट्रेडिंग कारपोरेशन अगर कम्युनिस्ट देशों से व्यापार करने तक ही अपने को सीमित रखे, तो मैं समझता हूँ कि इससे अधिक लाभ होगा। धन्यवाद।

THE DEPUTY CHAIRMAN: Mr. Jaipuria, Please make your points in five minutes.

SHRI SIT ARAM JAIPURIA (Uttar Pradesh): Madam Deputy Chairman, as you mentioned, the time is very short, I am, however, grateful to the hon. Minister for agreeing to prolong the discussion by another few minutes. I will confine myself only to such observations which I feel would not be repetition.

I would not like to comment on whether the formation of the State Trading Corporation was necessary or not, whether the functioning of this Corporation at all came up to our expectations and whether it has in any

way supplemented the private organisations and trade rather than supplanted, in the words of Shri Dahya-bhai Patel. But I would confine myself to the question, the State Trading Corporation having come to stay, what best can be done to further activate it and to see how regular and proper working of this Corporation -S brought about.

Madam, I believe that the future of India is very bright, and particularly in the next couple of years to come, our trade and commerce with Western countries and even with other countries is going to expand beyond measure and beyond imagination. In that context, Madam, it will be very necessary not only for the private trade and industry or the private sector to fortify itself but also for the State Trading Corporation to rise, to meet the challenge and to see to it that our trade and commerce are not in any way hampered. For that purpose, Madam, it will be necessary that the constitution of the State Trading Corporation and its actual working are examined and revised in the light of what I have said. It may be necessary that the Board of Directors should be made a continuing one. If you look at the list, you will find that a lot of changes have been made. In fact, only six of them were permanent throughout the year while the remaining had to change because the offices that they were holding were transferred from one Ministry to another. Having acknowledged the fact that the State Trading Corporation has to work, whether we like it or not, in a business-like manner, it is necessary that continuity of management is maintained.

Then, again, I would not only suggest that the respective Ministries may be invited as observers to the meetings, which will not serve the purpose, but I would most humbly suggest that instead of the officialdom dominating or politicians alone dominating this body, it would be advisable that, in a way, it is business-oriented. That will ensure the deliberations of the State

Trading Corporation to be in a more business-like manner. It is a different thing whom you select from the point of view of business orientation, but certainly it is advisable.

Another thing, Madam, that I would like to suggest is that the terms of business will have to be revised, particularly with foreign countries, and for that it will be necessary that consultation with those who understand business is done. They may be lawyers, they may be businessmen, they may be Government officials, but those who know the job should be consulted because it has been the experience of trade, particularly in matters of claim settlement, that it has been more or less a one-sided story. It is just like somebody saying, "Heads I win, tails you lose". What happens? When we negotiate with foreign countries, they find themselves more powerful than ourselves. They pounce upon the State Trading Corporation to accept certain unwarranted conditions even though the State Trading Corporation is right. But because of our foreign and international outlook, sometimes we have to accept those claims. Now, it so happens that the State Trading Corporation have a list of suppliers which supply material to them, and in view of the fact that certain monopolistic tendencies have developed which, I am sure, nobody would like, the suppliers in turn have to agree to those conditions, and that ultimately puts the entire country to a great loss. For that, it will be necessary that we have experts in the State Trading Corporation organisations who know the laws and language of the different foreign countries. For that purpose, I would suggest that particularly because there is a wide difference in the law and trade systems and customs of different countries, an up-to-date library of international laws of different countries with which we are going to have further trade should not only be readily available in New Delhi and other commercial centres with the State Trading Corporation, but there should be personnel who know what

[Shri Sitaram Jaipuria.]

exactly is the law, the practices and the customs of those countries. It is only then that we shall be able to advise the Government and the public as to how best and how more profitably, in the interest of the country and the nation, they could work.

Just one more minute. I would not take long.

The foreign exchange position of our Country is certainly precarious. The market value of the foreign exchange in dollars at one time was said to be Rs. 4.76, if I am right, and now it being quoted probably at Rs. 7.46. Why I am saying this is that while our exports are less—and this may be one of the reasons for the exports being less—it is necessary, though the State Trading Corporation is indirectly helping even if the price of the currency and the money value is less, that we take such steps that our position in the foreign exchange markets improves. Then only we shall be able to have more activity in exports.

Then, Madam, I would only say that the monopolistic tendency has to be discouraged. The state of affairs, as we have, have to be improved. Modern traditional markets alone need not be covered because what happens is this. The goods that we export to a particular market are being reexported to our usual traditional markets, and the ultimate result is that while on the one hand it may look as if we have exported certain quantities to a certain country, the overall position becomes that our total exports are reduced. The hon. Minister is an expert in his line and certainly he will bear me out when I say that if exports are made to a country which re-exports to those countries where we can export directly or where we used to export, those exports are going to be hindered. It will be a loss to the nation rather than be of any benefit. I am one of those who believe and wish the State Trading Corporation greater progress and prosperity. But I also believe that it should so work that it does not injure

either the interest of the private enterprise or of the public sector. It should look to the interest of the nation as a whole. And that is possible only if a more realistic and practical outlook is taken rather than confining itself to ideological approaches or approaches which do not lead us anywhere but to confusion and chaos.

SHRI MANUBHAI SHAH: Madam Deputy Chairman, I am very grateful to the hon. Member for having moved this motion. The State Trading Corporation's latest Report also I had the privilege to place before the House this morning and the Report was ready only a few days before. Though signed formally on 27th September, it takes a long time before it is printed and circulated to the other Ministries and then it is approved for being placed on the Table of the House. I am merely offering this explanation (to dispel any doubts in the mind of my friend, Shri Vajpayee. The Corporation has now become an established part of India's trade. It is to the good of all and I am very happy to say that barring one hon. Member who belongs to the thinking of the 16th or 18th century, every other hon. Member from every part of the House including those from the trade . . .

SHRI M. RUTHNASWAMY: Why stop there, why not 14th century?

SHRI MANUBHAI SHAH: Maybe, since the conception of the modern started. He belongs to that era when the very thought that the State or the community will participate in a collective manner in trade was considered abhorrent and was taboo. The world has moved too fast and even the most democratic countries or extremely capitalist countries have not one but a number of corporations run by the State both at the Federal and at the State level. Therefore, it is but right that in the discussions this afternoon, most of the Members, practically all Members, hailed that State trading as such in commodities was undoubtedly a very desirable thing.

As far as the S. T. C. of India is concerned, it has done remarkable work in the last 6 years since its inception. From a trade of less than Rs. 10 crores in 1957, the trade it has handled in the last year comes to about Rs. 80 crores. That itself is a great growth even from a business-man's standpoint. Very few private business-houses run even by the best and most able or competent businessmen would have registered almost more than an eight-fold rise within a period of 5 years of full working and a few months to add. In the current year the trade is still going to expand further and these figures which relate to direct trade on the register of the S. T. C. are in addition to the various other types of trade promotion activities which the Corporation undertakes through its business associates of which the figures have been given. Almost Rs. 48 crores has been accomplished by the business associates of the Corporation with different countries of the world, which is not accounted for in the sum of Rs. 77 to 80 crores registered as direct trade handled by the Corporation itself.

When it comes to the mention of the S. T. C. and the commodities, I agree with some of the observations made that it will not be right for all those many commodities to be handled by one Corporation or one body. Trade is a specialised matter and, therefore, if more commodities have got to necessarily enter into India's foreign trade, that is both import trade and export trade, we will have to gradually specialise as is done in the I.T. K., even in West Germany, even in countries like Japan, U. S. and Canada. Therefore, as I had mentioned earlier, we are very seriously considering it. There is no danger or there is no question of overlawotatr, as was mentioned by Mr. Vajpayee. We are quite aware of that. The specialised Corporations will handle specialised commodities and it is with this intention that we are contemplating very seriously the establishment of a Mineral and Metals Trading Corporation in the public sector, As the

House is aware, in regard to iron ore, manganese ore, non-ferrous metals, ilmenite, ferro-manganese and a large number of concentrates or ores that this country produces and some of the non-ferrous metals in which we are deficient and which have to be imported and which again is a very profitable trade, as Mr. Suresh Desai was rightly pointing out, we have to have specialised development. Take the iron ore trade. We are contemplating that by 1970 we should be able to export round about 25 to 30 million tons of iron ore per year, from the present figure of 10 to 11 million tons going up to 25 to 30 million tons means over Rs. 150 crores or Rs. 200 crores worth of iron ore itself. Now, is it possible for any business-house that we know of here, because a number of times we talk that this man is a great capitalist or that man is a great capitalist, but what is the total turnover that they command? Therefore I would crave the indulgence of the House or those Members who might have fear of overlapping to believe me when I say that specialisation, because the problems relating to commodities are different from one to another, is absolutely inescapable and most essential when you deal with very large quantities of these things for foreign trade and in that respect we are contemplating, more than the first, the second Corporation apart from the S. T. C., the Mineral and Metals Trading Corporation, in the public sector for handling the ores and metals both for export and import. The third part, when and how the Agricultural Commodities Corporation will come up, will be considered later. Today what we have done in the S. T. C. is, we have created specialised divisions so that those divisions can gradually grow on specialised commodities, collect the experience, build up the relationship, explore the foreign markets, develop the internal production of high quality and delivery standards and then when the division justifies a separation, a separate corporation, that can be undertaken. Therefore, while the present Corporation is being main-

[Shri Manubhai Shah.] tained, we are trying to divide it into several specialised divisions, as some of the hon. Members themselves suggested, and to give it the shape of a separate corporation as soon as it becomes necessary and justified on economic grounds.

My friend, Shri Arora, asked why 100 per cent, subsidiary corporations are being created in the name of Indian Handicrafts and Handloom Development Corporation. As the House is aware, there was already a Corporation called the Indian Handicrafts Corporation. It was a separate Corporation established under the Company Law in the public sector by the Government of India. We thought that it might be better to link up the activities of the S.T.C. and the Handicrafts Corporation so that mutual experience is gained and as the volume of trade handled by the Handicrafts Corporation was not very large, for the moment we made it subsidiary and this is not a capitalistic subsidiary. This is not a subsidiary in the sense of ownership by concentration of economic power or wealth in one hand. It is only a form of approach in which for the present this is being done, but I can assure all hon. Members who mentioned this matter that handlooms and handicrafts are some of the best potential foreign exchange earners in the future and, therefore, it was necessary to have a specialised body like that to handle the internal development and external trade in these commodities.

Having said this, I would now come to the question of the structure of the S.T.C. There was an observation from my friend, Shri Jaipuria, that there are only 6 permanent Directors and the rest are changing. That is, in the nature of things, of course, a good thing. If all members of the Board of Directors remain perpetually, all the time, on the Board, fresh vision, fresh light would not be there. This, of course, is being done because

the Ministries and their officials change but even otherwise if you do not open the windows and ventilators and various other types of approaches, you will never come to have different personalities bringing their wealth of experience, developing the proper amount of relationship and their knowledge to bear upon the development of foreign trade.

SHRI A. D. MANI (Madhya Pradesh): The opening of the windows does not happen in the Ministries.

SHRI MANUBHAI SHAH: It happens everywhere even in the private sector. As a matter of fact, it was a very important thing that we did that in the reorientation we decided to have permanent Business Directors who are whole-time servants of the S.T.C., and not merely part-time servants, in as large a number as four so that they can specialise in the different aspects of foreign trade and internal distribution trade as far as the S.T.C. is concerned. But if the personnel is seen, I hope everybody will agree that they are some of the very experienced people. And here I must pay my tribute to both the Chairman and the Managing Director.

I have been right from the beginning a great supporter of the idea and the more I see the work of the State Trading Corporation, the more I feel that the State Trading Corporation is sometimes unnecessarily misunderstood in some quarters. I have always wondered, having been connected with business in the past, at this view of private business. Of course, most of the people have now come round to the correct view and, as I have said earlier, to accept the S.T.C. as an integral part of our national economy. But there are still some die-hard friends in some quarters who still refuse to appreciate the work, the necessity and the great role that the S.T.C. has to play in this country's vital growth of economy. State trading will not only be a necessity for better trade relationship, but

if better trading ethics are to be developed, if better trading contacts with the rest of the world are to be developed, Madam, it is my firm conviction that not one but quite a number of State Trading Corporations will have to be there, as time passes and as the volume of India's trade grows. These will be needed in this country in order to support business itself, that is to say, private business itself. Now, what is happening? Every day, Madam, I get requests saying that such and such a commodity has been priced out. Would the S.T.C. help? Now, these letters are not written by Government servants. These letters are not written by politicians or by people who have nothing to do with business or the consumers. They are written by experienced men of business, by experienced private businessmen, men in business and trade, who want the assistance of the community, because the State Trading Corporation represents the nation, and it is the nation alone which can help the weaker sections of the community, as represented by either the small industries or the small businesses, or even the large or big business units which are uneconomic and have been priced out of the world markets. It is here that the State Trading Corporation has to step in and assist the promotion of both the export and the import trade.

Take manganese ore, for instance. Many people have laid the blame at the door of the S.T.C. for having misdirected or mishandled the manganese ore business. But I know that mining interests today in manganese ore have been saying it for the last several months that the S.T.C. alone could help them. Therefore, we issued a tender only some three months back, inviting sales of manganese ore from all over India in order that the S.T.C. could purchase the manganese ore and export it. A tender for 2J lakh tons has been issued and another tender for the same quantity will have to be issued soon. So, throughout the year more than a million or a million

and a half tons of manganese ore which was otherwise handled by private industries and mining industries will have to be supported through the agency of the State Trading Corporation. This has become absolutely essential.

Only this morning a young man came to me saying that aloe fibre and kapok grown in Bihar and other areas in the eastern parts of our country, have been almost totally priced out from the world market, that they are 45 per cent, out of position, because that particular commodity was grown in some of the southern countries in very large quantities, just as we grow staple cotton here. Now, what is the answer? The answer is only State trading. You cannot afford to subsidise it by cash payment of money from transaction to transaction. It is never done. That is not the way to do any business. Therefore, you have got to have an organisation which can look at the economic structure and give various kinds of assistance wherever necessary, and it has to take over the functions of the private trade and help it to grow in the world market through community action. This, Madam, is what the S.T.C. represents and I do hope that my friends in business and trade will appreciate and understand this aspect by the most thorough discussions that they want from public platforms or by seminars and symposiums and so on, and reconcile themselves at the earliest possible date to the concept of State intervention in trade, both in the external trade and in the internal trade, and in the case of this country, more so in respect of external trade, because it is the linchpin of India's future- economic growth. The earlier they reconcile themselves to it the better. And we will create a better atmosphere for India in foreign trade and a better image of India, through private trade of India and through the public trade of India, through the various trading corporations which represent nothing else than India through Indian goods in

[Shri Manubhai Shah.] the foreign markets. Therefore, Madam, I take this opportunity to tell my intelligent friends in the private trade and others too that they should modify their ideas, if they have not yet done so, and give the fullest support. Here I must admit the very great part played by private trade today in giving support to the S.T.C.'s operations and the more support they give it through intellectual collaboration over and above that from business motives, the better will it be for the future of India's foreign trade.

Then there was the question as to what are the functions of this Corporation and my hon. friend Shri Dahyabhai Patel waxed eloquent on the Corporation's various acts of omissions and commissions and said that it was supplanting private trade. Well, supplanting and supplementing are very wide terms, but what I can say is this that considering the growth of the total trade of India the percentage of trade done by the S.T.C, I am sorry to say, is not yet as large as I would wish it to be or as the Government would like it to be or as this House would like it to be. What is this percentage? The trade done by the S.T.C. is only some Rs. 80 crores out of a global trade of India which is about Rs. 1,700 crores or Rs. 1,800 crores. Can that by any definition or by any stretch of imagination be deemed too much? And this trade is growing from year to year, I mean the country's import-export trade is growing. Out of that if Rs. 80 crores or Rs. 100 crores worth of trade is done by the S.T.C, is it a thing which should cause enormous worry? And India's economy is grow-in and . .

SHRI M. RUTHNASWAMY: Is that figure of Rs. 1,800 crores the worth of our foreign trade?

SHRI MANUBHAI SHAH: Yes, that is our foreign trade. Rs. 1,078 crores or roughly Rs. 1,100 crores is the import trade and Rs. 680 crores is

our export trade. It comes to about Rs. 1,700 crores or Rs. 1,800 crores. But let us see what is the gross domestic production from all origins in this country. It runs to round about Rs. 10,500 crores as far as goods are concerned and to about Rs. 2,300 crores as far as services are concerned. Is this small participation by the S.T.C. something on which so much eloquence should be spent and so much running down of the country's corporate body would be justified? This is the humble question that I would like to ask my hon. friend who every day gets briefs from people who are not, I may tell him, very dependable, wherever he gets them from. It would be better to check up his notes with us also. Even a cursory glance would show the correct position.

Take the case of this "Bleeding Madras". The producers of this particular variety of handloom fabric are in Madras and I would request my hon. friend Shri Vajpayee to go to Madras some day and find out the position. In 1959 the whole trade was in the hands of private businessmen. It was a fabric which caught the imagination of the American market and the price went up. Due to various types of practices that everybody is familiar with—it sometimes happens—the prices went up. It was a light thing and in order to take advantage of the high price various types of goods were sent out from here, goods which were not up to the specification of "Bleeding Madras". Now, what happened? In two years we lost all that trade. This year we have brought a Regulation and we brought in a floor price and also a ceiling price and we brought the handloom fabrics—that is one of the items for the S.T.C.—into the picture. And we also fixed quotas to everybody, and Madam, you will be glad to know and the House will be glad to know that every month we are exporting some two million yards of this "Bleeding Madras" continuously and earning almost four to five times

the foreign exchange that we did in 1959. The lost trade has been recovered and the prestige also has been recovered. What is more important than the money is the prestige of India, that what we guarantee we carry out, that we discharge the obligation that we undertake, either in the public sector or private business, that they are fully carried out in the foreign markets and in the markets of the world. That is what we have done. This trade has been stabilised and both the private sector and the public sector are participating in it.

SHRI SITARAM JAIPURIA: Could not the quality inspection work have served that purpose?

SHRI MANUBHAI SHAH: Well, just now we have not taken over the entire trade. A certain portion is done in the private sector. Quality control alone would not do, because price control is required. The point is, as price control was not there, the price was allowed to go up without any limit and then the grabbing idea always comes in. They started picking up every handloom fabric, called it "Bleeding Madras" and sent it to the foreign market. Actually it was not "Bleeding Madras". Therefore, to maintain the proper discipline you require many many focal points. Sentinelship does not only mean the carrying of a bayonet but keeping the doors and windows open through which various types of people could come in and get out. We have got to regulate the thing at various points so that proper trading ethics are developed.

Madam, many hon. friends had referred to the functions of the State Trading Corporation and said that it should confine itself only to dealings with the State-trading countries of Europe and others said that it should not do much trade with these countries but with the rest of the 5 P.M. world only. I may here analyse the figures for the information of Members. Out of this Rs. 80 crores not more than 25 to

30 per cent., is with the East European countries. We do not want this Corporation to do business with the State-trading countries alone. We wanted it to do business with the State-trading countries as well as with the rest of the world because we want to participate in global trade. Almost one-fourth of the trade is with the East European countries while three-fourths of this Rs. 80 crores is with the free currency countries so that we can earn free foreign exchange and develop trade relationship through State trading with America, with England, with Germany, etc. All these link deals, all these barter deals, all these bilateral deals, all these commodity exchanges are not only with the East European countries but with the rest of the world also and the ratio is growing. It is our clear instruction to the State Trading Corporation that they will have to do trade on a global basis because what is the use of claiming something in a sheltered market? To do trading with the East European countries does not need any promotional assistance or effort to that extent which you need when you have to trade with the rest of the world in competition, fierce competition, full competition of a business world. Therefore, the real competence of the Corporation could be judged by what they perform, how much is the profit, how much is the good name that they have brought, what is the volume of trade which they have done with the rest of the world as much as with the European countries. Therefore, while we do not consider one trade superior to the other I am glad that the ratio today is one to three or one to four. That is one-fourth of the trade is with the State-trading countries, with the East European countries, while three-fourths of the total trade of the State Trading Corporation is accounted for, both on the import and export side, with the rest of the world

Then there was the question of staffing. Some people thought that

[Shri Manubhai Shah.]

the State Trading Corporation was too much staffed. Well, I have got all the figures with me. The Canadian Corporation was cited by my friend here. The Canadian Corporation is only a governmental agency for rubber-stamping some of the canalised orders which the Corporation has got, that is, some of the trade which has been reserved for the State sector as we find in the American continent. There are in the United States what are known as C. C. Cs. They are called stock-pile corporations or PL 480 corporations. And their work is more to issue import and export licences for those commodities which the other corporations of the State are handling for internal correction and price support. Now, you do not need even 50 men perhaps for that purpose. Therefore, it is not correct to compare such corporations of an allied nature with the State Trading Corporation here which does actual trade, which does physical trade, which is doing everything from lifting of goods, arranging for transport, canvassing of orders, contacting foreign buyers to come and visit here, sending out delegations from this country to other countries to make live contacts and secure orders, etc. And if that real trade is to be done you cannot do it with 50 men. No 50 men can handle Rs. 100 crores. And what is the ratio? 0.39 per cent, is the total establishment expenditure of the State Trading Corporation. What is it compared to the turnover of Rs. 80 crores? 0.4 per cent is the total expenditure. Is that a big ratio? I have worked in private industry. Three to five per cent sometimes is considered to be a legitimate charge for establishment and staff, that is, the expenditure on all the employees. I am now talking of the trade. In industry it would be much larger. But in trade the expenditure on the total number of staff, personnel and employees would be anything up to five per cent. Here it is only 0.39 per cent to be exact. I do not think that either Mr. Arjun Arora or the other friends who mentioned this point

would think this overhead as very large. But I do agree with them that we should put them to still better use as experience grows so that from the same manpower we can get better turnover. Madam, I am glad to see from the chart that I have got here that every year for the same number of personnel the volume of trade is rising and I can assure the House that that shall be the criterion with which we shall judge the performance of the State Trading Corporation.

One word more, Madam. There are no officers' wives; at least I am glad to contradict Mr. Arjun Arora that much. He might have mistaken one or two ladies who might be working there for some purpose and with assigned tasks on proper remuneration but there are no officers' wives being provided some patronage in the State Trading Corporation as officials whether at a correct salary or incorrect salary; there are none.

Now, about deputation; that was a very relevant point. That is a system of the Government that when, for a superior type of business, under the Government of India rules of service, you take a person from a Ministry to a commercial organisation where the employment even with the Government may not be as profitable as the various other aspects in the Government— from a Deputy Secretary you become a Joint Secretary, from a Joint Secretary you become an Additional Secretary or Secretary or any other thing— in a Corporation naturally the chances of promotion or diversification being less there is such a provision; of course, the Home Ministry is still considering that matter also that within the same place or same city whether such deputation allowance is justified or not. But I can assure the House that we are not doing something contrary to the common practice accepted and approved by this House in terms of employment and this type of * deputation. And that too, the number is very small. I have checked up that also. Less than seven per cent of the total employees of the

Corporation are drawn from among . persons whom we have located in other Ministries in order to benefit from their experience in this commercial type of work. It is not possible to take in anybody humpty-dumpty, every sundry type of person and put them in the State Trading Corporation because then it will become a refuge for all sorts of persons . .

SHRI AKBAR ALI KHAN: A department for rehabilitation of persons.

SHRI MANUBHAI SHAH: ... a rehabilitation department. There are many other ways of rehabilitating people. Here we want live wires with experience, with a particular type of expertise and if we can locate anybody of that type and if under the rules we have to give him deputation allowance, We do that. It is not just for the pleasure of granting him deputation allowance that we take him but it is for the pleasure of getting the benefit of his experience for the Corporation.

Madam, I do not want to tire out the House but all I can say is this that as a national policy we consider that State trading has come of age. It is an inescapable part, an integral part, of this country's economy. In due course we will have some specialised corporations but with immediate effect we would like to start a second corporation to handle one of the biggest foreign trade of India of the future, that is, minerals and metals, particularly iron ore, manganese ore, ilmenite, bauxite, non-ferrous metals and other things. We are specialising the State Trading Corporation into divisions which may in due course develop, may be in five years or ten years, as the hon. House wants and rightly wants that greater portion of the foreign trade of this country should be done at the State level and that, Madam, is the basic policy of this country, of the Government and we

will endeavour to give the maximum satisfaction to this House.

I would have certainly liked to take a little more time on the internal system of distribution but my friend, Mr. Desai, has rendered me a unique service by explaining to the hon. House how a new type of relationship is being forged. Now, in a matter like shellac the prices were falling and the growers were complaining throughout the country about shellac, stick lac and seed lac that the poor grower who collects the lac from the trees was not being given the due price. He would collect the lac and the businessman would take it away for Rs. 10 or Rs. 8, dust price. We asked the State Trading Corporation to immediately enter the Calcutta market at Rs. 40, Rs. 50 and even Rs. 54 a maund. It was four to five times the minimum price. Now, the grower will produce more. He will get social justice; he will get better wage and return. That is an activity which you cannot entrust to a private businessman howsoever competent he may be because naturally the private party has to work for profit. Only the community can take this risk.

What happened in jute? In the current year we have entered into a new line altogether—the creation of a buffer stock in jute. The whole jute market was depressed. Those friends who come from the eastern region know what trouble there was in Bihar, Orissa and other places. We declared Rs. 30 per Bengal Maund, Assam Bottoms, f.o.r. Calcutta as the minimum price to be given. My friend, Mr. Dahyabhai Patel, knows that it was not being supported in spite of the Buffer Stock Association run by the UMA. IJMA is one of the best-run associations in the country—the Indian Jute Mills Association. With all their co-operation and whatever they wanted to do, they could not afford to take that risk. They cannot have that feeling for the poor man, for the down-trodden, that the State or the community alone would have, because

[Shri Manubhai Shah.]

we are not working for profit; we are working for social justice. Therefore, we entered the market and today the purchases run to about two lakh bales and maybe we will purchase more. And through co-operative societies we give the right price at their house, at the village level and that is how the price is being supported. So, this is the function of the State Trading Corporation, not to unnecessarily interfere or interlope, not to grab anything. But certainly if a private importer is going to make 200 per cent, profit, it is my duty to see that the State Trading Corporation imports this thing, collects the money from the consumers who are otherwise being fleeced and uses that money for the benefit of the country, so that the export trade of India which is a somewhat losing trade can be financed from that. Madam, I would not dilate further on that because I shall have some other opportunity to speak about import and export trade. As today the debate is about the working of the State Trading Corporation, I hope I have tried to explain its working.

SHRI A. B. VAJPAYEE: May I ask whether it is a fact—and there are complaints to this effect—that the State Trading Corporation is making as much as 80 per cent, profit in the import of caustic soda and soda ash?

SHRI MANUBHAI SHAH: Madam, the point is this. The percentage varies. If the hon. Member will see the price at which due to shortage these commodities sell in the country's market—everywhere it is not distributed; it is not a rationed market— why should there be any Objection to the State Trading Corporation mopping up that profit for reserving it for the country? I thought the hon. Member must have read about the reserves. Reserves have been built up by the STC. If you see what type it is, you will find that the amounts available

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zz from profits development and expansion were: —

	Rs.
Trade Development Reserve .	2,13 00,000
Price fluctuation Reserve .	82,00,000
Building Reserve . .	1,20,00,000
Insurance Reserve . .	92,00,000
General Reserve . .	1,24,00,000

The total reserves are about Rs. 7 crores. The money comes back to the country here, to Parliament here, to the nation here, and it is justifiable. That is the gap between the imported price and the ruling price in the market. Otherwise, the private trader may have got the profit by fleecing the consumer. Now, it is being diverted and put back into the proper reserves to be used for promotional activities which are enjoined by the House on the STC. And this is the purpose for which this good money, which is going to waste or going to wrong pockets, is being canalised.

THE DEPUTY CHAIRMAN: Have you anything to say?

SHRI M. S. GURUPADA SWAMY: I have nothing to say.

THE DEPUTY CHAIRMAN: The House stands adjourned till 12 noon tomorrow.

The House then adjourned at twelve minutes past five of the clock till twelve of the clock on Friday, the 30th November, 1962.