

cally sound schemes. It may be clarified that these do not form part of the Backward Classes sector of the Plan and therefore, have not been discussed either by the Dhebar Commission or by the recent Conference. We shall take an early opportunity of placing before the House a summary of the recommendations made at the State Ministers' Conference which will give an idea of our attitude towards the recommendations of the Dhebar Commission.

The Commission have also recommended that in each State there should be promoting and sponsoring agencies for spreading a network of co-operatives. The responsibility for organising, trade and finance in the initial stages should be on the Government. This has been accepted by the State Governments.

It was mentioned that the number of post-matric scholarships given to boys belonging to the Scheduled Tribes was too low. I should now like to say that it was 84 in 1948-49 which has risen to 6871 in 1960-61. During the Third Five Year Plan, post-matric scholarship will be given to every student belonging to the Scheduled Tribes without any test. This large-scale growth of education is sure to result in a good future for them. The effects are already being felt. Their representation in the services is steadily rising. In the latest I.A.S., etc., combined competitive examinations, out of 112 appointed, 26 belonged to the Scheduled Castes and 6 to the Scheduled Tribes. The Scheduled Tribes form about 5 per cent. of the total population and hence this is really not very bad.

Madam, with these words I would like to conclude. With the interest that the Members have shown towards the uplift and the welfare of the down-trodden and the underprivileged people, we are sure to achieve the best results within these five years, as was expressed and desired by the Home Minister.

#### ALLOTMENT OF TIME FOR CON- SIDERATION OF THE REPORT OF THE IMPORT AND EXPORT POLICY COMMITTEE

THE DEPUTY CHAIRMAN: I have to inform hon. Members that under rule 153 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, the Chairman has allotted two hours for the consideration of the Motion regarding the Report of the Import and Export Policy Committee.

SHRI P. RAMAMURTI (Madras): We discussed this in the morning, the possibility of extending the time limit.

THE DEPUTY CHAIRMAN: I have here about eight names and if the House desires, we may extend the time-limit and go on up to 5 30 P.M.

SHRI P. RAMAMURTI: Why not have it for tomorrow?

SHRI DAHYABHAI V. PATEL (Gujarat): This is an important subject.

THE DEPUTY CHAIRMAN: Well, the House can sit till 6 P.M., if you have no objection.

SHRI MULKA GOVINDA REDDY (Mysore): This is a very important subject and Members should be given an opportunity to discuss it.

SHRI DAHYABHAI V. PATEL: Have it for tomorrow between 12 P.M. and 1 P.M.

THE DEPUTY CHAIRMAN: Tomorrow there is an important debate, Report of the Union Public Service Commission.

SHRI T. S. AVINASHILINGAM CHETTIAR (Madras): This is also important.

THE DEPUTY CHAIRMAN: That is why I am suggesting that the House should sit this evening for an hour more.

#### MOTION RE. REPORT OF THE IM- PORT AND EXPORT POLICY COMMITTEE

SHRI T. S. AVINASHILINGAM CHETTIAR (Madras): Madam Deputy Chairman, I beg to move:

"That the Report (1962) of the Import and Export Policy Committee, laid on the Table of the Rajya Sabha on the 19th March, 1962, be taken into consideration."

Madam, the subject of this Report is indeed a very important one. It is now exercising the minds of all thinking people in the economic field. When we heard at the time of the Budget that we had only Rs. 136 crores in our balance on the 31st March, 1962, that was indeed a danger signal. Even before that, tendencies were clear and, therefore, a committee was appointed by the Ministry of Commerce and Industry to go into this matter and it is the Report of that Committee that we are here to discuss. The problem is indeed formidable. Even for the Third Five Year Plan we require Rs. 5,750 crores of which, in this framework, the allocation of exchange for developmental imports is Rs. 2,100 crores and the balance Rs. 3,650 crores is for maintenance. This will mean that the Third Plan envisages that the country's invisible income and out-flow will off-set each other and that there will be no net saving in this direction. In order to finance the country's maintenance imports alone exports over the Plan period would have to be at the rate of Rs. 3700 crores or an annual average of Rs. 740 crores which is as much as Rs. 126 crores more than the annual average of Rs. 614 crores for the Second Plan. Now, when we look at the Fourth Plan, the annual import requirements of the succeeding plans will be even larger; so will be the repayment obligations on account of debt services and interest charges. Our debt services repayment will begin from this year. Granting that the requisite external assistance will be forthcoming, that conditions of supply and demand abroad will be favourable, the planners have estimated that in order to maintain the desired tempo of development, the country would need to export at the rate of Rs. 1,300—1,400 crores per annum at the end of the Fourth Plan

as against Rs. 614 crores today. That is about double the 3 P.M.

amount. This is the problem and the problem is indeed very great, very formidable. How do we propose to make both ends meet? Madam Deputy Chairman, the Committee's recommendations can be divided into recommendations for improving exports and recommendations for improving the procedure. They have gone into the details as to how import licences are issued, how much delay there has been in the Import-Export Department and they have suggested a few recommendations which can make it better. They have recommended that there must be close collaboration between the trade and the Government. All these things should be accepted by any Government and steps have been taken to accept them. They have also suggested and the Government have also established a Board of Trade so that it will advise the Government on this very important matter.

The second set of recommendations they have made is about aids and incentives. They have said that increased raw materials must be supplied to the export trades, that there must be started an Import Export Stabilisation Fund which can finance the export trade, that income-tax relief should be given, that trade concessions should be given, that drawback of import and excise duties must be given, that remission of sales tax on the exported material must be allowed, etc. These are some of the incentives which they want for the furtherance of export trade. Many of these things are being attended to. In the matter of Import Export Stabilisation Fund a beginning has been made with Rs. 10 crores recently. In the matter of drawback of import and excise duties also I think a concession has been given already and the Government have issued a communique in this connection. These things have been done.

But, Madam, these things by themselves do not affect the pith of the problem. What is the reason, Madam Deputy Chairman, that our exports with all the efforts that we have been making have not been rising? The reasons in my opinion are two. On a previous occasion too, perhaps during the discussion on the Budget, I had the opportunity to point out that the main, the prominent reason for our failing to export commodities outside was our cost structure. The production costs in India are much higher than world costs. Hon. Members know that in the case of sugar which is a flagrant example we produce it at the rate of Rs. 700 per ton and we sell it in the U.S. at a much lesser price of Rs. 400 per ton which is nearly half our cost. That means we can never compete in the world market unless we bring down the price. So also is the cost at which motor cars are manufactured, refrigerators are manufactured, radios are manufactured. And a variety of other things that are being manufactured are such that they cannot stand world competition. Today the industries have protected markets in this country. We wanted to give them protection—and rightly so—so that they may grow and we looked forward to the time when they could grow and become strong so that they can stand outside competition in world markets. But unfortunately the result has been otherwise. This protection has given them a sheltered market with the result that they have not been able to grow.

**SHRI NIREN GHOSH** (West Bengal): Why are the production costs higher in India and can you cite some comparative figures?

**SHRI T. S. AVINASHILINGAM CHETTIAR**: I had said why the costs were high. The Planning Commission had appointed some committees to go into this matter of cost structure and their reports are there. Some of the reasons that they have given are that management costs are high, that labour productivity is low, that the

raw materials they get are at much higher cost and so on. They have given a variety of other reasons. All those reasons are valid; they must be gone into. But the main problem before us in this matter of pushing up the export trade is not merely to find out the reason but to find a solution. Unless we bring down the cost we can never expect to compete in the external markets. Whatever recommendations have been made in this Report, I was rather unhappy with one part of it and I would like to read out that part. I had expected Madam Deputy Chairman, that this Committee would go into this matter with a little amount of devotion, with a little amount of urgency. This is what they have said on page 62:

"The mercantile community cannot be expected to be guided by altruistic or patriotic motives and will expect to receive for its efforts in the export market, a return which stands in a reasonable relation with the profits on domestic sales. It would be Government's responsibility to compensate the trade for its export effort through selective concessions, fiscal reliefs and other incentives to make the export business worthwhile over the long haul."

Madam, Deputy Chairman, if this is the selfish attitude with which this problem is faced, I am afraid, situated as we are, we will never be able to tackle this problem. The mercantile community should also make its own sacrifice in providing a strong basis for this country. I have heard that people who become rich become more and more avaricious in proportion to the greater and greater riches they acquire and it seems to me this is a slur which is cast on the mercantile community.

**SHRI BABUBHAI CHINAI** (Maharashtra): Absolutely true.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I am glad here is a member of the mercantile community who says it is true. Which is true?

**SHRI BABUBHAI CHINAI:** This statement is true.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I do not want to refer to names because what I am saying may not be complimentary. I say it is a slur on the mercantile community if it says that only if it is paid more money it will do this national task. It is a great slur upon the mercantile community. Can it be said that this country can progress only on everybody getting profits? I can understand a poor man saying, 'Give me a living wage' but I cannot agree with these people who are rolling in millions, when they are amassing such large profits not out of merit but because of the protected atmosphere that has been created in the country, when they are making millions and millions rupees, when they come and say, 'Give us more money then only we will export'. It is a question of the entire country being in difficulties. They do not even seem to consider that this country is theirs also. They say, 'You want us to export more? All right, we will do it but pay us.' This is not the attitude that they should take up.

**SHRI SATYACHARAN (Uttar Pradesh):** Should I presume from the utterances of the hon. Member that the measure of exploitation stands accelerated under Government protection

**SHRI T. S. AVINASHILINGAM CHETTIAR:** You may draw whatever conclusion you may like. Let me tell you what one of the doyens of the mercantile community has said about this matter. He is Mr. G. L. Mehta and I hope my friend will accept him as one who knows something about trade. He is the Chairman of the Industrial Credit and Investment Corporation and this is dated 25th April 1962. It is recent:

"The Chairman of the Industrial Credit and Finance Corporation yesterday expressed concern over the poor performance of Indian exports despite the export promotion schemes and said that a time will come when we will have to export some of our own so-called experts, pseudo-scientists and fake statisticians. Addressing the meeting of the Council of Foreign Trade he said that despite the fact that we have plentiful man-power and several incidental advantages, our costs of production are higher by nearly 100 per cent to 200 per cent than those in many other countries. We have priced ourselves out of the world markets in many commodities and some of our traditional exports have also been losing ground. There was no basis for this sharp fall in exports if there was efficient production."

That means he says that there is inefficient production in this country. Madam, it is not I who say that. It is people with a sense of patriotism in the trading community who say this.

**SHRI BABUBHAI CHINAI:** How does he become the trading community's representative?

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I ask you: Must he become a member of one of your bodies to become your representative?

**SHRI BABUBHAI CHINAI:** He does not trade at all.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** He may trade or he may not trade. That is not the point. The point is whether the mercantile community, which is earning great profits under the protection of the Government, would come forward, even at less profits, to do their job.

**SHRI M. GOVINDA REDDY (Mysore):** He receives encomiums and receptions from the trading community.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** That is because there is something to be done by him. They want loans from him and they give him receptions. It is a matter of serving themselves. It is not out of anything else. This matter of exports is a great problem that we have to face. I say there are ways in which it can be done. I think the Government today must take care of it. And then what surprised me most is this. We have three industries which are supposed to be established by us for nearly a century. I can understand recent industries not working at a profit. For example, for one century the textile industry has been there. Even that requires protection today. We cannot compete in the open market. If the Commonwealth preference, which has been granted by Britain goes, all our exports will suffer. Not only cotton textiles, even tea exports would suffer. In 1951 the average price of tea exported from India was Rs. 2.73 per lb., while that exported by Ceylon was Rs. 2.62. Where are we going? The large internal market that we have in this country has itself acted as a deterrent of efficiency in our industries.

I would like to put forward these suggestions before the Government. There are industries here which are paying ten, fifteen, twenty or twenty-five per cent dividend. There are industries which earn many crores of rupees. May I not say, put it to them, that wherever industries are earning so much, a part of their products must be sold outside even at a loss, so that the loss may be set off against the profit that they make? They must not pay more than a certain amount as dividend. The managing agent can afford to take less. I say this is the way in which industries are built up. This is the way in which exports are built up. I say that industry-wise this matter must be examined and, if necessary, regulations should be framed, so that where large profits are made, the export trade must be built up on the basis of earning less profit. I am not against giving drawbacks on excise

duties if that will help them to sell their product at a less price all the world over. We know of cases in the world where countries have sold at a lesser price outside. We know of such examples.

**SHRI BABUBHAI CHINAI:** Will you kindly quote those examples? At least we have to learn it.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** You will learn it. I will give it to you in good time.

**SHRI BABUBHAI CHINAI:** Before you finish your speech, please let us know.

**SHRI SATYACHARAN:** Japan.

**SHRI BABUBHAI CHINAI:** What Japan? Japan has an internal market where the prices are higher than the export price. Not a single item can be had at the export price.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** Even if there is no country. I am prepared to say: "Why not we do it?" We want to build up our export trade and earn foreign exchange.

**SHRI BABUBHAI CHINAI:** That is quite a different matter.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I am not prepared to say that because some countries do not do it and so we should not do it. I want to build up our export trade and if that is the way in which I can build it up, I will do it.

**SHRI BABUBHAI CHINAI:** We are all one with you.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I do not know how much he is one with me. After knowing he is giving parties . . .

**THE DEPUTY CHAIRMAN:** Take him at his word.

**SRI T. S. AVINASHILINGAM CHETTIAR:** I wish to take him at his word. I wish that we examine these industries industry-wise and wherever large profits are made, a part of the products must be sold in the external market, if necessary even at a loss. It may be made good out of the profits made by the industry in the internal market. I think that is the one practical way in which it can be examined.

Another matter I would like to mention is quality control. I was rather surprised at the way in which the Committee had mentioned about quality control in this Report. They say:

"In view of the fact that Agmark and ISI seals are unacceptable to various buyers abroad, having their own specifications, we feel that compulsory quality control or pre-shipment inspection is not feasible."

We had occasion to discuss adulteration not only in food but also in medicine in this country. We also know that some of our exports have suffered a great deal because the quality which was mentioned in the label was not present in the goods. These recommendations on quality control did not come from the air. The recommendations were made because the quality was not there. What was promised was not given.

**SRI BABUBHAI CHINAI:** I agree.

**SRI T. S. AVINASHILINGAM CHETTIAR:** I am glad that Mr. Chinai at least agrees with this one point.

**SRI BABUBHAI CHINAI:** Whenever you make a correct statement, I endorse it, but whenever you make a wrong statement, I will refute it.

**SRI T. S. AVINASHILINGAM CHETTIAR:** Please. Then, why do they say that they do not want it? The mercantile community is a very intelligent and a very clever community. They can give a thing and sabotage it later. They further say:

"There would be no point in imposing Indian Standards on the foreign importer. What is necessary to ensure is that the goods exported are in accordance with the specifications prescribed in the export contract. It is suggested that the Associations of trade must organise their own 'Inspectorate' to effect quality control and pre-shipment inspection."

We can understand what the influential people will do when their goods are exported and the influential people are the people who export a lot. I was glad to see a report in the press on the 2nd March, 1962 saying that the Government of India has accepted the recommendations of the Committee on quality control and pre-shipment inspection and legislation to implement them would be proposed shortly. But we have not seen any legislation till now. An urgent matter like this should be attended to immediately and I hope legislation will be forthcoming soon. In these matters we have one great difficulty. Big business has big influence. That is unfortunately true, big influence not among the people outside but among the people who are at the centres of power. I wish that in enforcing quality control and pre-shipment inspection, on both the points which I have mentioned, the strictest vigilance should be exercised. No sort of influence must be allowed to have any way. With Government officers who administer them, they do have some sort of influence. I hope when the Bill comes before us—and I hope that it will come sooner rather than later—we will see that in the interests of the trade of this country and in the interests of the good name of this country, such influence is not exercised.

I do not like to say much more, but I would like to add only this that this is indeed a colossal problem. Production must go up and productivity must be higher. It is not only the labourer

who must be asked to sacrifice, it is not only the consumer who must be asked to sacrifice, but everybody should make some sacrifice. The Indian consumer is making today a tremendous sacrifice. I would say the entrepreneur, the industrialist, the big money man should also come forward willingly and not ask for incentives. I would agree to incentives of the right type which will lessen the price of our exports, but not incentives which will make their money bags bigger. I expect and this country expects that they will bring unselfishness and devotion to the task on hand, which is a great national task.

*The question was proposed*

**SHRI SITARAM JAIPURIA** (Uttar Pradesh): Madam, Deputy Chairman, I find myself in a little difficult position immediately to speak after the motion has been moved with such a fiery approach.

**SHRI AKBAR ALI KHAN** (Andhra Pradesh): You can also have some firing.

**SHRI SITARAM JAIPURIA:** My friend is accustomed to fireworks. I would say that the turn was that of my friend, Mr. Ramamurti, but when I requested him to allow me to speak first, as I will have to go away early, he readily agreed to it. When I told him how he had so readily co-operated, he said: "I want to fire you also." It appears that firing is going to be on this side and on that side also.

**THE DEPUTY CHAIRMAN:** You have submitted yourself to that.

**SHRI SITARAM JAIPURIA:** Anyway, the Government deserve all the appreciation for having had a Committee of this nature headed by such an important personality as that of Sir A. Ramaswamy Mudaliar. Unfortunately, however, it has been our experience of most of the Committees that though the Committees are constituted, the important recommenda-

tions of those expert Committees do not generally meet with the approval of the Government particularly if it means giving up something even though it may not be appreciably much. I do hope that when I make these observations I will not be misunderstood. As the time at my disposal is not much, I would confine myself to the salient points that have been raised in this important Committee's Report.

First of all, Madam, I must say that the formation of a Ministry of International Trade headed by a dynamic leader like Shri Manubhai Shah ensures a bright future for this particular Ministry. Undoubtedly, we have confidence in his foresight, and we do think that this problem will be solved to a great extent. The indications, however, for a long time past have been that our imports have been increasing and our exports stagnant. I am sure the House will bear with me when I say that it is a matter not only for a particular section of the community but for the entire country to tap all the resources in such a manner that this problem, which is most vital not only for the success of the Plan that we have in hand but also because of the other conditions and circumstances that have been created by the E.C.M. problem, is solved. Every one of us must give the best out of ourselves so that this problem is solved. I would most earnestly request, Madam, that the suggestions that have been given by this Committee, particularly regarding the Import and Export Stability Fund, should receive the immediate consideration of the Government. It has been recognised beyond any doubt that the availability of imported raw materials and the necessary spares and spare parts is the only way by which one can definitely assure a regular flow of quality materials. I am not discounting the fact that there are many cases where exports are not done for reasons other than these, but undoubtedly I am sure that the Government will bear with me when I say that there have been reasons

[Shri Sitaram Jaipuria.]

which have been beyond the control of the industries, which have been responsible for the major portion of it. The recent announcement by the Finance Minister in his Central Budget speech of exempting the increased corporation tax on export earnings is, if I might submit very humbly, a very notional relief, if a relief at all. The three-fold income-tax relief which has been recommended by this Committee is one of the most important things that must be done to boost up exports.

A little while earlier it was said that the cost of production must be reduced and that that is the only way by which regular exports can be ensured. I am all for it. My friend, Mr. Niren Ghosh, asked why the cost of production was so high. I for one feel and undoubtedly every one of us wishes that the cost of production must be reduced. But where is the scope for it unless and until a most radical change is made in our cost structure and also in our production methods? When it comes to the question of raw materials, we find that the cost cannot be reduced. I do not blame anybody, maybe sometimes the question of paucity comes into the picture.

**SHRI NIREN GHOSH:** Reduce profits.

**SHRI M. GOVINDA REDDY:** It is the stomachs that come into the picture.

**SHRI SITARAM JAIPURIA:** I do not mind the interruption but, Madam, I will take a little more time in that case. The question of reduction in raw material cost is generally looked from a political angle. I do not blame him for it. It is bound to happen everywhere. In the matter of labour too, my friends will say that no retrenchment is feasible, that nothing is possible. The wages are fixed and other items of cost are also fixed. I would not be misunderstood when I say that industry as a whole and every manufacturer should always look upon the labour as the most important part of the organisation, and without a happy labour and without

an adequate supply of raw materials nothing can progress and progress satisfactorily. Then there are other expenses, for example, transport and electricity generation. They are all regulated and beyond the control of managements. Instead of giving relief in the railway freights as recommended by the Mudaliar Committee the Government has come forward by increasing the railway freights. Why I am saying all this is only to indicate the lack of importance attached to the report. In fact I would say that not very careful consideration has been given to the report which was submitted months ago. I would most earnestly submit that there are many small details which have been given in this Committee's Report, but they are most essential. For example, in the organisational set up it has been suggested that there may be a Regional Office under a Deputy Chief Controller set up in Kanpur having jurisdiction over the whole State of Uttar Pradesh. Why such recommendations have not been given effect to is beyond my comprehension. We are quite happy that industries are doing their best. It is necessary that not only our exports should comprise mainly of the traditional items of jute, tea, cotton, etc., etc., but also of the products of new industries that are coming up and new lines must be thrown open so that our exports may increase and the country may be able to fulfil the Plan that it has already taken in hand. We live with the Plan, we die if our Plan does not meet with success. Let us hope that better sense will prevail among all sections, let there be no conflict between man and man or class and class. Every one must put his shoulder to the wheel and do his best in order to boost our exports, the only life-saving belt that we can think of today. This is what I wanted to say.

**SHRI BABUBHAI CHINAI:** Madam, I will say a few words on this important subject, and whatever I will be saying would be to help the exports of the country, and it would be in a



practical and businesslike way. Whatever I say would not carry any sentiments behind it, I can assure you, Madam.

It is a known fact that our foreign exchange position has been so bad and we are passing through such a great difficulty that the country's exports must be increased, and there can never be two opinions about it. Even if we look at the present position and see how we are put in it, the recent cut of nearly 50 per cent on the actual list of imports would bear out that we are facing a serious crisis so far as availability of foreign exchange is concerned. Even the other day in the Lok Sabha our Finance Minister very rightly said that unless we make every effort to earn our foreign exchange by way of exports, it would be very difficult to sustain our economy. The Mudaliar Committee Report which is under discussion today has also very rightly said that unless people as a whole and specially the business community and industrialists take it to their heart to see that all conceivable means are adopted to see that exports are increased, all those slogans which were given to us—"Export or perish", etc., etc.,—to whip up our enthusiasm will not bring us more exports.

The Mudaliar Committee has very rightly made certain suggestions in order to see that our exports are accelerated and in doing so, they have also made certain statements in their Report which, to me, are quite justified and are appropriate not only in the interests of the country as a whole; but they have taken this as a problem which can be faced and solved provided some practical approach is made. My friend got a little upset when he read a couple of paragraphs of that Report but one should not lose sight of the facts. The facts should be faced as they are. As a matter of fact, when the Mudaliar Committee's Report says that the business community is not expected to make sacrifices for all time to come

and that the exports will not increase unless the recommendations made by them are implemented, I do not see that there is anything wrong in it. After all if an object is to be served, we will have to look into the problem from all angles. The business community are not angels. If you tell them that they will have to export without profits, I doubt whether it is possible. Even we have not stated that we would do it without profits. Today in spite of the fact that they are allowed to have their own profits, the exports are at a standstill. We have not been able to come to the target, a moderate target, which has been fixed for us. Therefore, if we are going to ask them to do something which is against all canons of justice, which is against all reasonable aspirations, I doubt whether we will be able to solve that problem.

Another point on which my friend got a little upset was in connection with the paragraph on quality control. I am one with him, I am one with the Report, that the time has come when Government will have to sit tight and see that those who produce goods produce goods of a standard quality approved by the Indian Standards Institution or by any other institution which is recognised by the Government of India. There cannot be two opinions on that. If we are to build up our export trade and if we have to go on continuously depending upon our export trade, there cannot be two opinions that the goods which we manufacture should be of a standard quality acceptable to all and at all times. Therefore, the Mudaliar Committee's Report has pointed out this special aspect of the whole export trade and I would beseech the hon. Minister to take cognisance of this Paragraph and see that this is implemented with all the zeal at his command. I would also appeal to the business community that they should also see that the fair name of the country is maintained, not for themselves but in order to see that the country prospers and prospers not only for a short time but for all time

[Shri Babubhai Chinai.]

to come. At the same time we must also not forget and lose sight of the fact that various suggestions have been made by the Mudaliar Committee and I am very sorry to say that even though five months have elapsed, no concrete steps have been taken either by the hon. Minister or by the Ministry in charge. There are four or five suggestions which have been made which, if implemented, I am sure, will give a fillip to the export trade.

On the contrary, I find that the State Governments have not been co-operating with us. As for example, the State of Kerala has put 5 per cent. sales tax on tea. Now, this is not a problem which a State Government can view according to its requirements. It must also think in terms of the overall picture of the country. Where exports are necessary, it is not right that such burdens should be put. In July, we had the Railway Budget and what was the position? Freight charges have been increased. Now, on the one side we talk of exports, we talk of competitive prices, we talk of boosting our exports. And on the other side we find that the same products are being made more costly. How is export going to increase? Not by my speech or the speech of my friend. After all, we are business men, we must be practical men and we must try to see that the boosting of exports gets all the incentives—reasonable incentives I would say—which the export commodities require. We must also know, however, how the cost of production is higher than in other countries so far as our products are concerned. We must not lose sight of the fact that we have obsolete machinery. We have not got the latest machinery in all our industries and especially what is the position of the textile industry? The industry was shouting from house-tops about rationalisation for the last ten years and we could not rationalise the industry, with the result that today our textile exports suffer. Even though we are doing fairly well, if

England joins the Common Market, what will be the position of our textile export? In spite of the fact that the industry has voluntarily accepted 12½ per cent. of exports, it would be very difficult to push up our exports even to the extent we are doing today. Let us be very careful about what we do; let there not be only one-sided decision. It may be argued that all the industries have been making profits and therefore there is every scope for profits to be brought down and at the same time exports boosted up. To a certain extent, it is possible; to a certain extent, we have been implementing it. Madam, you must be knowing that since March 31, 1957, when the ex-Minister for Commerce and Industry, Shri Morarji Desai was there, industrialists have frozen their prices on many of the products, and they have carried out that in spite of the promise which was given to them at that time that if because of any rise in the raw material price or because of any wage rise or because of any rise for any reason the cost went up, the Government would come forward and would give the increased cost. Industrialists have all these factors and in spite of that, they have been carrying on with the price of 1957. I do not want for a moment to say that they have made any sacrifice. If they have made any sacrifice, they are open to make it and it is necessary to make it but to say or malign them that they have not done anything which is required of them is not a fact. Let us not forget the point. After all, whatever sacrifice you want they will do. Let us try from the overall angle of the whole world. Is there any country which has exported its items at a price which is lower than its local consumption market?

SHRI T. S. AVINASHILINGAM  
CHETTIAR: Yes, Japan.

SHRI BABUBHAI CHINAI: I have yet to see. My friend has given the example of Japan. I can assure him that it is a wrong statement. I would quote only one example about one item and you will realise what the

exact position is. Rayon yarn is being exported by Japan to the various parts of the world and the export price for 150 deniers is 42d. and what is their internal consumption price? It is 110d. This is one item which I am quoting.

**SHRI T. S. AVINASHILINGAM CHETTIAR:** You are proving what I am saying.

**SHRI BABUBHAI CHINAI:** No, no the internal price is more. What I say is the external price is less and the internal price is more. You say, why should the internal price be more?

**SHRI T. S. AVINASHILINGAM CHETTIAR:** I am afraid Mr. Chinai has misunderstood me. He has proved just now what I have been saying.

**SHRI BABUBHAI CHINAI:** I am glad that he is agreeing on that also. If he agrees with me, then he is not able to. . .

**THE DEPUTY CHAIRMAN:** You are agreeing with him.

**SHRI BABUBHAI CHINAI:** If I am agreeing with him, I am in good company and I am glad that he agrees that the internal price should be more in order to export our products and, therefore, he should not have any complaint so far as the consumers of this country are concerned.

Well, this is not a very happy position. He also had been endorsing what I say. (*Interruptions.*) At the same time there should not be any inflationary prices because, after all, we have to see . . .

**THE DEPUTY CHAIRMAN:** You have taken too much time. We have so many other speakers.

**SHRI BABUBHAI CHINAI:** If I have taken too much time I am sorry. I have tried to be as brief as possible, and I would only crave your indulgence for a minute more, Madam. What I wanted to convey to the House

was that the time has come when platitudes will not do and hard work is necessary, and it is our duty as citizens of this country to strengthen the hands of our Minister who has been doing so splendid a work.

Thank you.

**SHRI P. RAMAMURTI (Madras):** Madam Deputy Chairman, we have had a splendid defence of the Ramaswami Mudaliar Committee Report from Mr. Babubhai Chinai. Naturally, I expected that Mr. Babubhai Chinai and people of his type would be the doughtiest champions of this Committee's Report. But I am not able to see any reason why the Government of India should have wasted so much money in appointing a committee whose composition is what it is.

If you go through these recommendations you will find that there was no need whatsoever to appoint a committee of this type. They could have gone to the Federation of the Indian Chambers of Commerce and Industry. . .

(*Interruptions.*)

Please wait; do not disturb me. They could have gone to any of these organisations, to any of the chambers of commerce, and they would have given the identical suggestions that have been given by Sir A. R. Ramaswami Mudaliar and company, naturally because the very composition of that committee is that, and Mr. Avinashilingam Chettiar hit the nail on the head when he referred to that particular paragraph.

Mr. Babubhai Chinai was waxing eloquent about the great amount of sacrifice that the textile mill-owners of our country have been making, particularly after 1957 when they had been given a good number of incentives to export. I would just like to give you some figures to show the amount of sacrifice that our textile mill-owners have made, particularly what the Bombay textile mill-owners have made after 1957. I will just give

[Shri P. Ramamurti.]  
you some figures; I have got the figures for three complete years only. In 1958 a number of incentives were given to the textile mill-owners for the purpose of promoting exports, for export promotion—a number of things. Now as a result of these things what happened? Exports of textile cloth in 1959 stood at 814 million yards. In 1960 they came down to 694 million; in 1961 they further came down to 574 million and in the four months of 1962 (January—April) they have come down to 169 million. It means that they would not go up to even 500 million this year—you must understand it. Precisely in the period when they got incentives after incentives, precisely in that period, exports have been going down, from 814 million in 1959 to about 574 million yards last year, and this year it is going to be about 500 million yards. And what is the sacrifice that they have made? On the other hand the total profits of the Bombay mills—I am talking of the Bombay mills alone; I have not got the figures for all the mills—the total profits of the Bombay mills in 1959 ran to Rs. 1,232 lakhs. In 1960 they went up to Rs. 2,100 lakhs and in 1961 they went up to Rs. 2,400 lakhs—see how the profits are mounting up from Rs. 1,232 lakhs to Rs. 2,400 lakhs. This is their tremendous amount of sacrifice, and this is the tremendous amount of sacrifice about which Mr. Babubhai Chinai was talking to us just now about the mill-owners.

**SHRI M. GOVINDA REDDY:** There has been more production and so more profit.

**SHRI P. RAMAMURTI:** A good sacrifice really. Now why is it that in spite of the fact that these incentives have been given they did not today utilise these incentives for the promotion of exports? Mr. Babubhai Chinai must be knowing that in 1959, for example, when there was a tremendous amount of shortage of cotton here, a number of mill-owners had approached the Textile Commissioner with faked contracts, and on the basis

of these faked contracts about 50,000 bales of cotton were actually frozen and they were given to them at controlled prices. And afterwards did they export? Did the Textile Commissioner go and find out whether these people who got the cotton at controlled prices on the basis of a representation that they had got contracts for export, did really export? Did they really export? These are facts which cannot be denied. Or take, for example, the Export Promotion Council and you will find how many mills have failed to carry out the export contracts that they had entered into with certain other firms and how many have been the complaints. And what has happened to those complaints? Arbitration. They failed to carry out the contracts because they thought that it was much more profitable to sell the goods in the internal market. Even after having entered into contracts with many of the foreign firms for exporting cotton textiles many of the leading textile mills in our country have been totally dishonouring these contracts. Complaints have been filed with the Export Promotion Council; innumerable complaints have been filed with the Export Promotion Council. And what has happened to all those complaints? Arbitration. They pay about 3 per cent. or 4 per cent. whereas they make a profit of 40 per cent. or 50 per cent. in the internal market. This is what has been happening. You cannot today shut your eyes to all these facts and here come and talk of the tremendous amount of sacrifice that they are making. (*Interruptions.*) All right. Therefore it comes to this. "If you are going to make it much more profitable for us to sell it in the export market, then we will sell. Otherwise we will not sell." Then why should we want you? We need not have you. We ourselves can take up the thing. Anybody can sell if it is going to fetch much more profit. Therefore the problem is this; it is not dependence upon these textile mill-owners or these bosses that is going to give you the export market. This is precisely the thing,

and if this position is accepted, where is the limit to the profits? Today you are giving some concessions. The Mudaliar Committee wants further income-tax concessions. It wants further sales tax concessions. It wants further concessions in other directions. All right. You grant all these things today. Then from Rs. 2,400 lakhs their internal profits will go up to about Rs 3,000 lakhs. Then what is the further concession? Then the further concession will be no income-tax. And then their internal profits will swell further up. Then the further concession will be, "All right, we will ourselves give you the money; instead of taxing we will ourselves give you money". Is there any limit to it? Therefore what is the meaning of all this? That is why I say, so long as there is no control over your internal prices, you decide your prices as you please. In spite of your stamping and all that we know what has happened to your stamping. For example, here is something; I will just quote; I am quoting from a very respectable journal, *The Commerce*. It is a very respectable journal; it is not a Communist journal and therefore it should be accepted. (*Interruptions.*)

"Some dealers' associations have alleged that the mills have changed 70 to 90 per cent. of the varieties merely in order to get higher prices without materially altering the construction particulars, and that non-standard varieties are being put in the lower-priced category of popular ones" etc., etc.

I am just pointing out how things are happening. You may stamp all these things but, mind you, underhand dealings are taking place in the textile industry, and the profits that are shown in these balance-sheets are not the only profits. There are other profits running into crores of rupees which are not properly shown in these accounts; there is manipulation. This is what is happening.

SHRI M. GOVINDA REDDY: All is fair in trade, love and war.

SHRI P. RAMAMURTI: That is right. All is fair. Therefore, Sir, if we depend upon this Mudaliar Committee Report for seeing that our exports are promoted, I am afraid that after one year or two years, they will come back again and ask for further incentives. This is all that would happen. Therefore I do not think that this kind of incentives is going to do any good.

SHRI BABUBHAI CHINAI: So what is the remedy that you are suggesting?

SHRI P. RAMAMURTI: I am telling you; I am coming to the remedy Government can certainly work out the cost structure and on the basis of that cost structure requisition the goods from the mills, say, "You deliver 12½ per cent. or 30 per cent. or 40 per cent. of these goods on Government account to the State Trading Corporation or somebody else. We will ourselves export. We do not want you as our intermediary." We can ourselves export. It is not such a big job. Today it can be done. Therefore compulsorily requisition a certain quantity of their production on the basis of cost, not on the basis of any profits, but on the basis of cost because it is enough, the profits they make in the internal market. Under threat of taking over their mills if they fail to do this Government can certainly requisition a certain percentage for certain export purposes. I am saying this precisely because of the tremendous amount of incentives that they were being given. Mr. Babubhai Chinai was just now talking of rationalisation and all these things. I have also dealt with the problem much more than you. What is the amount of rationalisation that has taken place since 1947? How many times that has taken place? What is your total labour force? Our labour force is of the order of 70 per cent. of what it was about 10 years ago.

[Shri P. Ramamurti.]

We are facing it every day. Not only that. In 1957, for example, when Mr. T. T. Krishnamachari was the Finance Minister they said that they would allow certain automatic looms to be installed in Ahmedabad and Bombay on the specific understanding that such looms would be utilised only for the purpose of export. What has happened to that? In spite of doing all these things, your exports have come down. Therefore you are not people who are capable of holding to your promise. Your entire past shows that all that matters to you is sordid money, profits and nothing else. Therefore I would say that depending on this will not help us. That is one aspect of the problem but quite apart from that, there are other aspects. After all we are not going to boost up our exports merely on the basis of selling them 800 or 1,000 million yards of textile cloth. There are other great important aspects of the question about which of course the Mudaliar Committee can have no conception. After all hide-bound as they are with nothing but the consideration of sordid profits for their own class, they cannot today think of the entire problem of export, or why is it that our export problem is what it is to-day or what is it that is happening to-day in the entire world. This is a problem about which the Mudaliar Committee is totally incapable. Mr. Mudaliar might be a great man, he might have been a Member of the Viceroy's Executive Council, all that may be true but despite all that, they are totally incapable of understanding the problems that are facing today the underdeveloped countries. What is the position to-day? I am again taking the facts, not from any leftist journal but from the same 'Commerce'. The facts as they are to-day are these. As far as the industrially-developed countries are concerned—by the industrially-developed countries I mean precisely those countries which have had an empire, which even now continue to have some companies but in the past have had an empire, like Britain, America,

France and Belgium—as far as these countries are concerned, what is the position? During the last 15 years, despite all talks of helping the underdeveloped countries, what has happened? The volume of trade as far as underdeveloped countries are concerned has come down to 29 per cent. from 36 per cent. 15 years before. In the world to-day our share has come down to 29 per cent—our share means not only India's but the entire underdeveloped countries' share has come down to 29 per cent. Precisely in this period what has happened? Primary products continuously have been falling year after year. In the export market we do suffer. What has happened? Whereas on the one hand the industrial goods that are supplied to the underdeveloped countries have registered during the last 10 years a rise of 24 per cent., in the last 15 years the primary products have been falling down. To-day the position is this. Last week what has been the position?

"World commodity prices have been tumbling down in recent weeks at a rate which must be a source of serious concern to all primary producers."

To what extent have they fallen? I may give some examples:

Castor seeds fell from £134 last year to £112.5 this year, groundnut from £70.0 to £57.5, copper from £235.0 to Rs. 229.0, tin from £910.0 to £858.0 and jute £146.0 to Rs. 98.0

This is the steep fall that has taken place precisely during the last one year. This means that whatever might be the amount of goods, even if you keep up the total volume of exports that you used to do before, even then your export earnings are going to be less. Continuously we have been suffering and this suffering has been borne not only by India but by all the underdeveloped countries. This is the challenge we have to face. It is precisely in this context that the E. C. M. has also to be seen. After

all it is a fact that many of these countries, many of these empire-countries, imperialist countries, who were holders of colonies before find themselves to-day that the under-developed countries have come to their own and are fighting their own battle and it is no longer possible to keep them under check by means of the political bayonets. To-day new weapons are being forged. These people are to-day entering into monopolies. After all Britain, France and many of these countries entering into the E. C. M.—what does it mean? What a powerful weapon it is in their hands in order to further beat down the prices of the producing countries, all those countries which are producing the primary commodities? This is the real crux of the problem. Faced with this, what is it we are going to do? Has the Mudaliar Committee anything to do with any of these problems? No, they cannot think of these problems. For them it is a question of how to get more profits. That is all their concern. Today we cannot be thinking only of that problem. Certainly if by some incentives we can export some more, I would be all for it but I am afraid the past performance is the clearest indication that these incentives alone will not give you the performance that we want. So it is from that point of view that this is a common problem that is facing not only India but facing the entire underdeveloped countries, all those countries which are to-day developing. How we are going to meet this challenge is the problem. To-day we have to face much more bitter competition. For example, in Britain, the figures show that during the last year a number of textile mills in Lancashire and Manchester had collapsed. Their profits have gone down. Many of them have incurred losses. Therefore the cry is now put up in Britain: "We will not allow any of the Indian cloth or cloth from Hongkong and other countries". They want to protect their own interests. Therefore we should be able to meet this challenge and this challenge can

be met not by India alone. This challenge has to be met by all these under-developed countries coming together and, devising some ways, for standing up to these imperialist countries who are fighting their last ditch battle against the rising tide of national regeneration in many of the under-developed countries which want to throw off the shackles of exploitation over them for the last so many centuries. So, unless all these countries are able to stand together and evolve some common policies or fiscal policies, evolve some other policy, also evolve some terms of trade as between them, and also evolve some policy by means of which they will be able to stand together in the U. N. and the various other world organisations in order to force the imperialist countries to change some of their policies, unless we are able to do this, I am afraid that by simply nibbling at this problem we will not be able to solve this question. It is in that context that I would like to know what happened in the Cairo conference. After all when Mr. Morarji Desai had been to Europe to persuade those countries, America, Britain and France as well as the other countries to continue to give us the aid, a report was placed on the floor of the House. I expect that when at Cairo all these under-developed countries had met, they had met precisely to meet this challenge, when they had serious discussions. It is very unfortunate that our Indian newspapers did not give much publicity to that important conference but nevertheless, the fact remains that our Minister had been there and I do not know what transpired there. I would certainly like to know what role our Finance Minister played there. These are important questions and certainly I would have been happy if our Minister had placed a statement. . .

**THE MINISTER OF INTERNATIONAL TRADE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI MANUBHAI SHAH):** I have placed this morning a statement on the floor of the House.

SHRI P. RAMAMURTI: I am sorry. Therefore I would like the House to discuss these basic questions which are confronting our economy to-day and it is precisely on the basis of meeting this challenge that we should not under-state or underrate the seriousness of the problems facing us. This is a very serious problem and unless this problem or this challenge is accepted not only alone by us but on the basis of the joint co-operation of all those countries which are similarly placed like us, unless we are able to do that, I am afraid we will not be able to take up this challenge. Therefore while discussing this Mudaliar Committee Report, let us not try to nibble at this problem. The suggestions made by Mr. Mudaliar may satisfy Mr. Babubhai Chinai but unfortunately they are not going to deliver the country out of the woods. Therefore let us think of more fundamental problems. It is from that point of view that I would ask the Minister to throw some solution even during the course of this discussion.

SHRI SURENDRA MOHAN GHOSE (West Bengal): Madam, before proceeding to the actual debate, I would like first of all to mention one thing. When our friend, Mr. Manubhai Shah, was appointed Minister for International Trade, high hopes were raised in the country because of his efficiency in dealing with such subjects and also dealing with them very effectively. But today I find there is some disappointment. Some of the points which have been raised from the opposition by our friend Shri Ramamurti just now, I consider to have more connection with a long-term solution of the problem than with our present task of today. Yes, I do agree with him that all these underdeveloped countries have common problems and they are almost all in the same position and they will have to come together and take up this challenge, as far as possible, jointly. But as I said, these things are of a long-term nature. What is necessary today is that we must adopt a realistic approach to the present problem. My hon. friend Shri

Avinashilingam Chettiar made an appeal for sacrifice and to the patriotism of the trading community. I agree with him, but I do not say that they are all unpatriotic or that they are not prepared to make any sacrifice. All the same, some of the things which have just now been brought to our notice need attention. Cotton, it seems, was got by the textile people at a rate fixed low, on condition that they will export the goods. But actually it was not utilised for this purpose. If these are real facts, then the Government must go into them. Also, it seems licenses were given for power-looms only for the purpose of producing and exporting textiles, but it seems they have not exported their goods but sold them in the internal markets in order to make profits. These things also must be gone into and steps should be taken so that in future these things may not occur. All the same, I agree with Shri Babubhai Chinai that nobody can be expected to go on trading without an idea of making a profit. We have to take a realistic view of things.

Some of the grievances of exporters were mentioned, especially those who are established exporters. One grievance is that sometimes some export quota is given to the State Trading Corporation which they cannot utilise. It is stated that if a certain portion of it is given to these exporters also they could utilise the whole of it and bring in some foreign exchange. I do not know how far this is correct. Some items were also mentioned to me by exporters. For instance, in the case of pulses a quota of 20,000 tons was given to the S.T.C. and they could export only 3,000 tons. If that is the state of things, then certainly it is our duty to set right things. Most probably the S. T. C. is not able to do it. They have not got the experienced men and so they are not able to push up these articles in the foreign markets. In such a case, a certain quota should also be given to the private traders so that they can push up



the exports and create a market for our goods.

The cost of production was referred to. I myself feel that there is scope for reducing our cost of production. But that is also a long-term solution. Today we cannot immediately do it. We cannot bring down this cost of production and taking things as they are today we must try to find out some method by which our exports can be boosted up and we can earn more foreign exchange. Therefore, I would agree with the Mudaliar Committee's Report and with their suggestion to give more incentives. These long-term solutions will take time and by the time we are able to do something on those lines we would be facing an imminent crisis here. There is the suggestion about the reduction in freights. I agree with this suggestion of the Committee and also with Mr. Babubhai Chinai when he says that there is no meaning in our saying on the one hand that we either export or perish and on the other hand increasing the railway freight. We shall have to see that the commodities that are meant for export are not affected by this rise in freight. These are small things, but we can give our immediate attention to them so that the export trade also may increase. At the same time we can also think of long-term solutions.

These are the few remarks that I wanted to make at this stage. Thank you.

**SHRI RAMGOPAL GUPTA** (Uttar Pradesh): Madam Deputy Chairman, at the very outset I must say that the forming of the Board of Trade with Shri Manubhai Shah as its Chairman was a very correct step taken by the Government. The report of the committee popularly known as the Mudaliar Committee has been in our hands for some time and there is no disputing the fact that the prime need of the country at the present moment is to export more and to earn more

foreign exchange to meet our obligations to society by fulfilling the Third Five Year Plan targets and also to create the funds to repay our debts. In this context, I wholeheartedly support the recommendations contained in Chapter IV under the heading, Export Promotion, in the Mudaliar Committee's Report. While the Committee has gone into the problems of export, I am afraid it has only just touched the fringes of a vast problem. Perhaps it has not been possible for the Committee to go into the very vital factors that are responsible for lower exports which have come in the way of our increasing our exports to the extent originally anticipated, of Rs. 750 crores a year from Rs. 650 crores. It is a fact that an expanding home market has proved a boom to the manufacturers. But I am afraid that even the traditional items of our export like jute and tea, are losing ground and are facing difficulties. With jute that is particularly the case, because it has now been possible for Pakistan to build new mills and to give better efficiency and production and that too with a lower labour cost and so they are able to compete very favourably with our production. Similarly with tea, Ceylon and Africa have developed big production potentialities and they are able to hamper our exports. Textiles again form a very important item of export. Here, Madam, I would say that all new nations, all the nations that are getting their freedom, first look to the textile industry as the first and most common industry that they want to start in their country. You will be surprised to learn that a country like Australia which never thought of putting up a textile industry, has now about half a million spindles and about 5,000 looms and most of their bagging cloth requirements which they used to import from our country, are now met from their own resources.

This is the state of affairs and with the expanding economy of our country we will have to face stiff competition.

[Shri Ramgopal Gupta.]

In this regard, the incentives that have been promised and have been given to the industry have certainly helped to maintain the export of this vital item. Why is it then that exports are not expanding? The reason is not far to seek if we want to find out the facts. The fact is that in Japan the cost of production in the textile industry is very much low as compared to India. Our labour costs apparently are cheap but the productivity of labour is so low that we cannot compete with Japan.

A question has been raised about the freight rates. These are being increased every year. On top of everything is the increase this year of the freight rate which was of the order of 18 per cent. to 20 per cent. and this will naturally result in offsetting the 25 per cent. rebate recommended by the Mudaliar Committee. Shortage of raw materials has become a big problem and the industry, as I said earlier, cannot survive if it is not able to build up stocks of its raw material requirements. If it has to depend upon raw material imports, if it has to look to the ships coming at the port and the goods being cleared and railed to the destinations, then the loss of production that is entailed in the industry is so huge that all cost structures of that industry get upset. I know that without creating a pool of stocks of raw materials it is not possible to meet this challenge but to create that pool we will need foreign exchange. As such, I would suggest to the Government the necessity for rational use of our foreign exchange resources. This is vitally necessary. I will take the case of the textile industry. We have been exporting textile goods worth Rs. 65 crores in the past couple of years on an average and our imports of cotton account for about Rs. 40 crores. Now, this high-priced superior cotton is necessary to keep those mills running which have sort of planned their economy on the basis of that cotton but can I request

the hon. Minister to go deep into this matter and see why we cannot import a bigger bulk for the same amount of money, of cheaper cotton. If I do not miss his ears can I remind him that Gandhiji was able to catch the imagination of the people with Khaddar? Why is it necessary now that we must have cloth worth Rs. 8 or Rs. 10 per yard to cater to the whims of people who use that type of cloth? We can certainly utilise that amount of Rs. 40 crores for importing cotton which is necessary to be imported because of the vagaries of the monsoon resulting in the failure of cotton crops; otherwise, it is not necessary to import that high-priced cotton.

Recently, our Commerce and Industry Ministry has taken a decision to textile import machinery. As a man from the industry, I would say that it is commendable but on the other hand it has its disadvantages also. Now, ring frames and cards will be imported but these are being manufactured in India and there are four factories manufacturing these machines. I would suggest to the Minister that instead of importing machinery he should permit more liberal import of those components which would help in the manufacture of those machines and force these units to increase their production to meet the internal needs of the country. Similarly, I would like to refer to sanforizing which is a patented trade name for a process of cloth which enables a cloth to become shrink-resisting. I cannot understand why it has not been possible for our Government to stop millions of rupees which go out of India for the utilisation of this patent by our manufacturers by instructing the Indian Standards Institute to involve its own method of shrink-proofing cloth and importing machines for which we do not have to give any royalty. We will save millions of rupees in foreign exchange. These are just some suggestions to save our foreign exchange which I think is possible to be achieved. As our friend, Mr. Ramamurti, said, all the

blame has been put on the textile industry but I can assure you that we in the industry have not lacked in our patriotism towards the country. We have exported and I know of units which, even when this idea of a committee was never thought of, were exporting a certain minimum of their production just because they felt the need for foreign exchange earning for the country and it is futile to say that they are not patriotic. They might have failed to achieve their targets but they have done their duty in at least trying, and trying hard, and achieving some results. Madam, as I said, it is not only necessary that we earn more foreign exchange but it is vitally important that we make prudent use of our resources so that we can conserve these to meet our obligations of repayment of foreign exchange debts which our Government has had to incur during the last fifteen years to meet its Plan programmes. These are just a few suggestions which in the wake of our present position I have put before the Minister for his consideration.

**श्री कृष्ण चन्द्र (उत्तर प्रदेश) :** आदरणीया उपाय मन्त्रालय जी, इस भवन में अभी तक इस कमेटी के सम्बन्धमें जो जिक्र हुआ है उसमें एक्सपोर्ट की बाबत कमेटी की जो सिफारिशें हैं उन के सम्बन्ध में काफी जिक्र हुआ है और बड़े उद्योगों को बढ़ावा देने की बात भी कही गई है। बड़े उद्योगों की तरफ से यह भी दिखाया गया कि वे काफी त्याग कर रहे हैं और काफी त्याग करके कोशिश कर रहे हैं कि अपने माल को एक्सपोर्ट करें और इस वास्ते अपना एक्सपोर्ट बढ़ाने के लिये उनको अब और ज्यादा इंसेंटिव दिया जाना चाहिये। दूसरी तरफ से यह कहा गया कि जितने इंसेंटिव अब तक बड़े उद्योगों को दिये गये हैं उनका उन्होंने सही इस्तेमाल देश के हित में नहीं किया है, उन्होंने एक्सपोर्ट को नहीं बढ़ाया बल्कि अपने मुनाफों को बढ़ाया है। मैं इस सगड़े में पड़ना नहीं चाहता हूँ लेकिन एक बात मैं अर्ज करना चाहता हूँ, निवेदन करना चाहता हूँ

हूँ, कि यहां पर छोटे उद्योगों का अभी तक कोई जिक्र नहीं किया गया। जहां बड़े बड़े उद्योग हैं और जिनको बड़े बड़े पूंजीपति, बड़े बड़े मिलमालिक, चलाते हैं वहां हमारे इस देश में छोटे छोटे अनेक उद्योग धंधे हैं जिनको छोटे छोटे आदमी अपनी छ्ंटी छोटी पूंजी से चलाते हैं परन्तु उनकी जो दिक्कतें हैं उनका जिक्र यहां पर नहीं किया गया। . . .

इम्पोर्ट की बाबत जो इस कमेटी की सिफारिशें हैं उन के संबंध में मैं कुछ निवेदन करूंगा ताकि उन छोटे उद्योगों की जो दिक्कतें हैं वह भी इस भवन के सामने आ जाय। इस कमेटी ने जगह जगह इस बात का जिक्र किया है कि जहां जहां यह कमेटी गई वहां वहां सर्वत्र, सब जगह, इस बात की शिकायत की गई कि इम्पोर्ट के दरवास्तों की जो कार्याविधि है उसमें बड़ा विलम्ब होता है। दूसरी शिकायत यह कि गई कि इम्पोर्ट का दफ्तर, चीफ कन्ट्रोलर आफ इम्पोर्ट्स का आफिस और डेवलपमेंट विंग, इन के जो अधिकारी हैं वे न तो बातों का जवाब देते हैं प्रार्थियों को, और अगर जवाब भी देते हैं तो ऐसा गोल माल जवाब देते हैं कि जिस में उनकी बातों का सही सही उत्तर उनको नहीं मिल पाता और इसी कारण से जब सही सही बात अपनी दरवास्तों के बारे में नहीं पेश कर पाते तो उनकी दरवास्तों को रिजेक्ट कर दिया जाता है या विलम्ब से प्राप्त घोषित कर दिया जाता है। ऐसे ऐसे आंकड़े मेरे पास हैं कि छोटे उद्योगों ने दरवास्ता दी इम्पोर्ट लाइसेन्स के लिये — इस कमेटी ने भी उस के ऊपर जिक्र किया है — और उसमें बहुत छानबीन की गई और छानबीन करने के बाद फिर यह लिख कर दे दिया गया कि ये चीजें इस देश के अंदर प्राप्य हैं इस वास्ते इम्पोर्ट का लाइसेन्स नहीं दिया जा सकता, इन चीजों को देश के अंदर से ही मंगाया जाय। कई महीने इस बात की छानबीन करने में लगे फिर भी उनको यह उत्तर मिला। उस प्रार्थी ने स्टेट ट्रेडिंग कारपोरेशन को लिखा।

[श्री कृष्ण चन्द्र]

क्योंकि उनको इशारा किया गया था कि वहां उनकी मालमान की जाय। स्टेट ट्रेडिंग कारपोरेशन ने ४ महीने का पूरा समय लिया, सिर्फ इस बात का जवाब देने के लिये कि ये चीजे देश में प्राप्य नहीं हैं। आखिर में यह कसी ने नहीं देखा कि उस छोटे उद्योग धंधे की क्या गति हुई होगी, जब कि एक साल इसी तरह उसको बहुत जरूरी चीज मगाने के लिये लग गया। इस कमेटी ने इस सम्बन्ध में लिखा है कि डेवलपमेंट विंग ज्यादातर छानबीन करने में इस बात की पर्वाह नहीं करते हैं कि वे इस बात का पूरी तरह से अपने को इत्मीनान कर लें कि ये चीजे देश में प्राप्य हैं या नहीं और प्राप्य हैं तो कहा प्राप्य हैं और ठीक क्वालिटी के प्राप्य हैं कि नहीं। बिना इस बात का इत्मीनान किये हुए, बिना इस बात की खोज और जांच किये हुए वे लिख देते हैं कि ये चीजे देश में प्राप्य हैं। कमेटी ने यह सिफारिश की है कि इससे पेशतर कि वे जवाब दें, उनका पूरी तरह से इस बात का इत्मीनान कर लेना चाहिये कि ये चीजे इस देश में प्राप्य हैं और फला फला जगह से प्राप्त हो सकती हैं। उसके ऊपर उन्होंने यह भी एक सिफारिश की है कि डेवलपमेंट विंग को चाहिये कि एक रजिस्टर समय समय पर तैयार करते रहें जिसमें इस बात की सूची हो कि कौन कौन से रा मैटीरियल, कौन से कच्चे पदार्थ, जिनको उद्योगों को जरूरत है, इस देश के अन्दर प्राप्य हैं, मिल सकते हैं, और वे कहा कहा मिल सकते हैं—उनका सही और ठीक तरह से विस्तृत पता उस रजिस्टर में लिखा रहना चाहिये। उन्होंने यह भी कहा है कि जो चीजे प्राप्य हैं, जो पदार्थ प्राप्य हैं, उनका स्पेसिफिकेशन कि वे किस प्रकार के हैं; उसका भी पूरा ब्योरा रहना चाहिये ताकि जो लोग उनको लेना चाहते हैं वे ठीक तरह से क्रय कर सकें। जब वह रजिस्टर बन

जाय तब उसकी बिना पर अगर उनकी इम्पोर्ट की दख्वास्त नामजूर की जाती है, तो उनको यह मौका रहेगा कि वे वहां से अपनी चीजे मगवा लें।

दूसरा जिन्हा उन्होंने किया है इसेन्शियलिट्डी सर्टिफिकेट का। इस वक्त जो छोटे उद्योग अपने कारोबार के लिये कच्चे पदार्थों का इम्पोर्ट करना चाहते हैं, उनको पहले अपने सूबे के, अपने प्रदेश के, डाइरेक्टर ऑफ इन्डस्ट्रीज को दख्वास्त देनी पड़ती है कि वे उनको इस चीज के लिये इसेन्शियलिट्डी सर्टिफिकेट दे। उसकी वे पूरी तरह से देखभाल और छानबीन करते हैं, तब डाइरेक्टर ऑफ इन्डस्ट्रीज यह इसेन्शियलिट्डी सर्टिफिकेट देते हैं कि हा, वाकई इन चीजों की जरूरत है और इनको इम्पोर्ट करने की इजाजत है। फिर उसकी छानबीन डेवलपमेंट विंग से होती है। कमेटी की सिफारिश यह है कि जब एक बार डाइरेक्टर ऑफ इन्डस्ट्रीज ने अच्छी तरह से छानबीन कर ली, उस छोटे उद्योग के बारे में, तो उस छानबीन को पूरी तरह से मान लेना चाहिये। लेकिन अगर उनका खयाल यह है कि जो निर्देशक हैं, डाइरेक्टर्स हैं, हर एक प्रदेश के, वे एक भी पालिसी नहीं बरतते—कुछ सख्ती से पालन करते हैं, कुछ नरमी से पालन करते हैं—तो कन्ट्रोलर ऑफ इम्पोर्ट्स को समय समय पर सब डाइरेक्टरों को बुला कर और मशविरा करके एक पालिसी निर्धारित कर देनी चाहिये, ताकि उसी पर वे चले और फिर पूरी जांच की जरूरत न रहे।

मैं इन शब्दों के साथ छोटे उद्योगों की जो दिक्कतें हैं, इम्पोर्ट के सबध में हैं, वे गवर्नमेंट के सामने रखना चाहता हूँ और उम्मीद करता हूँ कि कमेटी ने इस सम्बन्ध में जो सिफारिश की है, गवर्नमेंट उनका भी पूरी तरह से लिहाज करेगी और जहां तक हो सकेगा, उनको दूर करने की कोशिश करेगी। धन्यवाद।

**THE DEPUTY CHAIRMAN:** There are five more speakers and after that the Minister would reply. If each one would restrict himself to ten minutes or seven minutes we can finish by 5.30.

**SOME HON. MEMBERS:** It is not possible.

**THE DEPUTY CHAIRMAN:** A time limit of two hours has been fixed. Even then I am extending it by half an hour more.

**SHRI ROHIT M. DAVE (Gujarat):** Organised groups have to be given time to express their point of view.

**SHRI P. RAMAMURTI:** This morning when we discussed it it was tacitly agreed that if necessary we would continue for about an hour tomorrow and if necessary sit through the lunch hour also.

**THE DEPUTY CHAIRMAN:** I do not know about tomorrow but we can continue for one hour today. If that is the desire of the House we can continue till six o'clock.

**SHRI DAHYABHAI V. PATEL (Gujarat):** Madam, while not in the least belittling the great burden that Shri Manubhai Shah is shouldering, I must point out some of the aspects of this subject some of which I had referred to in my speech on the Appropriation Bill but to which there was no reply. In the first place we have come up against a situation of shortages everywhere whether it is electric supply the shortage of which inconveniences us so much not only in this House but where Members of Parliament have to stay and read. You cannot read your papers. Yesterday the power failed three times in the morning and twice at night and so we all sit out in the lawns of the Western Court and waste our time. How can work be carried on whether it is of Parliament or of industry when we are faced with such shortages? Is there one place in the country, an industrial town, where there is no

shortage of power? This Government took office 12 years ago and experts were appointed. A Planning Commission supposed to be of experts was nominated and they have been making Plans and crores of rupees are being spent. The debt of foreign exchange is mounting high; the burden is mounting every day but with what result?

Now, it is not only shortage of power but there is also shortage of raw material. This country, which was a large exporting country till a few years ago, which was the country from which Britain fed all her industries with raw material—not only Britain but many others too—and built up a whole empire, has become short of raw materials today. What is the reason for that? There is something seriously wrong with the machinery of Government. Last year I think, or perhaps a little earlier, I had referred to the bungling in the matter of export of cotton. I had referred how the blue-eyed boys of the Congress were getting away with all the favours while the trade was suffering. Is not a similar thing happening in the matter of our export trade? This country built up an export market immediately after the war. All the countries that were involved in the war had their textile industry destroyed for every obvious reasons, and this country had a golden opportunity to build up its textile market. The private enterprise did all it could to build up that market. And what is the Government now doing? The Government has appointed what is called Cotton Export Board or something.

**SHRI MANUBHAI SHAH:** Cotton Advisory Board.

**SHRI DAHYABHAI V. PATEL:** Not being in the trade, I am not very familiar but I referred to some of these things when I spoke on the Appropriation Bill. I will refresh my mind and just tell you what it is.

AN HON. MEMBER: It is Cotton Advisory Board.

SHRI DAHYABHAI V. PATEL: What does that Board do? In the first place who constitutes the Board? The trade is being slowly squeezed out by influential millowners. The people who built up this trade are being squeezed out and the cotton textile export trade is getting into the hands of a few of the millowners. The blue-eyed boys are there, of course. One of them has the monopoly of exporting to all the iron curtain countries, not even the State Trading Corporation. In these iron curtain countries they do not believe in free enterprise. They believe that everything should be done by Government. Our Government believes both ways when it suits it. I do not understand why in the matter of cotton textile exports a monopoly should be given to one business house for the export of cloth. What is the State Trading Corporation doing? What are the large numbers of officers who are maintained by the S. T. C. doing? Are they doing their job or not?

PROF. M. B. LAL (Uttar Pradesh): It is a serious matter.

SHRI DAHYABHAI V. PATEL: You can find it if you want. Then, in the matter of exports to South East Asian countries also the Government is interfering. There are business houses that have built up export markets in the South East Asian countries, right up even to Australia. They are being squeezed out. Why? Because the millowners get all these incentives. They send their men out. The moment one of the traders has gone and sold something, the next day the representative of the millowner goes and says: "Look here, we will give you at this price, at the cost price of the mill." So, these people who built up this trade over generations are being squeezed out of the trade. Are you going to build up your export market in this way? And

what is happening to the textile industry? You have got Controllers—Cotton Controller, Textile Controller, etc. And if you stay in Bombay, you would know how the millowners treat them, fete them, get round them. It is but human that when this is being done to them, they are susceptible to their influences and their actions are such. We had the case of the cotton export control and how it was enforced for the benefit of the mills and never for the benefit of the grower of cotton only a few years ago. Now, it is the enforcement of these orders for the benefit of a few exporting mills and with a view to boosting up our exports, the Government is giving bounties at the cost of the tax-payer of the country. It is thirty per cent. to the mills and it is two per cent. to the poor merchant who exports. Is this the way you are going to build up exports? Is this fair? In addition to that, the mills are allowed to use their foreign exchange for purchase of machinery, for getting foreign exchange which is for modernising their mills, something that my friends on this side and even Mr. Nanda opposed for a long time. I am not opposed to the modernisation of the mills, but these people are able to get round us in the name of cotton textiles export promotion. I say this is not a fair way of dealing with this problem. I hope our friend, the hon. Minister sitting there, since he has been placed in sole charge of this responsibility, will look into the matter and set things right. I know it is difficult for him also. He has also old associations with the trade and that sort of thing. But I hope that he will act more firmly in this regard. Anybody who does not behave, who does not do what is expected of him, is not doing a service to the country. He is doing a disservice. What is the use of asking the small man to be ready for sacrifices and to tighten his belt when these people who can very well afford get away with these things? I understand that at present some enquiry is going on about cloth prices in Bom-

bay. The millowners first demanded an increase and because there was such a cry in this country about the prices of cloth, Government instituted the stamping of prices. That is the approved price by the Government. Today the offtake of cloth is smaller than the demand. So, the stamping of prices is acting as a cushion to help these people to sell at a higher price. If this control and stamping were removed today, the prices of textiles would fall by ten per cent. immediately, perhaps more. I have with me a report from a paper which says that cotton prices have started falling by 10½ per cent. In spite of this, the prices are being stamped on them. If the price is not stamped, it would fall still further. How does this happen?

We are told that Indian cloth is dearer in the foreign market and, therefore, we are not able to sell. How many crores are the Government spending on this export promotion scheme and with what results? Our exports have fallen to one-fourth of what they were about ten years ago when this export promotion scheme was started and so many high-salaried Government officers went touring round the whole world. How wonderfully did they do it? I referred to it when I spoke last time. There was a delegation sent to Africa to build up textile exports to African countries. Where did the delegation go? Where did they wind up their meeting? Neither in Bombay, nor in Calcutta, nor in Nairobi. They wound up their meeting in Paris. That is how export promotion is going on. Is Mr. Manubhai Shah aware of this? I do not know whether this Paris meeting took place in his regime or somebody else's regime. These are matters to which Mr. Manubhai Shah should apply his mind.

SERI AKBAR ALI KHAN: You have to answer this Paris business.

SHRI DAHYABHAI V. PATEL: Then, certain mills are allowed quotas for export and if they do not export, they have to pay a penalty. How is it that they are able to pay the penalty and give the export quota to another mill? It is because both of them make more profit. The man who does not export makes more profit in this country. The man who has got cloth which he can export makes a better profit outside and earns all the incentives that Mr. Manubhai Shah is willing to give. I am not against these incentive schemes. I am not for preventing the millowners from making legitimate profits. But I am surely against this policy of the Government, of trying to reduce or eliminate the trader who has built up this trade over so many years. Look at the constitution of the Council. How many are millowners and how many traders? And all this is done under the very nose of the Government, if you please the representative of the Government, the Textile Commissioner. Of course, the Textile Commissioner is such a busy man that sometimes he sends his underling to the meeting. I do not know whether the underling reports what happens to the Textile Commissioner and whether those reports reach as far as Delhi or whether anybody takes the trouble of reading them. But I suggest to Mr. Manubhai Shah that he should look into all these and cleanse the Augean stables. It should be done if our export trade is to prosper.

There is also the other aspect of export trade that I may refer to. How is it that this country which has the potential power of becoming an exporting country is failing to do so? I dare say that Mr. Shah is not responsible but it is failing because of the policies and because of wrong planning. What is called planning? It is just thinking in the air. An ideology which has never worked or succeeded anywhere is being tried to be worked here at our expense, at

[Shri Dahyabhai V. Patel.]

our cost. The poor taxpayer of this country is being squeezed to pay for these ideologies which are most unpractical. Even the so-called socialist countries of Europe have today given up these funny ideologies because what works is what gives better production. What gives better production is the thing that we need. Are the policies of the Government producing better production? Efficiency of everything is going down, whether you think of your railway trains, whether you think of the cleanliness of your railway stations, whether you think of the efficiency of the Secretariat of your Government, everywhere efficiency is going down.

SHRI BABUBHAI CHINAI: Also in Parliament.

SHRI DAHYABHAI V. PATEL: Certainly in Parliament if he wants it. Why is efficiency going down? Because the Congress Party in a race to secure the votes of a certain section of the people went on placating, placating and placating till there was no end to it. Rules of discipline have been slackened everywhere. That is the main reason. Mr. Nanda started this. He planned his election one after another for so many terms. That is what he planned, he did not plan for the country. Anybody who planned for the country would never have done this. Anybody with right thinking would stop this inefficiency immediately. This is planning to secure the vote, to remain there permanently. There must be a stop put to this. Inefficiency must be dealt with severely. Punishment should be made easy. For wilful negligence punishment should be made easy if you want to improve efficiency. If you do not do that, you see the way we are going everyday, and there is going to be no end to it if we go on in the same way.

SHRI ROHIT M. DAVE (Gujarat): Madam, the Report that we are considering today is very important for

the health of our economy and for the progress that we have to make and which we all wish that the country should make in the shortest possible time. The Chapter on "Summary of Conclusions and Recommendations" begins with this revealing sentence:

"The Third Plan starts with a legacy of valuable past experience of large-scale planning, as well as with depleted exchange reserves, a sizeable foreign debt, with virtually no net 'invisible' over-sea income, and a yawning gap in balance of payments".

If one were to consider the importance of the balance of payments position in the development of our economy and if one were to read this first sentence in the recommendations of the Ramaswamy Mudaliar Committee Report, one would have expected this Committee to analyse the past experience to find out what were the reasons for the development of this situation and to suggest ways and means for improving the conditions. I am sorry to say that this Committee has failed to apply its mind to the basic reasons as to why this situation has arisen today. It is now quite clear that the situation which we are facing today and which is the concern of everyone is due to faulty planning, and unless these defects in our planning are properly analysed and solutions for these defects are found, it will not be possible for us to deal with the situation comprehensively.

The main defect of our planning was that we concentrated our entire attention on the building up of installed capacity. Our fiscal policy, our economic policy, our policy with regard to licensing, etc., etc., were all directed towards increasing and increasing still more the installed capacity in the country. Now I am all for increasing the installed capacity to the best of our ability. But it was expected of the planners that our ability ought to have been taken into consideration and there



ought to have been some balancing between the installed capacity on the one hand and the provision for feeding that installed capacity for production on the other. We have now suddenly awakened to the fact that while there is installed capacity in the country, we have not got the matching feeding capacity which is necessary to keep this installed capacity in production. The Committee knows this fact. The Committee knows this fact and enters into theoretical distinctions of what is the installed capacity, what is the licensed capacity, what is the effective capacity, and so on, and then says that figures are not available to find out what is the unutilised capacity in our economy. All this may be so, but the fact remains that a large part of our installed capacity is today remaining idle because of the fact that we are not able to find the foreign exchange in order to feed this installed capacity so that production may take place.

Now it is argued at times that this installed capacity was necessary firstly because we wanted to reach the self-propelling stage as early as possible, and secondly because we wanted this installed capacity for various industries in excess of our need because competition is necessary, and that that competition can take place only if there is more installed capacity than the demand in the country. This over-emphasis on competition which has resulted in the installed capacity in our economy being in excess of what we could have afforded and what we even needed has given rise to the crisis which we are facing today. Madam, I am all for competition and I believe that it is only through competition that efficiency could be maintained. But if we are not in a position to afford the type of competition, we have to find other means of enforcing efficiency and have to forego this luxury of competition in order to see that efficiency continues.

Another great defect in our planning was that we did not pay enough attention to the question whether it will be possible for us to find out the indigenous material in order to keep our installed capacity going, especially as far as the export industries are concerned, or even to analyse carefully whether the industrial raw material that we might be able to produce in the country will be at world competitive rates. The result is that today we have installed capacity in order to produce industrial raw materials which are necessary for our export trade, and at the same time these industrial raw materials are so costly in comparison with the prices of the same raw materials which we can import from outside that it becomes very difficult for us to remain in competition with the international market. I will give only one example, and that is regarding carbon black. We find that attempts are being made and licences have been issued to manufacture carbon black in this country, but from information available I find that the carbon black which will be sold in our country will have the same price which will be charged to our industrialists by the foreign exporters after paying for insurance, freight, interest, etc., which is necessary in order to bring that carbon black in this country. If this is the position, if the imported carbon black is sold at the same price as the indigenous product in this country—and even the price of the indigenous product may be slightly higher—then certainly a case arises for analysing as to whether we should license the manufacture of carbon black in this country and whether we are expecting anything as a result of creating this capacity in this country.

We are now told that some concessions might be given, some incentives might be given in order to see that it is more advantageous for our exporters to use indigenous material rather than use imported material, and thereby the money which would be utilised for other

[Shri Rohit M. Dave.]

purposes may be utilised for subsidising this utilisation of indigenous material in this country. Examples after examples of this type could be given.

I would also like to draw attention to the third defect in our planning. It is that we allow the import of commodities which are already produced in this country again with a view to having some sort of competition. There are a number of chemical industries and engineering goods industries in this country which are complaining that the goods that they are producing in this country are not sold in our market because there are imported goods which are sold at cheaper rates and therefore they find it very difficult to sell their own products over here. Again, we have an installed capacity, again we have got production and the production is lying idle. The installed capacity remains unutilised and at the same time we are wasting foreign exchange in importing goods which are already available in this country. In this way, there is a lot of faulty planning and unless this faulty planning is looked into and appropriate measures are taken to see that utmost economy is made in importing the articles from abroad.

SHRI MANUBHAI SHAH: May I interrupt him? Is the hon. Member saying that engineering products are being allowed to be imported even though they are the manufacturing items in this country?

SHRI ROHIT M. DAVE: Well, I cannot say it off-hand, but I have read a number of speeches. I am drawing your attention to it because I have read a number of speeches of the chairmen of the various companies wherein they have complained that they are not in a position to sell their goods over here at least in regard to chemical industries and perhaps also in regard to engineering goods industries. I will write to you about it. I am quite positive that

the chairmen at least complained that their goods . . .

SHRI MANUBHAI SHAH: The hon. Member has gone from engineering goods industry to chemical industry. That must be about hydro-sulphate. The gentlemen started crying within 15 days of production. The country was suffering from a shortage and they banned it, and the price went up to 300 per cent.

SHRI ROHIT M. DAVE: I am not referring to hydro-sulphate at all. I am referring to some other chemical. I am not either referring to sulphate of soda. I am referring to some of the plastic material in which chemicals are being used, about which the chairmen of the various companies have complained that their products have remained unsold because of the fact that there was competition from abroad. I will write to you about it because I am quite positive that I have read those things. Maybe the chairmen themselves have misled the country. That I do not know but I am only talking of the speeches that I have read.

Therefore, this faulty planning has to be put right.

Secondly, there is the question of export promotion. As far as export promotion is concerned, there is over-emphasis in this Committee's Report on some of the incentives to be given to the industrialists and to the mercantile community in order to promote exports. But there is not enough attention given to other aspects which are necessary for export promotion. We have heard a lot about the cost of production and we have been told that unless the cost of production is brought down, it will not be possible for us to withstand the competition in the international market. One of the important items of this cost of production is labour productivity, and as far as labour productivity is concerned we have got the authority of the Union Labour

Minister that with the co-operation of labour, it would be possible for us to reduce the cost, and again we have got authority to say that so far as the industrialists and even the public sector undertakings are concerned, they have done nothing in order to get the co-operation of the industrial labour in the task of increasing productivity without, of course, increasing any work burden on the workers as such. Here again, the Committee is absolutely silent regarding the incentives that are to be given to the workers in order that they might be able to increase their productivity and thereby the cost may be brought down, and it may be possible for us to withstand competition in foreign markets.

Similarly, the Committee has noted the fact that the attraction of the internal market is so great that our industrialists are not in a position to promote exports and as long as that situation persists, it may not be possible for us to export more and more commodities. And yet we find that there is absolutely no suggestion or recommendation in the Report regarding how this attraction of the internal market could be reduced and thereby exports could be promoted. Here again, there is a case where unless they are able to control the prices in the internal market, unless they are able to see that the demand in the internal market is controlled, it will not be possible for us to promote exports whatever we might do. The little concessions here and there are being utilised only by those industrialists who are already finding it profitable to export, and there is an extra incentive being given to them. I do not find from the figures that are available so far that the incentives that they are being given have resulted in any further export promotion of the products which were not being exported so far but which have now become exportable because of the incentives that are being given, and as long as the incentives do not prove their efficacy and promote an increasing export, I think it would

be very unwise to go on extending more and more incentives to the business and industrial community so that they get more and more profits out of the exports they are already going to make or are already making at the present time.

Therefore, Madam, what I suggest is that this Committee's Report merely touches the fringe of the problems, problems which are only marginal in character. So long as we do not go into the basic defects which have been noticed as a result of the working of our Plan, it will not be possible for us to deal with the foreign exchange problem which is so vital and so necessary to be dealt with at the earliest possible time.

THE DEPUTY CHAIRMAN: There are three more speakers and the Minister will reply at 5-30 P.M. Mr. Chordia, you will know how to divide the time. There are three more speakers.

श्री बिलकुमार मन्नालालजी चौरडिया :  
(मध्य प्रदेश) : मेरा तो यह प्रस्ताव ही  
था इसलिये मुझे कुछ अधिक समय मिलना  
ही चाहिये ।

THE DEPUTY CHAIRMAN: The mover took only twenty minutes.

SHRI V. M. CHORDIA: I shall take only fifteen minutes.

THE DEPUTY CHAIRMAN: Yes.

SHRI V. M. CHORDIA: Thank you. माननीय उपसभापति महोदया, जो प्रस्ताव विचार के लिये आया है वह आज देश के लिये अत्यंत आवश्यक है । आज हमें विदेशी मुद्रा की अत्याधिक आवश्यकता है, इससे कोई इंकार नहीं कर सकता । जैसा कि रिपोर्ट में बताया गया है कि हमें तृतीय पंच-वर्षीय योजना के लिये ५,७५० करोड़ रुपये की विदेशी मुद्रा की आवश्यकता पड़ेगी और

[श्री विमलकुमार मन्नालालजी चौगड़ि 1]  
चतुर्थ पंचवर्षीय योजना के वक्त तक हमारा  
एक्सपोर्ट १३००-१४०० करोड़ रुपये  
प्रति वर्ष के हिसाब से जब तक नहीं बढ़ेगा  
तब तक हमारा काम नहीं चल सकेगा ।

आज जो स्थिति हम देखते हैं वह यह है  
कि जागने के बाद भी हमारा आयात और  
निर्यात का जो बैलेस है वह बहुत खतरनाक  
है—खतरनाक मैं इस दृष्टि से कहता हूँ कि  
उसका बहुत बड़ा महत्व है—और उसके  
हिसाब से इन चार महीनों में हमारे आयात  
और निर्यात का जो बैलेस है उसको देखा जाय ।  
हमारा आयात निर्यात के मुकाबले १ अरब  
८५ करोड़ ८६ लाख रुपया बढ़ा है । इतना  
ज्यादा आयात हमें एक्सपोर्ट के मुकाबले में  
करना पड़ा है । तो ऐसी स्थिति में यह  
अपेक्षा किया जाना कि यह हमारी सरकार  
जागरूक हो करके सारी की सारी व्यवस्था  
ठीक कर रही है कुछ समझ में नहीं आता है ।  
कहने में, भाषणों में ऐसा होगा । हमारे  
मंत्री जी का भाषण बहुत अच्छा हुआ, कमेटी  
भी सहमत, हम भी सहमत, मगर केवल भाषण  
देने से हमारी समस्या हल हो जाती हो, तो  
मुझे कुछ नहीं कहना है । मगर यह जो  
कमी है, उसके मूल में ही जाने की जरूरत है ।  
आज हमारी दो पंचवर्षीय योजनाएँ पूरी  
हो चुकी हैं, हमने अरबों का स्टॉलिंग बैलेस  
का उपयोग कर लिया, हमको अरबों रुपये  
दान के रूप में जो रकम प्राप्त हुई उसे हमने  
उपयोग कर लिया । हमने अरबों रुपया कर्ज  
के रूप में रकम ली, वह उपयोग कर ली और  
फिर आज भी सप्ताह के चौराहे पर मांगने वालों  
की स्थिति में हमारी कांग्रेस सरकार ने लाकर  
हमें खड़ा कर दिया कि हमको पैसा दीजिए,  
हमें अपनी योजनाएँ पूरी करनी हैं । इसका  
मूल कारण यह है कि हमारी जो योजनाएँ  
प्रारम्भ से बनीं, वे ऐसी डिफेक्टिव बनीं कि  
हम अपने देश की परिस्थितियों के अनुकूल  
उनको न बना सके, न चला सके और उसकी  
सारी जिम्मेदारी हमारी कांग्रेस सरकार

की है । परन्तु अभी भी हमारी सरकार को  
इसके बारे में समझ लेना चाहिये कि हम  
उनसे अलग नहीं । यह जिम्मेदारी हमारी  
कांग्रेस सरकार की ही नहीं कि इतना कर्जा  
हमें चुकाना है और हमें अपने देश का  
डेवलपमेंट करना है, इसमें हमारा भी अपना  
सहयोग रहेगा । लेकिन हम आलोचना  
करेंगे, अगर कोई गलत कदम उठेगा तो ।  
अच्छा कदम होगा तो कंधे से कंधा लगाने को  
तैयार हैं । चेतावनी देते हुए भी जो योजनाएँ  
सरकार बनाती है, उसमें हम अपना सहयोग  
देते हैं । तो मैं फिर आपको चेतावनी देता  
हूँ कि यह तृतीय पंचवर्षीय योजना में जो  
आपने बेसिक इन्डस्ट्री का मुख्य लक्ष्य बनाया  
है, उसके लिये आपको काफी विदेशी मुद्रा  
की आवश्यकता हो रही है, मगर आपका  
जो एक्सपोर्ट और इम्पोर्ट बैलेन्स है उसको  
देखते हुये ऐसा लगता है कि आपको सफलता  
मिलने की संभावना नहीं दीखती ।

मुदानियर कमेटी के द्वारा कुछ सुझाव  
दिये गये थे । कुछ तो हमारी सरकार ने  
मान लिये । मैं धन्यवाद देना चाहता हूँ,  
मंत्री महोदय को कि उन्होंने पूरी जानकारी  
मेरे पास भिजवा दी जिससे मुझे कुछ महूलियत  
हुई है और मैं बहुत सी बातें कहने में रुक  
जाऊंगा । मगर साथ ही यह निवेदन है कि  
कुछ बातें ऐसी हैं जिनके बारे में निर्णय कुछ  
ठीक से लिया नहीं गया ।

हमारी सरकार ने अभी जो एनुअल  
लाइसेंसिंग सिस्टम और रुपी पेमेंट अरेन्जमेंट  
का निर्णय लिया है, उसके बारे में मेरा कुछ  
मतभेद है । यह जरूर है कि थोड़े से पीरियड  
के लिये, शार्ट टर्म पालिसी के लिहाज से,  
यह योजना बहुत लाभदायक सिद्ध हो सकती  
है, मगर बेसिक इन्डस्ट्री का जो आपका लक्ष्य  
है उसने हिसाब से एनुअल लाइसेंस की प्रथा  
में आप लाभ नहीं कर सकते । अगर किसी  
आदमी को एक साल के लिये लाइसेंस देते हो,

फिर उसमें कह देते हैं कि छ महीने बाद आधा हिस्सा मगाओ और छ महीने बाद फिर हमसे जानकारी लेकर और हमारी सहमति लेकर इम्पोर्ट कर सकोगे तो यह तरीका ठीक नहीं है। एक्सपोर्ट कमेटी ने जो कमेटी बैठाई थी, उसने बताया कि हम चाहते हैं कि कमी की दशा में सरकार कुछ परसेन्टेज फिक्स करे, उस परसेन्टेज के आधार पर आयात में कमी की जानी चाहिये। हमारी सरकार ने इस अधिकार को अपने हाथ में ले लिया। ये दोनों ही तरीके मूझको ठीक नहीं लगते। हमारे यहां जिन हाथों के द्वारा लाइसेंस का काम किया जा रहा है, उसमें औचित्य अनौचित्य नहीं देखा जाता। यह निर्विवाद है कि इस तरह का अधिकार सरकार अपने हाथ में लेगी, तो वे जिस मामले में जैसा चाहेंगे वैसा करेंगे। आप कैटेगरीज फिक्स कर दीजिये कि इन इन मदों में इतनी प्रतिशत कमी होगी। गवर्नमेंट ने जो वेग स्टेटमेंट इसके बारे में दिया है उससे मैं सहमत नहीं और कमेटी की रिपोर्ट से भी सहमत नहीं। स्पेसिफिकली आप कह दीजिये कि हम कैटेगरी निर्धारित करेंगे और उसके आधार पर कटौती करेंगे।

इसी तरह रुपी पेमेन्ट अरेजमेंट के बारे में निवेदन है कि हमारी सरकार को मालूम है कि हमारा बहुत सा माल विदेशों को जाता है और वहां म फिर वह दूसरी जगह एक्सपोर्ट हो जाता है, जिस तरह म द्राविड प्राणायाम चलता है। हम जब नयी मारकेट ढूढना चाहते हैं तो उसमें भी गड़बड़ पडती है। इसी तरह की कई बातें कमेटी की रिपोर्ट में कही गई हैं।

एक्सपोर्ट इम्पोर्ट के बारे में जो इन्सेन्टिव दिये हैं, टेक्सटाइल के इन्सेन्टिव के बारे में हमारे मित्र ने भी काफी चर्चा की। उन्होंने आकड़े दिये। हमारा टेक्सटाइल का उत्पादन बढ़ा, इन्सेन्टिव भी बढ़े, मगर एक्सपोर्ट कम हो गया; जब कि उसके मुकामिले में दूसरे छोटे छोटे देशों ने एक्सपोर्ट बढ़ाये।

भारत ने टेक्सटाइल का एक्सपोर्ट १९५६ में ८५० मिलियन यार्ड, १९६० में ७२३ मिलियन यार्ड और १९६१ में ६०२ मिलियन यार्ड किया, जब कि दूसरे देशों का एक्सपोर्ट उस प्रकार है।

(मिलियन यार्ड में)

	१९५६	१९६०	१९६१
हांगकांग	२३५	३१२	३५८
पाकिस्तान	४२	७५	६१
स्पेन	६७	१६६	१३८
फ़ारमोसा	६२	६४	१२०
पुर्तगाल	१२३	१८०	१४५

तो इस प्रकार इन छोटे छोटे देशों में जहां पर निर्यात की इतनी धूमधाम नहीं मचायी जाती, जितनी कि हमारे मंत्री जी मचाया करते हैं, फिर भी उनका एक्सपोर्ट बढ़ता जा रहा है और हमारे मंत्री जी के कार्यकाल में हमारी टेक्सटाइल इंडस्ट्री का एक्सपोर्ट घटता जा रहा है। या इसी को एक्सपोर्ट पालिसी और हमारे कारखाने वालों को लाभ देने का एक इन्डाइरेक्ट तरीका निकाला तो मेरी समझ में नहीं आता है। साढ़े बारह परसेंट निर्यात का आपने फिक्स किया, कुछ ऐसे हैं जो कि ८० प्रतिशत तक एक्सपोर्ट कर सकते हैं। इन सारी चीजों के बारे में एक आधार पर, कोई बेसिस देख कर निर्णय किया जाय तो ठीक लगता है मगर सब के लिये आप एक ही यार्डस्टिक से मेज़र करते हैं यह ठीक नहीं है। और फिर उसमें जो ब्लैकमेलिंग चलता है उसको मंत्री जी अच्छी तरह से जानते हैं। एक कारखानेदार दूसरे कारखानेदार को कुछ परसेन्टेज लेकर अपना लाइसेंस उसको दे देता है। इन सब बातों से मंत्री जी भिन्न हैं, अनभिज्ञ नहीं और मैं चाहता हू कि वे अपने ज्ञान से सरकार का लाभ करें।

इसी तरह से हमारी सरकार ने निर्यात बढ़ाने के लिये जो अप्रोच की है, उस कमेटी ने उसके बारे में जो एक मूल बात है इम्प्लेशन

[श्री विमलकुमार मन्नालालजी चौरडिया]  
के सम्बन्ध में, उसकी चर्चा की नहीं। यदि हम अपने यहां चीजों के दाम को बढ़ा लेते हैं, तो बाहर उसका मार्केट मिल सकना सम्भव नहीं। खरीददार हमेशा इस बात को देखेगा कि माल अच्छा मिले और सस्ता मिले। ऐसी स्थिति में हमको इस बात का देखना होगा कि हमारे यहां के आर्थिक ढांचे में, हमारे फाइनेन्स मिनिस्टर साहब की मेहरबानी से, टेक्मेशन की वजह से, या और भी किसी कारण से कहीं ऐसा न हो जाय कि प्रोडक्शन का भाव और व्यय इतना अधिक बढ़ जाय कि हम एक्सपोर्ट नहीं कर सकें। इसको मुख्यतः ध्यान में रख कर शासन को इस बारे में कार्यवाही करनी चाहिये।

जो माल हम बाहर भेज रहे हैं, उसकी क्वालिटी के बारे में भी हमको सुनिश्चित करना पड़ेगा, जिससे बाहर हमारी गुडविल पर आच न आने पावे। हमारे इन्स्पेक्टर वहां अभी से जाये और जाच पड़ताल शुरू कर दे, जिससे खराब माल यहां से बाहर न जाने पाये। माल जाने के साथ साथ ही वह उसकी अविलम्ब जाच प्रारम्भ कर दे। कम से कम हमारी गुडविल बर्ना रहे, जैसा कि "ब्रिटिश मेक" का माल आता है तो उसकी गुडविल मान कर लोग खरीदते हैं कि उसका माल अच्छा आता है और जापान का माल आता है तो थोड़ा सा मन को लगता है कि कुछ गड़बड़ है। तो वैसे ही भारतवर्ष की प्रतिष्ठा इस बारे में बिगड़ न जाय, इसके लिये अभी से प्रयत्न करना आवश्यक है।

जैसा कि मेन्टीनेन्स तथा डेवलपमेंट आफ इन्डस्ट्री के बारे में बताया, मेरा भी यही निवेदन है कि हमारे यहां जो इन्डस्ट्री बिना कुछ माल इम्पोर्ट किये, खूब माल एक्सपोर्ट करती है उसको सबसे पहले इनकरेज कीजिए, दूसरे नम्बर में जो कम इम्पोर्ट करे और अधिक माल बाहर भेजें, उनको रखिये

इसी तरह आगे तक कीजिए। बहुत सी इन्डस्ट्रीज ऐसी हैं जिनमें फुन कैपेसिटी में काम नहीं हो रहा है। अगर सबको एक यार्डस्टिक से मेज करेंगे तो तकलीफ होने वाली है और जो एक्सपोर्ट होने वाली चीजें हैं वे भी रुक जाने वाली हैं और महगी हो जायगी, जैसा कि ट्रक्स के बारे में हुआ है। ट्रक्स के निर्माण में अगर हम पूरी इम्पोर्ट की सामग्री नहीं देते, तो यहां कीमत के लिहाज में कम उत्पादन होगा और लेबर का पूरा चार्ज देना होगा, ओवरहेड चार्जेंज पूरे के पूरे देने होंगे और ऐसी स्थिति में लाभ पूरा नहीं हो सकेगा। त इस दिशा में भी हमें कुछ सचना पड़ेगा।

पश्चिमी देश हमारे ट्रेडिशनल गुड्स के अलावा नॉन ट्रेडिशनल गुड्स का आयात करने में हिचकिचाते हैं। इस बात का हमें प्रयत्न करना चाहिये कि जो पश्चिमी देश दूसरे देशों को एंड करते हैं, उन एंड प्राप्त करने वाले देशों में भी हम उन पश्चिमी देशों के मीडियम से या डाइरेक्टली भी मार्केट ढढने का प्रयत्न करें। उससे भी हम अपना एक्सपोर्ट बढ़ा सकेंगे। इसी सम्बन्ध में यह निवेदन है कि जापान और स्विट्जरलैण्ड सरीखे छोटे छोटे देश काफी एक्सपोर्ट कर लेते हैं। अपनी सारी इकानामी प्रस्ट्रट हो जाने के बाद भी वे एक्सपोर्ट मार्केट में अच्छी पोजीशन प्राप्त कर लेते हैं, मगर हम इसमें पीछे रह जाते हैं। उनकी टेक्नीक क्या है, इसको भी जानने की शासन का कोशिश करनी चाहिये।

जहां तक आयात का सवाल है, हमारे शासन को आयात के मामले में बड़ी सख्ती से काम लेना चाहिये। जहां तक लक्जरी गुड्स का संबंध है, उनको बाहर से मगाने में इतनी सख्ती की जानी चाहिये कि इस मामले में भाई-भतीजेवाद का बिल्कुल भी ख्याल नहीं किया जाना चाहिये।

मेरे पास अधिक समय नहीं है, इसलिए निवेदन है कि जिस कमेटी की रिपोर्ट को शासन ने ठीक समझा है और जिस हिसाब से मंत्रीजी ने पहले छटा सा भाषाण दिया था, उसी के अनुरूप काम भी करना चाहिये। जिन दक्ष हाथों से यह काम होना चाहिये, उन्हीं द्वारा यह काम किया जाय। अक्सर देखने में यह आता है, गन्दे हाथों से अच्छा काम भी बिगड़ जाता है, इस चीज का खयाल हमारे मंत्रीजी अवश्य रखेंगे।

यहां पर इम्पोर्ट और एक्सपोर्ट का आफ्रिस है और वहां पर किस तरह से भ्रष्टाचार होता है, यह आप सब लोगों को मालम है। इस इम्पोर्ट और एक्सपोर्ट विभाग में जो काम करने वाले अधिकारी व कर्मचारी हैं, उन्होंने दलाल कायम कर रखे हैं। दलाल व्यापारियों को पत्र लिखते हैं कि तुम्हारा कोई काम अटका हुआ है तो हम यहां से निकलवा देंगे। जब तक इस तरह के लोगों के हाथों में इस इम्पोर्ट और एक्सपोर्ट का काम रहेगा, तब तक आपकी पालिसी सफल नहीं हो सकती। इसलिए मेरा नम्र निवेदन है कि आपके पास इंटेल्जेंस डिपार्टमेंट है और इस काम में उसका सहयोग प्राप्त करें या अपना इंटेल्जेंस डिपार्टमेंट कायम कर उसके द्वारा इस काम को करें। इस विभाग में जो बड़े बड़े अधिकारी हैं वे भ्रष्टाचारी हैं और वे बड़े बड़े मगरमच्छ कहे जा सकते हैं। ऐसे लोगों को आप जब तक सख्ती से नहीं निकालते तब तक आपकी योजनाएं अधूरी की अधूरी रहने वाली हैं। इस विभाग में पक्षपात का बालबाला है और वर्षों तक सुनवाई नहीं होती है। जब तक आप इस विभाग की दशा नहीं सुधारेंगे, तब तक आपको कोई लाभ नहीं हो सकता है और न ही आपकी योजनाएं ही सफल हो सकती हैं। आज हालात यह हैं कि आपने हमको चौराहे पर लाकर खड़ा कर दिया है और खतरे में डाल दिया

है। सुरक्षा के लिए हमको विदेशी मुद्रा की अलग में जरूरत है, इसका रेफरेन्स भी इस रिपोर्ट में दिया हुआ है। इस चीज का खतरा हम पर आ गया है और यदि समय रहते उचित कार्यवाही नहीं की गई, तो हम कहीं के नहीं रहेंगे। इन सब बातों पर विचार करके इस परिस्थिति में ऊपर उठने की कोशिश करें।

SHRI K. SANTHANAM (Madras): Madam Deputy Chairman, while I agree that most of the procedural and organisational recommendations of the Mudaliar Committee ought to be accepted and implemented, that Committee has ignored certain fundamental and basic problems connected with this export and import problem. We are not concerned with the total quantum of either exports or imports but our main concern is the gap. If we had no gap and an increasing gap, then there would be no problem at all. I am not particularly concerned that we should go on exporting a lot but unfortunately we have been brought to a position in which our imports are greater than our exports by an order of nearly Rs. 400 crores. Therefore our main issue is how to reduce the gap. It can be done by increasing the exports and also decreasing the imports. Most of the speakers concentrated on increasing exports which I do agree is a most important problem and which I am sure will get the greatest possible attention from the Minister for External Trade. But the other problem is no less important. If the gap in our external trade is due only to the capital imports which are supported by foreign aid, then we would not worry but a large part of this gap is made up of maintenance imports, imports for raw materials and spare parts. It is here that I think we have made a great mistake. The Planning Commission has licensed too many industries which depend upon the import of raw materials and intermediary goods from foreign countries. Take for instance rayon. There was

[Shri K. Santhanam.]

no immediate necessity for the people of India to put on rayon goods. We could have taken time to prepare the pulp for which there are enormous amounts of raw materials. After the pulp industry had been established, the rayon industry could have been licensed, but many rayon factories had been established which have to depend on foreign imports. Similarly take the motor car. I wonder if the total cost in foreign exchange of the import of parts and other materials for motor cars has not equalled or even exceeded the total value of the motor cars if we had imported the cars. We have established 6 units, the total of which is less than is necessary for economic production in one unit in any foreign country. A couple of 100,000 vehicles is considered to be a small motor car unit but all our units put together produce only 60,000. So six units have been licensed which require in the form of raw materials, spare parts actually, so much foreign exchange that it would have been much more economical for us to have bought the cars themselves from other countries.

SHRI RAJENDRA PRATAP SINHA (Bihar): I beg to differ. You do not want the car industry and you think that it is much better to import the cars. I beg to differ.

SHRI K. SANTHANAM: I want the motor car industry to be established when we have built the basic industries—machine-tools and the necessary steel and other things—when we have produced them. If instead of the motor car industry, we had established the fertiliser industry, then our export capacity would have increased as well as the internal production would have increased tremendously. I am afraid I have not the time, otherwise I would go into the argument arithmetically.

SHRI RAJENDRA PRATAP SINHA: If you import equal value of cars, you do not save. You cannot do without cars or trucks.

SHRI K. SANTHANAM: A standard car imports as much of raw material and spare parts as is the cost of a standard car imported and the people have to pay twice as much. That is the economy of the motor car. Therefore there must be a radical change of policy. There should be no licensing of any industry which requires imported raw material and intermediary goods. Of course even if it is not possible to have 100 per cent. swadeshi, I say that not more than 10 per cent. of the production should be imported. That restriction should be imposed. Similarly also in the existing industries, those which use imported materials should be exported. Take cotton. There should be no internal consumption of any cloth made of imported cotton. All those units must be compulsorily made to export or close down. We can be content with the stuff made of our cotton. Why do you want cloth of 100 or 150 or 200 counts? Our people can exist on 40 and 50 counts. In this manner every industry should be scanned and all possible intermediary materials should be either locally manufactured or a time-limit should be imposed so that those industries will be told: "Either you make those raw materials here or you will have to close down." In this connection I wish to draw the attention to a recommendation of this Committee:

"It is also necessary to study more closely the question of substitution of imported materials in its widest connotation and to see to what extent and in what manner indigenous products can effectively replace the imported stores; how they can be commercially developed and used. Whichever may be the agency responsible for this task, the assistance of institutes like the National Laboratories could well be enlisted in solving some of the technical problems."

I would go further and say that this should be made a more or less mandatory thing. A time-limit should



be fixed for each industry to produce raw materials and intermediary parts in this country unless of course it is a case of mineral which is not available in the country at all.

Then many have spoken about the high cost of production. I do not want to repeat many of the arguments but I am wondering whether the basic cause of this high cost of production is not the heavy internal depreciation of the rupee while its external value has been kept up higher than it should be. Over-valuation of the rupee is one of the fundamental reasons why we are not able to export. If we take the comparative prices of 1939 and 1962 of the various countries and the relative exchange values, we find that the rupee has been depreciated internally to a greater extent while its external value has been kept up at a higher level and this has caused over-valuation of the rupee and so unless we are able to reduce the labour costs, unless we are able to reduce the entire price level, this will continue to be one of the deterrent factors for export promotion. I suggest to the Minister and the Finance Minister that they should consult the experts of the International Monetary Fund to find out whether the external value of the rupee is in consonance with the economic conditions of this country and the cost of production of the various goods. Otherwise we should take courage and bring the external value of the rupee in conformity with its internal value in relation to the cost of production of our goods.

Next, I would say that I dislike this idea of exporters being given the sole charge of importing. This will create a vested interest. The exporters will all import goods and there will be no inducement to them to go in for local materials as substitutes. For them the importing of foreign goods and parts will be so profitable that they will not like to change. Therefore, if

import is to be allowed, it should not be allowed to any individual importers. Let all the mills, for instance, come together and set up a corporation or some other common body and let that body import things and supply them to the mills and so on. No millowner, no planter, should be given a separate licence to import things for himself. It should not become a vested interest for him.

So far as tax incentives are concerned, well, these tax incentives have to be paid for by the people in some other way. Why not then create the incentive by increasing the excise duty and giving a rebate? There should not be any tax incentive, but on all exported commodities there should be a fair margin between the internal and the external prices which will be covered by the excise duty and the sales-tax. This has been done in the case of tea. It has been done in the case of tobacco. I do not mind if these excise duties are increased. But to give it in the form of tax exemption is only favouring the more fortunate exporters. The man who makes profit will get more profit and the man who is not able to make a profit from the export, will not get any incentive. Therefore, that is not good. Let there be a difference in the price level and let our people be able to export goods at a lower cost than they are able to sell here. That is the case in Britain also. There the prevailing purchase tax is so heavy that it is worthwhile for a manufacturer of a car in Britain to export it than to sell it locally. That is the procedure most favourable to our condition here.

The State Trading Corporation has had a good chat from this Committee. I, however, think that its work should be more functionalised. We should have more State Trading Corporations concentrating on the export and import of particular goods. Otherwise if they have too many things, then they make a loss in certain items and make it up by a levy on, say, cement. That tends to be very unbusinesslike.

[Shri K. Santhanam.]

Let us have more State Trading Corporations which will specialise on particular goods and then they will be able to show that they can trade as profitably as any private undertaking on particular commodities.

THE DEPUTY CHAIRMAN: Please wind up.

SHRI K. SANTHANAM: One point more and I finish. I do not want to take more time.

We must develop our trade with Africa. Africa is a new country and a growing country and the trade with Africa has to be developed with long-term credits. Just as the U.S.A. gives us credit for its exports, we should give credit for the trade with Africa. Of course, it would not help an immediate solution of the foreign exchange problem. But we will be building up foreign exchange for the future and that will come in very well after, say five or ten years. Also there will be an established market for our industries. If we lose this opportunity for developing Africa as a market, we may find that after ten or fifteen years others have taken up the position and we shall not be able to build it up. Therefore, I do suggest that some kind of export credit corporation or other agency should be set up in the Department of International Trade which will give 5 or 10 or 15 years long-term credit for exports, especially of engineering goods. I say this because it is only Africa which can take up our manufactures. They are in such great need for such goods and we will be able to export machines, engineering goods and other manufactures to Africa.

With these few words, I generally support the Report of this Committee.

SHRI MANUBHAI SHAH: Madam Deputy Chairman, . . .

SHRI DAHYABHAI V. PATEL: May I ask one or two questions for a little clarification?

THE DEPUTY CHAIRMAN: You will have a chance.

SHRI MANUBHAI SHAH: Madam Deputy Chairman, the discussion on this Report this afternoon gives us a very good opportunity. As a matter of fact, if the hon. the mover of this motion and the hon. Member Shri Chordia had not brought in this motion, I myself was thinking, on behalf of the Government, to bring up this subject before the House. This, as the whole House and the country knows, is the most important and single task before the country, namely export promotion. Whatever slogan one may use, today this is the most emergent task, both from the short-term and the long-term points of view. I will not take up much time by referring to statistics which were elaborately mentioned here and which are a part of the national Plan. Suffice it to say merely that when one bears in mind the target of Rs. 1,500 crores of export per year by the end of the Fourth Plan, one can size up the magnitude of the efforts required for such a big export promotion. I am not one of those who believe that we have come to the end of our tether, or who takes anything lying down in a spirit of disappointment or defeatism. The very fact that stagnation is still stalking us, that the break-through from the present inert position is found very difficult, only poses a greater challenge to the people of this country. That export promotion has to be fought on all fronts and by all the people concerned. Therefore, Madam, when this Report was published, the most important and single paragraph that really cheered me was on page 25 where they mention the export climate. If this Report is more than a normal report, to my mind, it is because of this paragraph where the Mudaliar Committee has pointed to the task, the high task of export promotion. They have said:

"The high task of export promotion as envisaged in the Plans will demand the willing and enthusias-

tic effort of the whole nation. It will be impossible of achievement, unless the requisite export climate is created, which should embrace every sector of the economy—the peasant and the proprietor, the merchant and the manufacturer, large and small, the private and the public sector, the various departments of Government at the Centre as well as the State Governments.”

I feel that this is a message not only of this Report but of our times and if we default in taking care of this major recommendation which has been repeated from numerous platforms and by so many leaders in this country, we shall have defaulted in one of the most important national obligations. Therefore, as far as this Report is concerned, unlike one hon. Member who has said that the Government has not considered this Report and unlike Shri Ramamurti who said that this Report has no value because it is written by some businessman, I can say that as far as the Government is concerned, we wholly adopt this Report. I have earlier placed a Statement before the House. All the recommendations on procedures as far as imports are concerned, are accepted. On the export front, we have accepted many of the recommendations. Most of them have been implemented and a few are yet to be implemented. I will not go into the details here. I will not deride the Report only because it has laid more emphasis on incentive than on patriotism. It has laid emphasis on detailed incentives to create the necessary climate and I will not deride it on that account. Incentive is an integral part of any export promotion. I have called from platforms for patriotism and for discharging this national task of export and I have also all the time been telling friends in business here and elsewhere, that exports have got to be pushed up and that there is no substitute for patriotism. I do appreciate and realise that without this leaven in internatio-

nal trade, nobody can be expected to export for all time. As I said in the other House, an army cannot march on a hungry stomach and we in the Government have to provide the necessary incentive and all our measures and efforts to promote export have been designed to provide that incentive. Where I have a slight difference with my friend, Mr. Babubhai Chinai—and I agree with Mr. T. S. Avinashilingam Chettiar—is that it is the determination and will of the people of this country which alone will make exports possible. Neither the incentives, nor the profits, nor any types of props that the Government can formulate or the business community can conjure up or the demands that you can always prefer before the Government and the people will make any exports possible. It is the will of the people, the determination of the people that here and now we shall do it, that has made Japan great, that has made Germany so great, that has made the United Kingdom so great. I was there for four years during the war, just after the war. People were denied the sugar; people denied themselves the cheese, the eggs, the cloth, they gave up everything. All the Austin cars that were being produced in the United Kingdom were sent away for exports and all the old cars, junks, were used by the people of that country. That is the appeal and I want to make to the people in the Federation, the people in the business, the people in the industrial world of this country; here is a nation which has given you a sheltered market and here are the profits. As Mr. Ramamurti very rightly pointed out, enormous profits are being made by the business people. And if I say or the Government or the people of the country call upon them to share a little of that profit for the losing business of exports, that is not much of a demand that we are making and that is the message that I would like this country and this House to digest—create a proper climate by which alone exports shall be possible. I have not lost any hope at all. I am quite hopeful. Even if it takes six months

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or a year or two years to create the requisite climate and dynamism in the economy of the country, there is no reason to feel alarmed or discouraged or disappointed. We shall make the business good; we shall see that the Third Plan targets are fully fulfilled and that Fourth Plan targets are not denied to the people of this country.

If I analyse this export promotion task as adumbrated by the Mudaliar Committee, there are five parts of an export promotion activity. First is the cost of production. It is true that we are a high-cost country and as I had occasion to say in the past, we are not the only exception in this. Every country in the developing stage of its economy was a high-cost country. I am yet to know of any single country in the world which, when it was passing through the pangs of development, when there was the inertia of the ages, when modern skill and technology was absent, had to revive, resuscitate and bring that up, did not have this problem. This was the condition everywhere. Whether it was Japan, whether it was Germany, whether it was the U.K. or the United States, if the history of the last 50 years is read, every one of them was a relatively high-cost country. We are therefore passing through that phase. This is not a thing which requires us to beat our breasts and weep and say, we did this wrong or that wrong; this unutilised capacity is there or more licensing has taken place or we have more industries than what we want and so on. The industries that are there are what we want. The economic programme of the nation is there. One knows so much food has to be produced, so much more fertiliser has to be produced, so much oil-seeds have to be produced, cotton has to be produced, multi-purpose dams have to be built, so many schools and colleges have to be built. From where will the people

of this country get the wherewithal for all these? Therefore it is not the fallacy of the programme but we have come to the crossroads of economic history where every nation comes. We have laid the base of economic development sound and strong. Industrialisation is on the march. In the First and Second Plans we have built up heavy industries, engineering industries, capital goods industries and if you see the progress of the last two years it will gladden anybody's heart. There is not a single engineering, chemical or other industrial product which qualitatively speaking, is not produced now in India with the efforts of our own people, with the precision of quality that any country can demand from its nation, from its sons and daughters. That is what we are producing but the question is this. We have come to such a position when imports must increase. If anybody says that by reducing imports I shall manage my balance of payment it is all right for a little while. What Mr. Santhanam was saying is true for six months or a year but if anybody wants to build up the economy of this country by cutting down drastically the imports, if he thinks that he can build up the economy of the country that way, I think there is a fallacy in the whole argument. You have to import higher forms of technological instruments, instruments of production, bigger and bigger machines from foreign countries in order to develop higher and higher productivity and to promote greater and greater sense of mechanisation with wider and wider spread programmes of industrialisation. Therefore we have a built-in programme of increasing imports of essential items for development purposes. Take away all non-essentials, low priority useless consumer goods whichever you can afford to do without, certainly cut them out but you will have to work for a little higher and higher built-in programme of imports and that can only be met by greater earnings. Even foreign assistance cannot replace the efforts for export promotion. Export promotion is an undiluted absolute effort which the

nation will have to put in. Whatever other discipline you might bring in, import control or foreign assistance or this assistance or that assistance, nothing can replace the positive effort of export promotion. Therefore this matter of cost of production is vital.

We are here going to appoint very shortly a full-time committee of two experts, a full-time Chairman of very wide experience for investigating and examining confidentially the cost structure of all the basic agricultural products, of industrial products, particularly those which are prominent in export trade, like oilseeds, cotton, cotton textiles, sugar and some of the other basic products which play a great part in our export trade. We are going to select them and analyse them to what extent the lower productivity of our country is responsible for that, where the management defaults, which are the Government policies which require reorientation or modification, what are the problems of taxation which go to mount up the costs, what is, the freight structure, etc., so that with the cooperation of labour, with the co-operation of the consumer, with the co-operation of the trade and industry and governmental policies both at the Centre and in the States we might be able to evolve a more rationalised cost policy. I have not lost hope; we can bring down the cost of production. We have brought down the cost of production of several items and we shall continue to bring down the cost of production by systematic studies but it is a long-term process. If anybody thinks that immediately by merely having a magic wand the costs are going to be cut down I think he will have to wait for many years before the costs will come down in order to promote more exports. So I would not like to link up the immediate three, four, five or six years' work of export promotion to any hopes of costs being reduced. If you say that unless the costs are reduced, unless the whole machinery of Government is geared to reduce the

costs, "I shall wait for six or seven years and then start exporting" then that will never happen. Therefore these costs—whatever the gradually reducing cost is—will have to be neutralised as the other two speakers said. What does Japan do? The international price in Japan is much lower than the internal price. What does Germany do? In Germany you take anything, an engine, or a machine or a fan, a sewing machine, an industrial machine-tool or a lathe, it is higher priced than what they are selling to India and other countries. There is therefore always a certain distinct gap between the internal price and the international price and that will have to be partly compensated by incentives—which we have worked in several cases—which will have to be given to the industrial and trading community for export promotion. But nobody can go on pouring more and more incentives. As Mr. Rohit Dave has rightly pointed out, the larger the incentive dose you give, the poorer becomes the earnings and the greed for getting more and more incentives gets into a vicious circle and I should caution that incentives beyond a point is pure poison. We are against more and more incentives being demanded and larger and larger incentives being worked out. What is legitimate, what the community and the country considers that it can bear, certainly those incentives will be there but the rest of the packet of the loss will have to be borne by the business community out of the profits which they are otherwise getting in the protected and sheltered market in the country, and here is the co-operation which the industrial friends and the business friends can give us.

The second point—I was mentioning is quality. We can compensate for the cost but nothing can compensate the quality. That is the lacuna in this Report where they have not laid so much emphasis on the importance of quality. I can assure the

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House that we are very shortly bringing forward a Bill, because as I have already announced we have constituted a Quality Control Advisory Council which will do the work of pre-shipment inspection as well as quality control. Unless you create the right image of India abroad you shall never be able to build up a long-term tradition of trade or long-standing relations of trade with foreign countries. Once our goods go out they have to be repeated with better goods and still better goods and not with inferior goods. That was the tradition which the Indian merchant enjoyed six thousand or seven thousand years ago. From the times of Bhagwan Rama and Krishna whenever India sold her goods abroad, whether it was Dacca Muslin, whether it was brassware from Banaras, whether it was neelambers from Hyderabad, it was the quality that brought prestige to this great country of ours from across the seven seas. Whether in Malaya, or Singapore, or Ceylon, wherever you went, India was known for her high tradition of quality of her goods and that is what we have to re-establish today. Unfortunately there has been a little slackness. I would not condemn the quality outright but I am certainly grieved at the quality not being properly maintained. Therefore in consultation with the trade we will try to see what steps should be taken, whether it should be a gradual process both by governmental action and specialists in quality control. Along with testing laboratories quality control houses have to be established by the Federation, by the business community, by the trade associations. There will have to be cooperation on all three fronts, Government, business and trade, having specialists in quality control and pre-shipment inspections. That is what has worked in Germany and that is the machinery found in the Soviet Union. That is the machinery in the United States. Pre-shipment inspection and quality control is enforced on practically most of the commodities that play their part in export trade.

Then, the third point was simplification of procedure. It is really heart-rending to see how bureaucratic procedures delay and sometimes dampen enthusiasm of exporters and I am a witness to this. I have been in Government far too long, fifteen years or fourteen years, both in the State and Central Governments, and I do believe there is enough room for simplification. I have tried my level best to simplify wherever I found the procedure dilatory or unnecessary or superfluous. I would invite the co-operation of the House here and the other House and the country, the business people and the exporters, to point out to us continuously which are the drills or which are the procedures, because after all without discipline you cannot function. When you have to give out something in import, something in cash, you have to find out whether the real thing is exported, to what extent it is exported. At the same time, we cannot hold them to ransom for having exported the goods, holding up for six months, nine months or one year the legitimate incentives or entitlements which the exporter is rightly due. He is performing a task of the nation. He is performing a patriotic task in helping this country to gear up its national development. He has the first claim to the simplification of procedure and the expeditious disposal of his cases and the grant of whatever incentives are his due. Therefore, I would request the co-operation of every individual Member here, whosoever comes to know of any delay, of any method by which the rightful entitlements are denied or not given in due time I shall be most grateful and I assure my personal attention to all those complaints, to remove such procedural delays. One case well studied really makes simpler a hundred or more cases. As you yourself, Madam Deputy Chairman, know from your personal experience, it is the case study which really leads to a thousand or two thousand cases being simplified. Therefore, it is my earnest attempt to simplify the procedures and the drill which we have undertaken in a great way. Now, we

have appointed a Director of Incentives. We have appointed a Director of Movements. We have appointed a Director of Quality Control. We have appointed a Director of Production, who will have six or seven Commodity Officers under him. This is merely to see that every drill or procedure, whichever is evolved, goes through as far as possible, without undue delays of procedure, red-tape and the bureaucratic type of what you call minute splitting of hair and all those procedures.

Then, the fourth factor which was made and which the Committee has also highlighted is propaganda, publicity, exhibitions, fairs, market surveys and market research. I was sorry because perhaps most of the Members did not devote their time to this. This is a very important part not only in this Report, but there are several other reports. And the Board of Trade's recommendation in recent months is that we must create a wider front of propaganda and publicity abroad. While the determination of the people will certainly sell the goods, while allowing exporters to go out and open their offices abroad will be a positive factor through which we shall build up subjective contacts for export promotion, we will have to do both in the Federation in the commercial way and in the governmental way much more propaganda and right publicity. We have to do publicity for our tea, cotton textiles, jute products, groundnuts, engineering goods and in respect of umpteen items which we are now producing, so that people may know what India is, that India is not what it was in the 18th century. When I told them about the modern India, some of our friends in the U.A.R., even some of the highly placed Ministers and the President of the United Arab Republic were surprised. They wanted some drugs from us. They thought that we did not make any drugs. They thought that we were on the same footing as many other countries were. I mentioned that there was not a single antibiotic, not a single sulph-

drug, not a single vitamin, which we were not now producing in this country. We can offer to their country Rs. 5 crores, Rs. 10 crores or Rs. 20 crores worth of these drugs. Now, that is what we have to do, i.e., a market survey, as Mr. Santhanam has rightly said of African and Arab countries, and also countries in the Persian Gulf. The great European continent, which is today one of the richest countries of the world, next only to the United States, is going to be one of our great potential markets. Therefore, we have got to have greater market surveys, market research, exhibitions and fairs, emporia etc. Publicity and propaganda angle is the fourth component of the export promotion drive.

The last point is the climate. If we take these four, viz., cost of production-cum-incentive, quality control and pre-shipment inspection, simplification of procedure, and publicity, propaganda, market survey and market research, none can be weighed against the single item, climate and determination. I would, therefore, again mention, even at the risk of repetition, that if the business community of this country stands by the people of this country by creating a determination, a profound will that we shall export, it would help us. If one can produce Rs. 10 crores worth of goods—my hon. friends opposite, one or two friends who are great industrialists, produce goods worth Rs. 10 crores, Rs. 20 crores or Rs. 30 crores—what prevents one from exporting Rs. 1 crore worth of goods or Rs. 2 crores worth of goods? I see no single reason why it should not be done. I have been in business far too long in my life. I have been both trading abroad and trading inside. I see no reason why my friend like Mr. Babubhai Chinai or my friend, Mr. Ramgopal or Mr. Birla or Tata, cannot export goods worth Rs. 2 crores, Rs. 3 crores or Rs. 5 crores. Sixty-three per cent of Japan's export trade is handled by eight firms. Some of

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them are: Mitsui, Marubani, Hitachi, Toyo Rayon, Toyon Engineering, Ashahi, etc. All these are top manufacturing firms. They command almost very large percentage of the exports of that country. They are greater exporters than manufacturers. The country i.e., India gave them the freedom, the opportunity, the protection of a sheltered market, to expand their wealth and expand their enterprise and their means of production. It is their country's demand that they must export abroad in order to provide the wherewithal for their economy. Why should we spend thousands of crores of rupees in providing components and capital goods to all these great industries if they are not prepared to earn or at least self-balance what they are spending from the common exchequer? That is what is required today. viz., the proper determination on the part of our businessmen. I know our businessmen can do it. They have done it. Six and a half years before when I joined the Industries Ministry here I had hardly half an hour's work or one hour's work. People thought that we could not manufacture anything practically. We were bottlers, processors, assemblers, something like hewers of wood and drawers of water. Today within seven years everything is being produced here. When first in 1958 we called a meeting of all the sugar machinery manufacturers and component manufacturers, they walked out saying. "Who can manufacture such machinery here? 28"x56" cast iron pipes cannot be built by us." Today we are producing eight or nine complete sugar plants, some of the best plants in the world. One plant which I saw in Karad. almost 97 per cent. of it is made in India, is giving 13.7 per cent recovery. The same thing in regard to Usha sewing machine. When I was in the United Arab Republic. the machine was sold practically at two-thirds the price and it had better efficiency than most of their imported ones. I know of several other items which are today produced

of very high quality and with greater efficiency. Therefore, our technicians, our traders, our businessmen, our entrepreneurs can do it. There is no single reason to doubt their efficiency or the quality of their enterprise and say that these people are only feeding themselves on the local stuff. They are too sluggish because they have large profits. We have no reason to doubt their patriotism or their efficiency or skill. What is wanted is that they must be outward-looking instead of inward-looking. They have been too long inward-looking, all the time trying to develop and develop. When they find that they can sell it easily in the internal market, why should they go to Geneva or Switzerland to sell it? They ask: "Why should we go to Tokyo, Nairobi or Mombasa?" If they can sell it in Delhi, they will not even go to Faridabad. That is human nature. But the human nature if it is overdone will bring stagnation and ruin. You have got to be progressive. You have got to be inward-looking. We have to look beyond our nose and see that if we have to survive, if we have to develop. then we shall have to become outward-looking. The business community will have to see that they make that determination.

Then, I will come to what Mr. Ramamurti pointed out. Apart from the immediate problems to which most of the Members referred, there are also international problems of long-term duration, because export cannot be looked at only from the angle of what is going to happen tomorrow. What is going to happen to the European Common Market. What is going to happen to the developing countries? What is going to happen with so many types of different combinations of trade that are taking place in the world? We will have to study them all. The Cairo Declaration clearly points out that the developing countries today have got a reducing share in the world trade as compared to the expanding and develop-



ing countries. It is our request and our firm proposal to the developing countries of the world, to the advanced industrialised countries, that they will have to share their technology and their financial prosperity and markets with the goods of the underdeveloped countries. Unless and until the trading practices become non-discriminatory, the trading practices become free from all the duty and quantitative restrictions on a completely non-discriminatory basis, on the basis of equality of right of trading of every nation, we shall always face this trouble, common external tariff, quantitative restriction, and so on. What they give by one hand they take away by the other. Regarding one particular product—I will not name that product because we are in a very delicate stage of negotiations—they say nill tariff and on the other hand they put an entry tax of 150 per cent, they put quantitative restriction that you cannot sell more than one pound or one hundred pounds or one yard or one hundred yards. That is where the developed countries beat the underdeveloped countries, and they could beat the developing countries because we are all in the developing stage. I appeal to the more developed and industrialised countries of the world to see that the Ministerial Declaration of GATT of December 1961 is carried out in full spirit, and a World Trade Conference or an International Economic Conference should be called in 1963 under the auspices of the United Nations General Assembly to consider the economic problems of the underdeveloped countries, that is the developing countries. Now what is happening? Malaya sells rubber and tea. India sells tea, jute, cotton, coffee, textiles and various other things. The various types of new practices which come up make the prices of the primary products depressed, and the articles which are manufactured in highly complicated industrial production get a higher and higher ratio in the expanding world trade as compared to our primary products or light simple manufac-

tured articles. Therefore, Madam, we have propagated and mentioned very clearly in the Cairo Declaration that international division of labour is the only way in which the whole trade should be devised; that is, two-thirds of the world, that is the developing countries which have struggled against colonialism, imperialism, neo-imperialism, whatever you call it, should be provided with an expanding share in the world market and not a diminishing share. Our textiles and our light engineering products should not be resisted by the highly industrialised countries of the world. They have manpower shortage, they have labour shortage. On the basis of international division of labour they should allow us and countries like Africa, Pakistan, Indonesia, Ceylon, Burma, all the countries of Asia and Africa and many of the countries in Latin America and the Middle East to sell and have a larger share of the world trade in primary products as well as in simple manufactured articles against what we buy from them because we are their market. If we were not developing, who would have bought their capital goods or their engineering goods or their highly advanced machinery? Therefore, that is one thing which we want to discuss in the International Economic Conference to be called under the auspices of the United Nations early in 1963, so that our long-term policies are well worked out to provide us wider opportunities so that when we get into momentum we again do not come across road blocks. Even today we are finding the same thing. We have sold more tea, we have realised less. We have sold more jute goods, we have realised less. On the whole 8 to 10 per cent. price fall is being experienced in this year as compared to the last, and continuously this is happening. Therefore, all our efforts get neutralised whatever we do. We borrow and we have to pay back. All these efforts get neutralised and dampened when we find that the trading practices, the economic practices and the commercial practices and policies

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of the developed countries are not conducive to the sort of assistance required by the developing countries.

So, I can assure Mr. Ramamurti that we are not oblivious to all those international implications and we are taking them up. In the European Common Market also—thanks to the efforts of our Finance Minister—we are hopeful that several measures would be found and I would appeal to the S.x and the United Kingdom that the enlarged Community should provide for wider and wider opportunities for expanding the exports of this country to the enlarged European Community, because that is a big continent. Today what are we selling? Goods worth Rs. 55 crores to the European Continent and goods worth Rs. 178 crores to the United Kingdom. That is just very little. When we have to go up to Rs. 1400 crores, unless and until we have one-third or one-half of this going to the great European Continent, where shall we be able to sell all these goods? That is where we are looking forward to long-term policies of comprehensive agreement being drawn up between India and the enlarged European Community to provide for all these widening opportunities.

One word more, Madam, about the State Trading Corporation. I entirely agree with Mr. Santhanam that the time has come when State trading has to be given greater attention. I do think the business community has well appreciated or this particular Report has given a good hit or certificate or whatever you call it to the State Trading Corporation. I have closely watched its working, and we are going to have very soon, as I said last session, another Corporation specially for minerals and metals. Whether we do it entirely in the State Trading Corporation or in co-operation with the private trade the formulas and policies for different ores can be different,

and for minerals they can be different for different times looking at the exigency of the situation through a specialised Corporation which will look after the specialised function of mineral ores. And mineral ore is going to be one of our very major products in times to come. It may be possible for us to earn Rs. 100 crores or Rs. 200 crores per year from these various ores in which we are somewhat richer as compared to the rest of the world. Even the present State Trading Corporation which is handling such a wide variety of goods is going to be much more export-orientated. We are now reducing the commissioning work, not merely doing some rubber-stamping on a contract entered into, as Mr. Patel was saying. That is not the function of the State Trading Corporation. We have never told them, "take some order of the Textile Promotion Council and register it on behalf of the S.T.C." It is not the case that some cousin or nephew of some Minister is being allowed to export to the Soviet Union because he goes to the State Trading Corporation. That is not our policy, we have never allowed it. I know of no single contractor or no new entrepreneur who has been favoured by this Corporation.

SHRI DAHYABHAI V. PATEL: The hon. Minister has completely misunderstood me. I said that the monopoly of exporting to the Iron Curtain countries was in the hands of a private firm instead of the State Trading Corporation.

SHRI MANUBHAI SHAH: That is also not true. As a matter of fact there is no monopoly of one private firm. The cloth is being sold, as far as I know, to the Soviet Union by more than ten textile mills in this country. Recently we had a further discussion with the Soviet Commercial Counsellor, if the hon. Member refers to that because that is what he was pointing out. But I know of trading being done by all these East European

countries, and fortunately the balance of trade in the last six months, even though it is stagnant, has registered a rise of about Rs. 14 crores or Rs. 18 crores as far as these East European rupee payment countries are concerned. They are buying more. They are buying for more than one party or more than hundred parties, tobacco, textiles, etc. There is no monopoly attempted by anybody. But what I was trying to draw the attention of the House to is that the State Trading Corporation is going to be one of the major instruments of developing our export trade

In conclusion what I say is this. While there is no cause for complacency at all, while there shall be every vigilance from day to day to see that exports are promoted to the extent that we either fulfil the target or go near about the target, we have got to see that in the next few years, without meaning any alarm or a sort of feeling of frustration or disappointment, this task has got to be fought, this task has got to be performed, and I have no doubt that in the course of the not very distant future we shall be able to do a substantial work in export promotion with the co-operation of the entire business community.

**SHRI DAHYABHAI V. PATEL:** I want to ask a couple of questions. I would like to know what is the cost of export promotion schemes over the last few years separately for textiles and separately for other industries, and what is the reason for which, in spite of the increasing cost of export promotion in the matter of textiles, the export of textiles of this country is falling lower and lower. One more question I want to ask. In view of this export promotion drive and the export of cotton textiles, has Government any machinery to make sure that the incentives and benefits that are given are going to the legitimate sources, that all the managers and directors of the exporting mills are Indians, and that some balances are not accumulated in the name of export promotion by these

millowners or their wives or relations abroad.

**SHRI MANUBHAI SHAH:** Madam, regarding the first question of the hon. Member as to why textile exports are falling, I may first point out to him that textile being a simple article to manufacture, as Mr. Santhanam was rightly pointing out, most of the countries which were our previous buyers are themselves installing their own textile industry. That is one reason. The second is that this article is one of the international commodities. And all the countries have the balance of payment trouble. There is no country which does not have that trouble. Even the U.S.A. today is facing the balance of payments trouble. Therefore, they want to sell more. And it is today a buyer's world, a buyer's market. It is not more a seller's market. Wherever you go, it is a buyer's market and therefore each one is trying to depress the price. So, even if you sell more, you get less realisation.

As far as the accumulation of balances and all that is concerned, one can always suspect and continue to doubt people but the incentive packet is always being worked to the extent of the difference between the international price and the internal price. A portion of it we are trying to utilise. We do not carry the cost together. And many times I had to seek the co-operation of the House. By announcing too many things and too many figures, we do not gain anything; only we inform the outsider that you reduce the price further because this is the percentage. You will pardon me if I do not give the figures of money or percentages. It does not help you or me. I can always convey to you in confidence, whenever you need, what is the value of the packet. You can easily calculate by multiplying the quantity of cotton or this or that. But it will not be wise. And there is one thing, Madam, where I want the co-opera-

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tion of the House. All these talks on export have to be done with a very great amount of circumspection and care because we are not the only people in the world who listen to these things. All the foreign buyers and traders always watch what is happening in this country and one has to be somewhat reticent in these matters of cost, etc.

THE DEPUTY CHAIRMAN: Mr. Chettiar.

SHRI T. S. AVINASHILINGAM CHETTIAR: I have nothing to say.

SHRI A. D. MANI (Madhya Pradesh): I just wanted to ask one question. The Report of the Mudaliar Committee mentions something about an Import and Export Stabilisation Fund, and refers in this connection to certain banks, foreign banks, being ready to offer credits. I should like to know whether the Government have accepted the recommendation of this Committee in respect of this Fund and whether the climate is there for foreign banks to give foreign currency as a reserve for the purpose of imports of essential materials.

SHRI MANUBHAI SHAH: Well, this is a very important recommendation and last time I had also said that we had accepted it. But because of the balance of payments position not being at all good at the present moment, we have not been able to spare a large amount but we want to begin it with about Rs. 10 crores. We have contacted certain foreign banks and the State Bank of India also and we want to evolve, with the co-operation of all these foreign banks and the State Bank of India, a small Fund of 20 million dollars to begin with. How it will work and in what manner, it is all a matter of great detail because while the Fund is a good idea, it is today not as if the Chief Controller of Imports or Exports does not give the necessary components or raw materials against export promotion. The

basic idea of the Fund is that to the export industries, without much of red-tape, a revolving type of credit may be provided so that they can get an uninterrupted flow of all the raw materials and components. That is tried to be achieved by other means. But we are certainly going to implement this particular recommendation. It is a very good recommendation. It needs a certain amount of foreign exchange. Therefore, we have contacted some of the banks including the State Bank and we will initiate this Fund.

SHRI A. D. MANI: Is the response good?

SHRI MANUBHAI SHAH: Yes. very good response.

#### MESSAGES FROM THE LOK SABHA

I. THE NATIONAL CO-OPERATIVE DEVELOPMENT CORPORATION BILL, 1962.

II. THE ASSAM RIFLES (AMENDMENT) BILL, 1962.

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

#### (I)

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the National Co-operative Development Corporation Bill, 1962, as passed by Lok Sabha at its sitting held on the 7th August, 1962."

#### (II)

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose