

Act, 1955, a copy each of the following Notifications of the Ministry of Finance (Department of Revenue) publishing further amendments in the Medicinal and Toilet Preparations {Excise Duties} Rules, 1956: —

- (i) Notification G.S.R. No. 1358, dated the 19th December, 1959.
- (ii) Notification G.S.R. No. 1390, dated the 19th December, 1959.
- (iii) Notification G.S.R. No. 1391, dated the 19th December, 1959.
- (iv) Notification G.S.R. No. 7, dated the 2nd January, 1960.
- (v) Notification G.S.R. No. 9, dated the 2nd January, 1960. [Placed in Library. See No. LT-1859/60 for (i) to (v).]

Sir, I also lay on the Table, under sub-section (4) of section 13B of the Sea Customs Act, 1878, a copy of the Ministry of Finance (Department of Revenue) Notification G.S.R. No. 1362, dated the 12th December, 1959, publishing an amendment in Government Notification No. 296-Customs, dated the 6th December, 1958. [Placed in Library. See No. LT-1882/59.]

**AMENDMENTS IN THE REPRESENTATION OF THE PEOPLE (CONDUCT OF ELECTIONS AND ELECTION PETITIONS) RULES, 1956**

SHRI J. S. L. HATHI: Sir, on behalf of Shri R. M. Hajarnavis, I lay on the Table, under sub-section (3) of section 169 of the Representation of the People Act, 1951, a copy of the Ministry of Law Notification S. O. No. 2856, dated the 23rd December, 1959, publishing further amendments in the Representation of the People (Conduct of Elections and Election Petitions) Rules 1956. [Placed in Library. See No. LT-1880/59.]

**STATEMENT *RE* REPAIRS TO THE HOIST CHAMBER AT BHAKRA**

SHRI J. S. L. HATHI: Sir, I beg to lay on the Table a statement regarding repairs to the Hoist Chamber at Bhakra. [Placed in Library. See No. LT-1868/60.]

**THE IMPORTS AND EXPORTS (CONTROL) AMENDMENT BILL, 1959**

THE MINISTER OF COMMERCE (SHRI N. KANUNGO): Mr. Chairman, I move:

"That the Bill further to amend the Imports and Exports (Control) Act, 1947, be taken into consideration."

Sir, this is one of the normal, routine Bills. It is for the purpose of amending the Imports and Exports (Control) Act, 1947. The main feature is that it is sought to be extended up to the 31st March, 1966, coinciding with the end of the Third Plan, and one or two minor matters have been taken into consideration to obviate the difficulties which have occurred, the main thing being that under the law only the officers of the customs were permitted to launch prosecutions. Now it has been sought in the amending Bill that officers appointed by the Government of India should be competent to launch prosecutions. When this provision is accepted by the House, it will be possible for the officers of the Import Control and Export Organisations to launch prosecutions. On previous occasions, the necessity for this Bill has been admitted from all sides of the House and I believe that the same conditions continue with greater force. I would merely submit, Sir, for the consideration of the House that the policy followed under the powers conferred on the Government under the Act are subject to the debate of the House on various occasions, because the policy is laid down for a period of six months; that means, twice a year, and in the normal course of business of the House, the policy which we change from half-year to half-year is subject to the criticism of the House.

That means that the operation of the policy followed under "the powers vested under the Act upon the Government is debated on different occasions. Therefore, I merely suggest

[Shri N. Kanungo.] that we may not consider those problems, but that we should confine our discussion to the powers conferred upon the Government under the Bill and the necessity for the same.

Sir, I commend that this Bill be taken into consideration.

*The question was proposed.*

SHRI BHUPESH GUPTA (West Bengal): Mr. Chairman, I was a little surprised to hear the speech made by the hon. Minister. If we are not to discuss the policies and the practices of the Government, I do not know what else we are to discuss on this Bill, except that we have to say 'Yes' or 'No'. Naturally, this cannot be the position here in this House. A particular measure empowering the Government to impose restrictions and Controls on our export and import trade is going to expire and now the Government wants the extension of the power for another six years. Naturally, when we are confronted with this proposition, we have to question their policies, their methods and their operations in this respect so that we know from them exactly how they are going to use the controls and the restrictions. Nothing about it has been said by the hon. Minister. I should have thought that he would have taken the 'opportunity of apprising the House of how after independence these control measures have been administered in the interests of the country's economic development, of how they have been administered in particular with reference to the needs of the First and the Second Five Year Plans and of how they propose to operate the same measures in the context of the Third Five Year Plan and in the context of the longer perspective planning. Nothing of the kind has been said. He thinks that it is a routine matter; I do not think that it is so routine as all that. Naturally, Sir, I have to fill the gaps, and I shall invite him to meet my criticisms and state the Government's position before we, in this House, allow them the necessary powers.

At the very beginning, I must make it quite clear that we are not opposed to giving the powers to the Government to regulate and control our external trade. But we would like to know from the Government, in the first place, as to how they are going to use them and secondly, we would like to offer criticisms about the manner in which they are administering them, so that in future those mistakes are not repeated. Thirdly, we would also like to make some proposals to the Government for the future in respect of this extended measure.

Sir, as you know, this idea of control of the export and import trade was there even when we were under the British rule. It is nothing new. But they administered the control measures in a particular way, and what was that? They were administering these export and import control measures with a view to safeguarding their interests in the internal economy of 'our country and also for the purpose of making gains out of our economy in order to enrich their position.

[THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA) in the Chair].

That was roughly their guiding line in the administration 'of these powers. I say this thing because one must remember that these powers are liable to be used for purposes which are not in accord with our national interests, and the very fact that the British have so used them also would indicate that it is so. Therefore nothing should be taken for granted.

Now the question is this; We are a free country; we are trying to develop our economy, and the gentlemen opposite are trying to build the capitalist economy in our country on what may be called 'independent foundations'. They call it socialism but nobody believes it. Anyway, I am not quarrelling over that terminology here, because that is not the issue. The question is whether the export and import control measures are being properly administered with a view to

strengthening the country's economy to the fullest extent possible, for overcoming the economic dependence of the country, a dependence we have inherited from years and years of foreign tutelage, under conditions of enslavement. These are the questions that must be faced.

Then coming to the present and future, we must also examine the proposition from the point of view of the third, fourth, fifth and sixth Five Year Plans—as you know, this measure will be extended till the end of the third Five Year Plan—whether they have made any reorientation in the policy of their exports and imports with a view to overcoming the weaknesses there, so that the needs of the third Five Year Plan and of a balanced development of the country's economy could be served.

Now these are very vital questions and the member of the Government should have opened up a discussion on matters like this instead of trying to be extremely brief, as he has been.

Now, Sir, let me come to the critical part of it. I do not say that no change has been made—some changes of a minor nature have, of course, been made, partly because of the compulsion of the economic life and partly because also of the fact that today, when we are in control of the State and are expected to look after the economic interests in India, the economic interests of the capitalist class dominate the field. Naturally, nobody would suggest that they are going exactly in the same way as did the British—that is not my contention at all; I concede that some changes here and there and certain changes in directions, etc. have been made in the course of the twelve years of independence—I am not denying it. But the question is: Have they been adequate? Have they done all that should have been done? Has there been any effort to break away from some of the past legacies which are detrimental to the coun-

try's economic interests in the matter of our external trade? These are the questions that are to be examined when we take up a Bill of this kind. But I submit, Sir, that fundamentally they remain more or less confined to the old pattern of trade subject to the qualification that some changes have been made, as I have already said, but essentially Government remains more or less stuck up in the old concepts and, what is more, in the old pattern of external trade. There is no attempt here, even at the end of the Second Five Year Plan, to radically reorganise our external trade, to break from the dismal past when the British conducted the trade in a particular way—there is no such attempt. Such an attempt is very urgently called for. The old pattern of trade had been to the detriment of our economy and we have come to grief for it.

Firstly, Sir, take the case in the matter of trade, but before I come to that, I should make one point here rightaway. The problem today, in the context of the country's economic development, is not merely one of control and regulation—no doubt these are important matters—but the problem is one of the State taking over the export and import trade at least in the major items constituting our exports and imports. The function of the State should not merely be one of laying down some restrictions or laying down some rules and so on and publish, every six months, what is called the 'Red Book'. The function of the State in this matter should be to come into the picture in a much bigger way, and as far as our external trade goes, take over in the State sector our external trade, to begin with, in such commodities as tea, tobacco, hides and so on, so that we direct our trade to the country's economic interests. But unfortunately our external trade is in the grip not of Indian businessmen generally—it would be misleading to state that this is the position—but in the hands

[Shri Bhupesh Gupta.]

of a few houses, big monopolist houses in the country. Whether you look at the export trade or the import trade, ultimately we come to find that it is confined to a small number of houses which could be counted on one's fingers and which control the entire external trade of our country. We are thinking in terms of a planned economic development. We are thinking that more and more the State must take interest in shaping the country's economic policy and arranging the economic affairs of the country on a proper footing, but at the same time we have left this vital aspect of our economy, namely, the export trade, almost entirely in the hands of a handful of monopolist elements, no doubt subject to certain regulations and restrictions, most of which are again evaded by them in various ways. Now that does not speak well of the Government policy. Why there is such halting and hesitation in the matter, I do not understand, except that the Government is continuing to surrender to the vested interests which want the trade to remain in their grip in this manner.

Mr. Vice-Chairman, as you know, our external trade, imports and exports taken together, amounts roughly to 1200 crores of rupees divided almost equally. Generally we are deficit in our balance of trade. Now I am not quarrelling with this deficit business as such, because it is understandable that in a developing economy, for a number of years, we may have to show a deficit in our balance of payments position. That is understandable, but what is most disturbing is that the old pattern of deficit continues and there is no attempt to overcome or reduce this deficit by fiscal measures, by economic policies and other measures with regard to trade. That is badly lacking as far as the Government is concerned.

Now I shall give you some recent figures which I have got from the

*Journal of Industry and Trade*. In October 1958 our exports were 55 crores and 76 lakhs of rupees, and in October 1959 they increased to 59 crores and 58 lakhs of rupees. Then again you will find that between January and October 1958 our deficit, the total adverse balance in the trade in merchandise was 147 crores of rupees. Then you come to the year 1959 and the figures for the period from January to October are available and during this period the deficit went up to 235 crores of rupees. Now it will be seen here that whereas our imports are increasing, simultaneously the deficit in the merchandise trade balance is also increasing. This shows that there is no adequate effort to match these growing imports into the country by exports, that is to say, by promoting exports and so on. Now let us see the imports during the period January-October 1958, and the total imports were Rs. 474 crores or so. From January to October, 1959 it was 488 crores of rupees. You will find that the balance is against us. This is the position. Well, I can understand some occasional deficit in the balance of payment but then I have to examine as to whether this deficit balance is justified. I would accept this balance if it is made out by the Government that this balance is very very temporary and has been necessitated by the fact that we have had to import machineries for building heavy and other machine building industries. I can understand that position. But even so, I find today that a large number of items which are not of very fundamental importance are being imported into the country.

What is more, the import licences are being given to certain private concerns to develop the private sector not only in regard to producer goods but also consumer goods. The result is that those who come much below after the paramount needs of the national economy somehow or the other are getting a little more encouragement and liberal opportunities. I do not say that the position is

as serious as it was, say, four years ago. Restrictions have taken place. I know it. But even so, they are getting.

Under the Second Five Year Plan there has been a tendency to give more licences to monopolistic elements to import machineries, for example for automation and so on. The jute industry and other industries have been given fresh licences to bring in machineries for automation.

Then, Sir, certain other industries have also been given licences. From the figures you will find that the estimated sum allocated in the Second Five Year Plan originally on account of imports in the private sector has been exceeded considerably by now and is going to be still higher in the next year of the Plan. What does it show? It shows that there is a tendency on the part of the Government to feed the private sector, give them licences for bringing in machineries which we do not immediately need and for importing articles which can wait for some time. That has been the policy of the Government. That is not helpful to the country's economic development. The harms are two-fold. Firstly, we lose on the balance of payments account; our foreign exchange position has become much more difficult. Secondly, we strengthen the elements in the private sector, elements that are harmful in our economy whereas the Government should have administered its export and import policy for strengthening the public sector in our economy and to weaken the monopoly in private sector in our economy.

The Prime Minister used to say—nowadays he does not say it but he used to say it earlier—that we must occupy strategic positions, commanding positions in our economy. In the beginning of the Second Five Year Plan there was a promise that steps would be taken to ensure rapid expansion of the private sector. But now what do we find? There has been a considerable whittling down of the

efforts in this direction, and monies are being spent in some cases to strengthen the private sector rather than the public sector. Far from getting to the commanding heights in our economy, the Government are toppling over<sup>1</sup> and surrendering to the dictates and pressures of the big business in order to placate them.

SHRI AKBAB ALI KHAN (Andhra Pradesh): Question?

SHRI BHUPESH GUPTA: And in this matter of export import trade people say that some big business houses control it. There are three or four Ministers—I do not know if the hon. Minister here is one of those distinguished personalities—about whom it is said that as far as this side of the Ministry is concerned, well, the policies are decided from somewhere else.

Well, we see the Blue Book, the Red Book and so many other books. But what happens really? It is the Chamber of Commerce, the powerful element in our economy, which more or less decide amongst themselves as to what should be the policy. Then they start pressuring the Government. Of course, they do not get the whole bite, but they succeed in getting a lot of concessions out of the Government. This is the position.

Therefore, I would say that you are still administering the Export Import Control Orders in the interests of foreigners and in the interests of big Indian monopolists. Well, foreigners do not matter these days, it seems. There was a time when a lot was said against them, in fact, our complaint was very much against the British on that score. Poems were written against the traders who came here and exploited our country. This goes on even now. Come to Calcutta and see how some British concerns control the export and import trade of India. I come from that place. The name of Clive Street—it is no longer Clive Street; it is Netaji Subhash Chandra Street—is well-known. The same gentlemen sit in the Lyons

[Shri Bhupesh Gupta.] Range, the Bengal Chamber of Commerce building, controlling the trade of our country. Surreptitiously and otherwise it goes on. That is the position. Now, this is an aspect of the matter which should be discussed in this House.

I am sorry the Prime Minister is coming just after I had referred to his phrase "commanding heights". He; is retreating again. The position is that these people are there controlling the commanding heights. This is the position. The same houses—you can count them—are there. Every-, body knows who control the Dalhousie Square area business.

Take, for instance, tea trading. It is almost entirely in the hands of the British. I do not say hundred per cent., ^aut almost entirely in their hands. We have been pressing in this House and the other House and asking these gentlemen to come into the picture. I do not know a word about this export and import business. I ask Indian gentlemen to come into the picture and take over. I ask the Government, the hon. Minister, to come into the picture and take over a part of the trade at least. The tea trade i^ entirely in their hands. Some changes have been made in the matter of auction and so on. But what of them? Now, they are in control of the entire trade. It is to be remembered here that they are the producers, they are the managing agents— and they control the trading houses also specially with regard to the export trade, right from the plucking of the tea leaf to its auction in the London market. That control is in the hands of certain British firms. The Government are not doing anything about it. Tea is one of our major items of export. We earn a considerable amount of foreign exchange out of that commodity. What is happening as a result? We do not actually earn very much, or at least we do not earn what we should earn. A part of it goes to them. How? By all kinds of manipulations. We had pointed out in this House how the prices are

manipulated in various ways to evade the economic obligations here and to keep the monies earned by our export in England or in Canada or in other countries; earnings do not fully come here. When we send our tea abroad, it should be the task of the Government to ensure that every pie that we earn on that account comes to us and is invested for our development purposes or is spent abroad for bringing in commodities, machineries and other things for the development of our economy when we so much need foreign exchange resources. But a large chunk of that money is allowed to remain in the rands of the British and is allowed to go as profits, dividends, interest commissions, fees and so on, over which we have no control at all. The result is that we heavily lose.

Similarly, this is happening in the jute trade also. This is the position with regard to jute-ware and other things that we export although our market is very bad that way.

Now I come to the decline in the market. This is one factor. There is the question of foreign banks again. The financing of our external trade is done not so much by the Indian banks as by the foreign banks like Lloyds and others, which are very closely connected with the producers, foreign planters or with the managing agents like Andrew Yule and Company and similar other business houses of the foreigners. They control these banks and they are very closely connected and they finance these banks. The manner in which they are manipulating accounts, etc. results in a colossal loss to our country and we suffer on account of that. Our deficit goes up and our foreign liabilities, which are to the extent of Rs. 1200 crores, are going up. I do not know where the country will be left afterwards if this continues. This is one aspect of the matter. Therefore I would ask the Government to tell us exactly what steps they are taking or propose to take in the context of the Third Five Year Plan to break this grip of foreign

monopoly over our external trade. We should like to know it'. You want powers. Have them by all means but tell us whether you are going to use them against such monopolistic elements and for rescuing our external trade from the hands of those foreign exploiters. That is the question which everybody should ask. It is not a partisan question at all. This question will be shared by many Members opposite occupying those Benches. The hon. Minister should say something on this subject.

Secondly I come to our internal capitalists and monopolists. There again you will see that there are many, or some, small traders or importers and exporters who have suffered. They are complaining all the time that those who are at the top, at the apex of the pyramid, the big houses, are enjoying a good deal of advantages and prosperity today. They are being favoured at every step by the Government. They are being favoured not only at the cost of the consumers or at the cost of the small traders and businessmen in the line of trade but also at the cost of the country's economy. There were some revelations made about the foreign accounts of some of these people, big people, top-notchers in the Indian industry, for instance, Mr. Jain and others. These accounts have revealed and they show how much advantage they are getting. Some of them have got Rs. 20 lakhs, Rs. 30 lakhs or Rs. 40 lakhs and I am told—in Calcutta it is common knowledge, and I do not know why they do not find it out—that many industrialists, noted industrialists, of India have got three, four or six accounts abroad, in the U.S.A., West Germany, London and other places and these accounts are not known. How does it become possible for them to have such accounts? Obviously they do not carry the money in their suit-cases. They do not carry it that way, though some might do it, but I take it that they do not do it that way. They do it by manipulating the accounts. The pay-

ments that should come to India do not come, the payments are made to certain agents; certain agents there, functioning on their behalf, may take the money through manipulations of accounts and then have the accounts in their names. The assets which should belong to India, which should come to India and which should be available for the development of our economy, are not made available to us but are taken away and kept in countries outside our jurisdiction. What happens? When that sum of Rs. 19 lakhs or so was revealed in a secret account of some industrialist in a West German bank, it was not open to us even to make enquiries. I think the Director of Enforcement of Foreign Exchange wanted to go there and make enquiries—that is what I was told by people—and he was not allowed to go because he had no authority and they would not give him any opportunity. Therefore once they can remove the money that way, they are outside the pale of all the laws of the Government of India. This is the position. That is a serious matter. How are you going to control your trade and prevent such things? How are you going to use this measure to prevent monies being taken away in this manner or prevent Indian assets being secreted in this manner? That is also a vital aspect of the matter. So I say that by and large the policy of strengthening . . .

THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA): Will the hon. Member please try to avoid speaking on matters which are before the Supreme Court?

SHRI BHUPESH GUPTA: Sorry, I did not know it. Is it before the Supreme Court?

THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA): Yes.

SHRI BHUPESH GUPTA: Very good but I thought be got away. I forgot it. I remember now. It came down from Rs. 55 lakhs to Rs. 5

[Shri Bhupesh Gupta.]

lakhs. It would be good luck if we were not to pay some compensation to him. We will be very lucky if we are not called upon to pay him Rs. 55 lakhs for giving him the trouble because of the way they are handling the matter. I will not refer to it any more. Generally speaking, they are making money. Monies are being secreted that way. Where is your control? Have you any control on them? Nothing. You never use the measure for this purpose. This is my complaint against the Government. Therefore things remain more or less, essentially, not exactly, where they were. Some changes, good changes, have been made, I do not deny, but let me come to the other aspect of the trade.

It is essential to reorganise our trade pattern. How much have you done by way of the reorganisation of your trade in the course of the 12 years of Independence and in the course of 10 years of the Constitution? Nothing. You have not done very much. Here are the figures. It will be seen that the bulk of our trade or direction of our trade, which is a very important feature of external trade of any country, was this: In 1958, imports worth Rs. 168 crores came from the U.K. Our exports of the order of Rs. 175 crores went to that country. With regard to the U.S.A., the corresponding figures were these: Our imports from the U.S.A. were for Rs. 161 crores and our exports in that year to that country were for Rs. 83 crores. As far as the U.S.A. is concerned, we are running very heavily in deficits in merchandise trade. The deficit in 1957 was Rs. 38 crores—it is a minus—and in 1958 it rose to Rs. 68 crores. Regarding the U.K., sometimes we have a little plus but very often we are in minus. I need not dilate on this for the simple reason that it is well known that in order to meet our trade balances or deficits?, there has been a heavy drawing down of the sterling

balances of our country, so much so that today we have barely the minimum requirement necessary for what they call, safeguarding of backing our currency. That has been drawn down heavily on account of the deficit in the balance of trade. This is again important. In 1947, statements were made in the Provisional Parliament, and Shri Liaquat Ali Khan was at that time the Finance Minister, and later on also statements were made where it was said that the sterling balances of India would be utilised—strong statements were made—for ensuring the developments of our country, for importing machinery and so on. Such sentiments were expressed and that statement was taken exception to by Sir Winston Churchill who declared hotly that we had no right as far as the sterling balances were concerned. Then a great controversy arose. In point of policy we declared ourselves in favour of utilising the sterling balances for the development of our economy, for the import of machinery, so essentially needed for the development of our economy, but what have you done in, the course of the 12 years or so? It is admitted *on all hands* that instead of utilising the sterling balances for this purpose, we have exhausted them mainly for meeting trade deficits. In the earlier years it was a scandal when Mr. T. T. Krishnamachari was in control of the Commerce and Industry Ministry. There was a heavy run on this and monies were spent and the sterling balances were dissipated for meeting the deficits arising out of the import of such commodities as cosmetics, race-horses and various other things which the gentlemen of the upper classes required for their leisure and for their luxury. That was done but later on some restraint came. Even so, this thing continued. And now we are at sea *in* this respect and we have little left. This could have been avoided. If only the Government had reorganised its external trade we could have avoided this heavy drain on our sterling resources and we could have saved sterling for

really essential developmental pur-



poses. That was not done. Who is responsible? The responsibility generally, of course, is that of the Government, but the main responsibility rests on two Ministries, the Finance Ministry is one and the other one is the Ministry connected with trade and commerce because it has limped behind the Finance Ministry and whatever initiative it had, whatever initiative, authority or power it had, was exercised in the interest of big business and this has brought us into a situation of this kind.

When you look into this balance of trade or the direction of trade, you will see that actually the United Kingdom and the U.S.A. account for the big bulk of our trade. If you take the Commonwealth countries into account, I think you will find that nearly 60 to 70 per cent, of India's external trade has got stuck up in the Western world, in the U.K. the Commonwealth countries and America put together. If you include in the Western world West Germany also, then probably the percentage would be much higher. We are more or less now in the same position where we were in the past. Not that we have not developed some trade in other directions, for instance with the socialist countries, but they are very little, negligible. It was 1 per cent, in the past and now it may be about 5 per cent, or so. It is practically negligible and it does not have any impact really, so to say, on our external trade. We remain stuck up in that position, the position created by the British, more or less. Now, is that right? Is it to be justified? If they could show that it is justified on merit, that is to say, from the point of view of our economy, I could understand it. They cannot do that, whatever jugglery in figures may be made by the Commerce Ministry or any other authorities that may be concerned. It would be seen that we have not done well in this direction. Therefore, it is important for the Government to use the powers under this regulating and restricting Bill, powers of regulation and restriction that are

intre under this Bill, for bringing about a change in the desired direction, a radical change in the direction of our external trade.

In this connection I might invite the attention of the hon. Minister to the various papers prepared by the Economic Department of the United Nations which are published from Geneva from time to time. What do these papers show? I think a particularly comprehensive report on this, subject published in the year 1958 but dealing mostly with the year 1957 shows that our trade today is in such commodities as are showing a decline in the external markets for the last 25 years or so. That point has to be noted. That is one aspect, namely that we are dependent on trade in such commodities, as far as our export goods are concerned, as are in decline in the external trade. The rate of decline has to be taken into account. Maybe from the point of view of quantity it does not always show a decline, but relative to the volume of world trade, relative to our volume of trade also, they are showing a decline. That is the first finding of this economic survey by the U.N. Secondly, the bulk of it flows to those countries where the possibilities of the market are getting more and more contracted or restricted. This is not my finding but that of the U.N. survey, that is to say, that we are not operating, shall we say, in a seller's market, but we are operating, so to say, in a buyer's market, if you like, and in a market which shows a decline and a restriction from our point of view. What we want is a market where we can expand our trade, where we can operate with greater elbow room for our economy. But this is not the actual position. And what have you done in the course of the last twelve years to alter that position, in order to get out of these restrictions, to get out of these inhibitions, in order to break new soil so that we can improve our position? It is no use telling us that we have got some trade with Czechoslovakia or the Soviet Union. It has a very very

[Shri Bhupesh Gupta.] negligible contribution to the total volume of trade of our country. We are making a present of our external trade to the Western markets and we are having this trade not on our terms but mostly on their terms.

Let me now come to the other points in this connection. There is this GATT—General Agreement on Trade and Tariff. What happens? Even now some of these countries are discriminating against us and at the time of the last meeting—it was in Japan, I think—we could not get anything from them. They continued discriminating against us, as the hon. Minister knows. Is the hon. Minister in a position to say that we are having a hundred per cent, fair deal in the matter of GATT? First of all, it operates to the disadvantage of the under-developed countries, to the disadvantage of the economically weak countries. Apart from this, the Western countries take special advantage of it and we suffer on account of that. Negotiations had been made with a view to getting some of these unjust terms removed, to get the discrimination eliminated, but they have not yet succeeded. I think, Indonesia made a very serious complaint on that score and I think a faint voice was raised by our hon. Minister also when they discussed the question of GATT in that conference. This is the position, and even with regard to GATT we have not had a fair deal from the other side. How does that become possible? It has become possible because they are in a better bargaining position. They know that they control our external trade. They know that you have to look forward to them both for your exports and for your imports. That is why they are in a position to dictate terms. Of course, these terms are not dictated as in the old days; but they are now done in a very subtle way. They are done through various qualifications, clauses and sub-clauses, by various reservations and so on. This is what is being done with regard to GATT.

Then what about the European Common Market? Nothing seems to

be done. For the last year or so I have been asking the Government if they have taken this development into account in the context of our external trade policy. The answer has always been and always is in all such cases that they are watching the situation. I do not know whether that watching has stopped. They have been watching the situation for the last two years or so. The European Common Market has caused great anxiety in many of the countries of the world and even the Western countries are perturbed about the development of this European Common Market. But here they are only watching the situation. A number of countries, for example, are very much disturbed and perturbed about the European Common Market and many countries believe that it will go against them. Other countries, apart from the participating countries, are perturbed about it. What precaution do you take against this trend or development of the European Common Market towards restricting the normal flow of trade, whether exports or imports, and to shut themselves out from the rest of the world? We will suffer as we are dependent on others and suddenly it may come as a crash on our economy and we may find ourselves in a very difficult situation. They know that our trade flows exactly in the same way. We are sitting and watching. I think the Ministry of Commerce and Industry is highly complacent about the dangerous developments in world economy in the shape of the European Common Market and they are not taking adequate steps to protect our country against encroachments of the market and to create the necessary resilience for saving our country, should there be a sudden onslaught. So this is the position. Why is it so? That is because we are stuck to the old pattern. It is democracy, they say. This democracy is such that it does not give up old

friends, even if those friends be the British exporters, even if the old friends be exploiters. They have to

be hugged. They have to be embraced. They have to be wooed. They have to be placated all the time, no matter what happens to the country's economy, no matter what dangers loom in the future. So there again they have failed.

Then again there is the question of international trade. Have you noticed a decline in our Western trade, in our position in the international trade? The trade in the Western world is showing certain very abnormal symptoms and unless and until we take precautions right now, and reorganise the pattern of our trade and reorganise it to protect the trade, we may be taken aback by the development of these negative and harmful trends in the world economy. Take for instance the United States of America. When the United States of America saw that due to certain developments in world economy, their exports were going down and there was an unfavourable balance of trade, they suddenly declared from the house-tops that henceforward the loans given under the Development Loan Fund would be such that the expenditure of such loans should be restricted to the United States alone.

They laid down conditions without consulting anybody because even the United States of America, from their point of view, had to look after their own interests and to take a decision almost unilaterally with regard to the Development Loan Fund when they saw that the possibility of American export to other countries was declining.

SHRI AKBAR ALI KHAN: The same conditions are attached to the loans from the Socialist countries also. We have to buy commodities from the same country. You are, therefore, harping on the same thing.

SHRI BHUPESH GUPTA: Because the "same thing" is not understood by you. What can I do? I am crying my lungs out not only once but for the last seven years. You take a little time. I know. I will now go on.

Even the United States of America has had to take note of certain trends in economic developments in this wide world. Even the United States of America has to protect its own interests as best as it can but here, our Government is watching from the Udyog Bhawan. Perhaps they have got a telescope or what, I do not know. Some kind of an instrument they must have for watching what happens in the various directions of the world. I do not know what has been revealed there but they are completely missing the dangerous trend in world economy today. It is not a recession but a dangerous trend in Western economy today and they are completely missing the dangerous trend. Probably now, some of them would sit up and think of reorganising India's external trade. A Johnny Walker walks in the same way; he will not change and will not move either to the left or to the right but will go on as usual. Likewise, they would go on no matter what happens. This is rather an important aspect of the matter.

Let me now come to restrictions and controls. Yes, we get a huge book but could you make out anything from that Red Book? They are not very fond of Red but when it comes to this import and export, they call it a Red Book. Anyway, I cannot make out anything from that Book. Certain principles are laid down there but what happens? Permits are given, and sometimes, as you know, the wrong type of people get the permits as was the case in the FEDCO licence. Permits were given or somehow or the other a firm managed and a permit for Rs. 45 lakhs was given. They talk of principles and regulations but they are not enforced properly. Regulations are good provided they are enforced; they are not enforced and you have not the machinery. I do not blame everybody in the department because they are many good people also. I do not usually run down the Ministry of Commerce and Industry because I know that there are many good people there. I would vouch for them but then there are a

[Shri Bhupesh Gupta.] few bad people also and at least you should be aware of such men. All kinds of malpractices take place. I had been to Udyog Bhawan once or twice and I did not know where I was, whether I was in a Stock Exchange or a Department of Government. So many big industrialists were there crowding the place, rushing about all the time. Why should they come there? What for? They have made applications; let the applications be judged on merits. I do not like too many of them crowding there all the time.

SHRI AKBAR ALI KHAN: Why do you go there?

SHRI BHUPESH GUPTA: I had to go to get a permit for the import of newsprint for "SWADHINATHA" and "NEW AGE". I have to go there. I am not a big proprietor that way. Do not think that I imitate them. I have to go; otherwise I will not get it. I am sure the hon. Minister likes to meet us at times. You can get paper for your A.I.C.C. paper. Send Mr. Sadiq Ali. I do not mind meeting Mr. Sadiq Ali or Mr. Itajagpalan, the General Secretaries of the Congress, in the lobbies of Udyog Bhawan. I do not mind; actually I would like to meet many of them but I do not like too many multi-millionaires rushing about there crowding the place because I have my apprehensions and fears. People have fears and apprehensions and they smell something bad. You know very well what the result has been. The result has been corruption, fraudulent issuance of licences and investigation has been ordered in a particular case relating to the FEDCO case. Everybody knows this and stories appear from time to time about this kind of thing. The machinery has got to be overhauled considerably and improved. Good people, officers with honesty and Integrity, should be promoted and should be given all encouragement and they should suffer from no fear of victimisation. Their merits should be acknowledged by the Government,

and if necessary by Parliament. Sometimes I find 'Padma Bhuslian' given to very bad people, to certain high people. I wish some of these awards go to these good officers of the Government, the small men who are doing good work. I would like to see them encouraged and promoted but then you have got to overhaul the machinery. These people do not believe in public enquiries, in judicial enquiries and even when the charge is made by a former Finance Minister, you do not believe in such kind of things,

SHRI AKBAR ALI KHAN: That is with reference to the mode of enquiry. If there is anything, we will be the first to enquire into and punish but we do not want to create a scare. That is the difference between your approach and our approach.

SHRI BHUPESH GUPTA: Mr. Akbar Ali Khan is a very brave man from Hyderabad. He is not scared nor would he like to scare away anybody. But when a former Finance Minister makes a statement, makes a serious allegation against men of high authority in regard to abuse of authority and corruption, and when he gives names to the Prime Minister and says that he is prepared to face an enquiry by an impartial tribunal, everybody in the country gets scared, except Mr. Akbar Ali perhaps. He is a brave man but I am not so brave nor are the other people so brave as he thinks. We are people who get a little scared when such developments take place. Let him understand my position. I am not just quarrelling with officialdom as such but I am suggesting that a section of the officers is in the hands of big business and Mr. Himatsingka, if he believes in the saying, "Satyameva Jayate", should certainly give us information about this.

SHRI P. D. HIMATSINGKA (West Bengal): I will try to give you that.

SHRI BHUPESH GUPTA: I do not know whether he knows about this

kind of thing. I have talked to businessmen, and do you know what they say? They come to us with their grievances and they say, 'Everything could be done by giving money' and all this kind of thing. Even though this is out of frustration and anger, still there may be some basis. Therefore, enquire into this thing. These are the various points about the Ministry. I do not know exactly as to which Minister is responsible. Mr. Lai Bahadur is there and there is also Mr. Kanungo; both are very lovable persons and very lovable friends of ours but I do not know who exactly is responsible and who is looking into the administration. This is very very important and we should like to know from the Government as to whether they have been going into the various complaints and allegations that are made and whether they are making improvements on the administrative side or not. I am not talking about the other aspect of the matter.

Finally I should like to give some suggestions. These are my suggestions.

THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA) : Is the hon. Member closing his speech?

SHRI BHUPESH GUPTA: It is better that I give my suggestions after lunch. They will be wholesome and you will be able to receive them better.

THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA) : You can take a minute more.

SHRI BHUPESH GUPTA: One suggestion will take a minute I shall continue after lunch. I think we can.

THE VICE-CHAIRMAN (PANDIT S. S. N. TANKHA) : The House stands adjourned till 2.30 P.M. this afternoon.

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

The House reassembled after lunch at half past two of the clock, THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.

### MESSAGE FROM THE LOK SABHA

#### THE COMPANIES (AMENDMENT) BILL, 1959.

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

"I am directed to inform Rajya Sabha that Lok Sabha, at its sitting held on the 8th February, 1960, has adopted the following motion extending the time for presentation of the Report of the Joint Committee of the Houses on the Companies (Amendment) Bill, 1959:—

#### MOTION

"That the time appointed for the presentation of the Report of the Joint Committee on the Bill further to amend the Companies Act, 1956, be further extended up-to the last day of the first week of the next session.'"

### THE IMPORTS AND EXPORTS (CONTROL) AMENDMENT BILL, 1959—Continued

SHRI BHUPESH GUPTA: Mr. Vice-Chairman, I was just going to give some suggestions before the House adjourned and I would here like to state them one after another. I think since we are going to have an extension of this measure, the entire foreign trade of our country should be reviewed, having regard to two important matters, firstly the planned economic development and its requirements and secondly the problems of foreign exchange that we are facing today. The review should be made with special reference to these aspects of the problem and in this review I think the Government should