

WRITTEN ANSWER TO  
QUESTION

PORT ON PARADWIP ESTUARY

29. SHRI S. MAHANTY : (a) Will the Minister for TRANSPORT be pleased to state whether the Committee of French Navigation Experts that investigated the possibilities of setting up a port on the east coast of India have recommended Paradwip on the estuary of the Mahanadi as the best site for the purpose ?

(b) Will Government lay a copy of the recommendations of the said Committee on the Table ?

(c) Is it a fact that notices have already been issued to acquire land in Paradwip for the construction of a port there ?

(d) When do Government propose to start the work ?

THE DEPUTY MINISTER FOR  
RAILWAYS AND TRANSPORT  
(SHRI O. V. ALAGESAN) : (a) Yes.

(b) Two copies of the report of the French Mission have already been placed in the Library of Parliament. [See No. IV-M. 2 (26).] A copy of the recommendations relating to the setting up of a port is laid on the Table of the House. [See Appendix III, Annexure No. 26.]

(c) Yes.

(d) This is for the Orissa Government to consider. The Central Government are only concerned with major ports.

LEAVE OF ABSENCE TO DIWAN  
CHAMAN LALL

MR. CHAIRMAN : There is a letter from Diwan Chaman Lall :

"I have the honour to request you to obtain for me leave of absence from the Council of States for the remaining period of the Session as I have to go abroad immediately."

Is it the pleasure of the Council that permission be granted to Diwan Chaman Lall to remain absent for the remaining period of the Session ?

(No hon. Member dissented.)

MR. CHAIRMAN : Permission to remain absent is granted.

PAPER LAID ON THE TABLE

SUPPLEMENTARY DEMANDS FOR GRANTS  
1952-53

THE DEPUTY MINISTER FOR  
FINANCE (SHRI M. C. SHAH) : Sir, I beg to lay on the Table a copy of the Statement showing the Supplementary Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1952-53. [Placed in Library. See No. IV. O. I (72e).]

RESOLUTION RE: EXPORT  
DUTY ON MERCURY—continued.

MR. CHAIRMAN : Mr. Parikh wanted to speak. Is he here today ? He is not here. There, he has come.

SHRI C. G. K. REDDY (Mysore) : May I submit Sir, that our question hour is scheduled till the 15th only? I wonder if it can be extended till the end of the Session ?

MR. CHAIRMAN : We have questions till the 19th.

SHRI C. P. PARIKH (Bombay) : Sir, when the Resolution was moved, the hon. Minister said that this excess quantity can be exported out of the country because we have sufficient stocks which will last for four or five years and, he has also kept a reasonable limit of 10,000 flasks. The hon. Mr. Ranga has made a suggestion that this quantity should be kept in the country and we should have stock-piling. I think that it is not necessary to do so when we have three

years' stock in the country still left even though we may export 10,000 flasks. These stocks have been with us for sometime and it is not wise to keep them any longer. We should not also anticipate requirements for more than 3 years and if we find the situation not so happy, we can import negligible quantities every year and continue to maintain stocks for 2 or 3 years. But, the main point which I have to argue, Sir, is this. This excess quantity was imported in one year under the O. G. L. which Government thought would help to bring down the cost of living. They enunciated an arrangement by which huge quantities of many commodities were allowed to enter this country and, without reducing the cost of living, there was saturation in the market and no definite results in reducing the cost of living were achieved. What I mean to say, Sir, is this. The importation of about 37,000 flasks was arranged through the O.G.L. according to which licences were free. Government should have seen, when they issued the licences, that there was no indiscriminate importation of this commodity into the country. I say, Sir, when the Department is looking after the imports, having records of the quantities booked they should have been vigilant to see that quantities of seven or eight years' consumption are not imported into this country. I mean to say, Sir, they were not vigilant in totalling up every month of what is imported into the country and the administration has failed to watch the interests of the country in this business and, therefore, Sir, it has not been only in this commodity but it has happened in many other commodities. With regard to this, I may point out to the hon. Minister that some varieties of cloth were put under O. G. L. and cloth produced in this country was sold and contracts were allowed to the extent of 50 % or 60 % of the country's production; then there was scarcity in the country. Government did not total up and the administration has failed in discharging its duties and controlling the export and import system which they had in their hands completely.

In order that these mistakes may not be repeated in future, I am pointing out still further instances. Soda-ash was imported last year much beyond the requirements of the country and the indigenous production was also put to great difficulties. The hon. Minister has admitted that he will look into this but, I am pointing out that the administration has to be tightened up and the export and import system has to be controlled in a more businesslike manner. They have the whole control in their hands. They issue licences and assign various countries, and so on. They are responsible for the sound economy of the country, and they should see that this licensing system works in the interests of the country, and that the imports and exports which are allowed are in the interests of the country. What has happened in the past? This is not the only instance. Take jute, for instance. Exports of jute were allowed from our country to other countries where they lost Rs. 70 crores in revenue in one year through failure to levy export duty in time. What were our Departments doing here to watch the trends of the market in this country and outside? What were commercial embassies established in foreign countries doing? Were they not watching the market trends, and were they not aware that the price of jute in other countries left a margin in the hands of the merchants which was not reasonable, which was excessive? The country lost a huge amount of revenue through the Government's failure to mop up that margin which the hon. Minister is trying to do in this matter by way of increased export duty in the matter of mercury exports. In one year after the Korean war began, we lost nearly a hundred crores through failure to mop up the profits of the exporters. The country had to pay the highest prices for its imports, but they failed to mop up in the form of export duties the huge profits that the exporters were making on our exports. The result is, our cost of living index number remains the same. We have to pay high rates for our imports. I think

[Shri C. P. Parikh.]

the Government owes it to the country to look into this matter of imports and exports with the help of their organisations in this country and outside.

Another point is that our industrial economy is dependent on the regulation of our import and export trade. Many articles are manufactured in this country. Even those articles are allowed to be imported in larger quantities than we require. We must classify the various commodities which we are required to import, and we must differentiate between them. First, essential commodities for the low income groups; second, essential commodities for average income groups; third, non-essential articles or luxury goods. We must regulate our imports with reference to these three classes in such a way as to bring down our cost of living. Essential goods should be imported in adequate quantities. The money that is being spent on many unnecessary commodities can well be diverted to import of necessary goods. For instance, iron and steel- rods, plates, bars—these are all under control. If Government have excess foreign exchange, or if they have a favourable balance of trade, imports of these goods must be more freely made, because they will advance the industrialisation and the economy of the country, and that will prevent the import of so many manufactured goods on which our country depends.

The matter of quality has to be kept in mind. I must emphasise this aspect. For this purpose Government should set up a machinery. But we have our limitations in this respect. So long as an industry utilises and exhausts its own resources and its own technical skill in improving the quality of its products, that industry, must be protected from foreign competition, whatever the cost be. Otherwise we shall never progress.

The economy of the country is entirely dependent on the policy of the Government. During the first four years of the Congress administration,

they have made many mistakes. They have themselves very generously admitted those mistakes. That is very good. Admission of our mistakes is a great virtue. They have admitted many points. They say that we are trying to improve. I quite admit that they are improving. During the last two years they have been quite vigilant. But in trying to regulate trade and commerce you have to be more vigilant, because you have to fight against the collective intelligence of the people who are engaged in these activities. Industrialists are often times giving different opinions and it is up to the Government to decide which policy is good from the point of view of the national interests. For that, the hon. Ministers themselves have not adequate time. I know they work from morning till night, and the higher secretarial staff also work from morning till night. Even then, they are not fully capable of controlling these activities. It is not their fault. Our activities in the planned economy have grown so much that unless we set up a certain machinery to look after these things, the administration will not be able to control the various activities in the way in which they desire to do, and our import and export trade will not be carried on in the best interests of the country's economy.

SHRI GOVINDA REDDY (Mysore) : The Advisory Council is there.

SHRI C. P. PARIKH : It is all very well for the hon. Member to say that the Import Advisory Council is there. I can tell him that they meet every three months. I congratulate the hon. Minister on having reconstituted these Advisory Councils with different personnel. He has recognised that the old personnel was wrong. I think he has recognised it in time. But even the present personnel is not adequate. And if you consult them every three months, that will not do. Problems of industry, commerce and trade move and change every month, and unless you have a supervisory machinery to go into

all these matters every month, your Advisory Councils will only be a guiding Council but will not be an effective Council which you should have if you are to carry out your responsibility to the country. When you discharge this responsibility, discharge it well. And you cannot do that by three-monthly meetings of the Import Advisory Council. You must set up an organisation through which you can exercise adequate supervision over the working of these controls every month, and every week if necessary. This totalling up of licences issued was not done by the big officers in the Export and Import Department, and indiscriminate exports and indiscriminate imports were therefore allowed. That itself shows that something requires to be done. A situation has arisen now where more and more vigilance is necessary in watching the trend of international markets. We must be prepared to face any situation that arises. If we are not prepared in advance, we shall fail, as we have failed in the past. In order that we may not fail in future, I am offering this suggestion.

I support this motion, in the hope that the suggestions which I have made will be considered and that things which have happened in the past will not be allowed to be repeated in future.

DR. A. R. MUDALIAR (Madras) : Mr. Chairman, the Resolution before the House is a very simple one and relates to a particular commodity. I would not have taken part in the debate on this Resolution because it is apparent that that Resolution needs to be accepted by the House. But the speech made by the hon. Member, who has just resumed his seat, has covered a much wider area and if you, Sir, will permit me to traverse some of that area, I should like to do so. Personally I have felt that that was not quite relevant to the discussion. Therefore, Sir, I am seeking formally your permission so that I may travel the area which has been covered by my hon. friend.

Sir, my hon. friend referred to imports and to exports which ought to be admitted and which ought not to be admitted. Sir, recently there has grown a tendency in this country on the part of manufacturers to ask for quantitative control of imports. Formerly in the original scheme whereby certain industries in this country may be preserved and allowed to grow, the principle of tariff protection was accepted whereby a definite duty was levied on the commodities which entered in the country, so that in the main markets of the country the price of the imported goods and the price of the manufactured goods may more or less compete on the same level. I admit, Sir, that that perhaps is not effectively protecting the industries concerned. But it seems to me we are drifting to the other extreme of trying to see that no more imports are coming into this country of certain protected industries than can be covered by the products of these manufacturers, that is to say, we are asking that the Government should not import any additional quantity of these goods till the goods that are manufactured in the country are completely absorbed. There are dangers in accepting that position and I wish to enter my protest against any such policy.

The question of quantitative control of imports was mainly taken up on the ground that owing to the exchange facilities being not as adequate as they were before, and from the point of view of the balance of payments, these quantitative restrictions ought to be exercised with reference to imports. From that, manufacturers are tending to believe that quantitative restrictions are essential to keep up their production and particularly to see that their production is sold in the market.

Now, Sir, the consumer's voice is hardly heard in this Assembly or even in the House of the People. We are all for industrialisation. We are all for helping our industries to grow in the country. But the Government has always considered itself to be the

[Dr. A. R. Mudaliar.]  
main advocate of the consumer's interests, the main protector of the consumer's interests. Because there are so many conflicting interests among other people, it is only the Government that can adequately protect the consumer and in the name of the consumer it is essential that a certain amount of competition must exist in the country among indigenous industries and a certain amount of toning up of the production of these industries must be brought about by a healthy import of certain kinds of goods into the country.

The other day there was a good deal of debate, I understand, on qualitative controls, on the qualities of the products that are produced in this country. If in the name of trying to help the local industries no attention is paid to the quality of the goods that are manufactured and consumers are obliged to buy only these goods, whether they are of the quality or not, two kinds of evils arise. First, the consumer is obliged to take inferior goods. Secondly, the incentive to improve the kind of goods that are produced by the manufacturers will not be there. And I would like very respectfully to point out that that incentive must be there, if at any time we are able to come to the level of quality of the goods that are produced elsewhere.

The period of protection is and must necessarily be a limited period and the theory of protection is that within that period the goods that are manufactured will not only be of such a price that they can compete with imported articles, but also be of such quality that they can fairly stand up to the tests that are used for the quality of goods that are imported. And therefore, Sir, this idea of quantitative control of limiting the imports, of using the import control to see that the goods that are produced in the country—of whatever kind, of whatever quality—are freely sold and that no goods from outside can compete with them and thereby disturb the

equanimity of the manufacturers, this is a dangerous theory to which. I should like to draw my humble protest in this House.

Sir, the idea that the balance of payments should be properly adjusted and therefore imports should be controlled or exports should be controlled, I have no quarrel with regard to that whatsoever. That is independent of the consumer, independent of the manufacturer and in the highest interests of the economy of the country. But this idea that you can juggle with the import control policy because certain interests want that their goods should first be sold and that no goods should be allowed to enter into this country, I venture to repeat that that is a dangerous proposition which the Government should not accept. I was therefore very happy to read the speech of the hon. Minister for Commerce and Industry at the Import Advisory Board yesterday, where he said that Government was not prepared to accept any such truncated and stern policy with reference to imports and that as far as possible imports will also be allowed, so that the consumer may be benefited thereby.

As regards the exports, Sir, I do agree with my hon. friend on the point that Government has taken the power to levy export duties from time to time so that the differential between the normal price of the goods and the extraordinary price that sometimes exporters obtain in other countries may be ploughed back into the treasury of the country. I have no quarrel with that. In fact I would strongly advocate it. The Government took that power in a Bill that was passed some two years back. That was a Bill which in itself was an extraordinary measure because according to previous canons which existed with reference to Finance Bills export duties or import duties were only considered once a year and that was at the time of the Budget. That was considered necessary because it was felt that trade and industry, either of this country or of other countries, should have sufficient notice of the

change that was coming over. I remember, Sir, in the old days, gentlemen sitting in the galleries, listening to the speech of the Finance Minister on the 28th February or the 29th of February—and the Finance Ministers in those days kept to the very last their proposals for increase or decrease of import and export duties—and as soon as that sentence was read out by the Finance Minister, I saw gentlemen rushing back helter-skelter from the galleries of the House to the telephones to telephone to various main markets what the new duties were going to be the next day. That was done because the Government thought that for the next twelve months there should be a steady policy with reference to trade and commerce and people should know what commitments they can make, what advance contracts they can make and how trade and commerce—international—can be affected. Two years ago, owing to these peculiar conditions that prevailed not only in this country but in all other countries of the world with reference to the limitations put on trade and commerce, the Government took the power of levying, by an executive act, during the course of a year, an increase in the export duty or an increase in the import duty. I do not quarrel with that. I say it has been necessitated by the circumstances prevailing all over the country. But there is only one thing that I have pressed for and I should like to repeat it. Contracts that have been made with foreigners—and I am talking of genuine contracts by genuine people, who are not speculators and who do not sell at an enormous price in other countries taking advantage of the increase in those prices—the forward contracts that are made and this I use not in the speculative sense in which it was used the other day, the genuine forward contracts that are made without anticipating an increase in the export duties by the Government, very often turn out to be impracticable or incapable of being executed with a sudden increase in export duties and the foreigner gets a bad impression of the local business man who is suddenly obliged

to say “Government has increased the export duty and therefore you must pay so much more than you have bargained to pay.” I have seen some of the correspondence. It was put before us in connection with the enquiry with which I was associated, where very damaging letters were written by the persons concerned from other parts. Of course by now both sides have learned wisdom and I think in their contracts they have a clause whereby the payment is subject to any increase or decrease in the duties levied by the Government. So, that temporary phase of difficulties which were entertained with a sudden increase in export duties has been solved. I entirely agree with my friend that the export duties could have been levied a little earlier. But I venture to state that no Government is omniscient and no Government will be watching all the intricacies of the trade in different markets as accurately and as closely as the person who is solely devoted to that business, who keeps an agent abroad for that purpose and gets every day cables and telephonic communications regarding the prevalent prices. That was the reason why the jute export duty was a little late in coming and I do not think it is a reflection on the Government that they were not as sharp as some of those people whose business it is to be sharp and therefore who have made enormous funds. But there is one consolation and that is that if the income-tax authorities do their duty properly, then apart from the question whether an export duty has been levied or not, the profits made by the gentleman concerned may not escape altogether, finding a little run into the Government Treasury either.

Sir, on this Resolution itself I have no observation to make except that I heartily support it.

SHRI K. S. HEGDE (Madras) :  
Sir, in view of the observations made by the previous speaker, I do not want to add anything.

SHRI B. C. GHOSE (West Bengal) :  
I assume, Sir, that we can travel the

[Shri B. C. Ghose.]

ground that the two previous speakers have travelled and I presume, Sir, that you have been lenient because there is no other business today.

I have listened very attentively to the interesting observations made by the speaker who has just now resumed his seat about the practice of Indian manufacturers asking for quantitative control. I am, in the first place, not quite sure as to whether manufacturers are always asking for this method of protection. But I should like to say that these observations were made in the context of circumstances which have considerably changed. We have changed our attitude about protection policy. It is not the same what it was when protection was introduced in 1921. The last Report of the Fiscal Commission also states that the policy of protection that we had adopted was not adequate or sufficient for the purposes of this country and that we should have a more progressive policy that would be also in the national interest.

Sir, there is another factor, and that is that during the last war when particularly, industries began to take root in this country under the protection which the war offered even the last Government, which was not a Congress Government, and of which the last speaker was also a Member, that Government also had assured that any industries coming up during the war would be given adequate protection after the war.

Then Sir, the third factor is that the industries which have recently been established in this country have been established, if I may say so, more or less under Government auspices, I say that for this reason, that for establishing an industry first, permission for capital issue has to be obtained. Then permission for importing machinery for getting the necessary licences, has to be obtained. And the Government have set up Development Wings for the different industries, and applications are examined in Govern-

ment Departments and also screened by those Wings, I believe—and it was only on the expectation that the industries would expand and that this would be in national interest that permission was given, first for the issue of capital, and secondly for the import of machinery. Therefore, it would not be proper, today, to say that Government have no responsibility in the matter of these industries which have been established in this country. We should also remember that a lot of national capital has been invested, and if Government felt that they would have no interest in these industries, then, permission should not have been given for the investment of such large funds in these industries.

There are also other points. As I was saying, now, more or less, all our activities are being, if I may say so, controlled or planned by a Planning Commission and we are allotting all our available resources for various purposes. And, if certain resources have been allotted for the development of industries, and if those resources are allowed to go waste, that will not be in the national interest.

(MR. DEPUTY CHAIRMAN in the Chair.)

And lastly Sir, when we speak of our industries, we must admit, we are suffering from a hang-over from pre-war conditions. When we talk about the quality of Indian products, it is forgotten that the quality of Indian products have improved very greatly. I do not know if hon. Members are aware that what goes by the name of foreign products, many of these things, are actually produced within the country. For example, I myself did not know that Pears soap, which is a foreign soap, which is very much liked by some people, is really manufactured within the country. I know of another firm in Calcutta which manufactures other foreign brand soaps, and the funny part of the matter is that the soaps produced in their own (Indian) brand have no market, while the soap that it produces for the foreign brand

sells very much in the market. Therefore, it is not always the quality; it is the prejudice factor, it is the bias of the consumer, based upon his ignorance of real facts of the situation; and therefore, when we speak of the quality of the Indian products, we are not always very fair to the articles manufactured by Indian industries.

And also further, in regard to quality, hon. Members are probably aware that we have established an Indian Standards Institute which lays down standards conforming to the highest foreign standards, for Indian industries, and Indian industries are increasingly so arranging their manufacture that they always conform to those standards.

So, these are the facts that we shall have to bear in mind before we say that it is a very bad thing if Indian manufacturers ask for some amount of protection which may be necessary. I am not, for a moment suggesting that the consumer's interests should not be protected. I believe, the Government is always very much conscious of those interests, as any democratic Government has to be—they have to face the electorate—they have perforce, to pursue a policy which will not go against the interests of the people. They cannot all the time follow a line which will only bring profits to the manufacturers. I am not here to plead for the manufacturers who make large profits, who speculate, who mulct the public—I am not at all pleading for them. But all that I wish to say is that whenever such occasions arise, Government should be very severe. My only complaint against the Government is that they are not always very severe, even when there have been such occasions in the past for them to be severe against these people, who really were not doing any good to the society. We have to take a balanced view of the whole affair, and in so far as manufacture in this country is serving a national purpose, it is helping the Plan to that extent, and I feel that it may need support, and can ask for

encouragement from the Government. But certainly, we should see to it that the consumers' interest do not suffer. By and large, when we first accepted the policy of protection, we also accepted that the consumers' interests, would, for some time at least suffer. We did accept that and I believe that an amount of suffering on the part of the consumers, we can also even now demand. That is all that I have to say Sir, on the general observations made by certain speakers.

Coming to the Bill itself Sir, I would like to have some information. I would not have spoken at all on this Bill.....

SOME HON. MEMBERS : Not Bill yet. Only Resolution.

SHRI B. C. GHOSE : I am sorry. On this Resolution. I should like to have certain information from the hon. Minister, because the observations of Prof. Ranga were quite justified. I should like to know what are the stocks that Government propose to maintain in the country and how long they will last. I want to know whether it is not advisable in the national interest for the Government to purchase, to buy up the amount that they are now allowing to be exported; whether they expect that there would, in future, be available, large supplies at lower prices. Have Government any information on that ? Because, if that is not so, then I believe, for such a strategic material, it will not be advisable for us to allow this export.

SHRIMATI LILAVATI MUNSHI (Bombay) : Sir, in spite of the learned speeches on general points that I have heard from two, I think three, hon. Members, I am inclined to support the views given by Prof. Ranga yesterday. Today even, Professor Ghose also supported the same.

SHRI B. C. GHOSE : I am not a professor.

SHRIMATI LILAVATI MUNSHI : I am sorry—But I was mistaken because you speak like a professor. If



[ Shrimati Lilavati Munshi.]

my information is correct the Government is going to keep five years stock i.e., 5,000 flasks per year, or 25,000 flasks for the period, and they are going to allow to sell some 12,000 flasks or something like that. They are going to allow a quantity which will give very small gain, a paltry sum over this kind of strategic material. But I do not think that world prices will ever come to the pre-war level. Even today's prices, whatever they may have been two years back, are going up, in spite of whatever we may do, or whatever slump we have to face. I am sure you will agree, that whenever we go out into the market we have to pay higher prices, and whenever we are selling we are the losers.

It was urged by my hon. friend Mr. Parikh that the saturation point has been reached and so we should keep only three years quantity and we should allow merchants to re-sell. Now Sir, whose fault was it. I think, it was the fault of both the Government as well as the merchants. Under the O.G.L. they allowed so much mercury to be imported here and the merchants in their greed went on bringing this even though such large quantity was not actually needed in the country. However this has come. The fault lies in that that we have no steady policy in the matter of commerce. I should like to say how often during the last three years we have seen this policy changing. Each hon. Minister has his own policy. Probably, that might be the reason or there might be other reasons. It may be as suggested by Mr. Parikh. However, whoever, may be at fault, today we are in possession of 12,000 excess flasks of mercury and I do not see any reason why we should allow it to go out of the country. How do you know that our own internal consumption may not go up? We are going ahead with our schemes and development plans and we are progressing so much under the Five Year Plan that we are likely to use mercury very much more. Our own internal consumption may also

go up and so to allow these 12,000 flasks to go out of the country is no wise.

There are many other observations which are urged, but I do not think they are relevant to the point before the House. Though it was pointed out that because there is no other business, the Chair is lenient, I do not think that I should like to take advantage of that. I only want to say that we should not allow this excess quantity of mercury to go out of the country.

DR. RADHA KUMUD MOOKERJI (Nominated): Sir, the trend of the discussion that has so far proceeded encourages me to think that perhaps I might be able to make some contribution to the very important subjects dealt with under this Resolution. I take it that our entire imports should be related to the fundamental need of building up the industry of the country and furthering its agricultural improvements. Now, Sir, our primary policy should be to strengthen our foreign exchange both in Dollar and Sterling because, what India most fundamentally needs at the present stage of her economic development is the import of capital goods and machinery upon which her agriculture and industry so much depend. Now, in order to be able to import the capital goods, we must strengthen not merely our Dollar, but also our Sterling reserves. For instance, if you turn to agriculture there is no means of effecting any radical improvements in agriculture unless we go in for modern methods and apply scientific improvements to agriculture. As we all know, agriculture is now being carried on in under-sized uneconomic holdings all over the country and it is very difficult to find ways and means by which these under-sized and uneconomic holdings could be consolidated into large holdings. Therefore, we must look to the other side, taking agriculture as it is. We must then try to find out how we could mechanise agriculture and rescue it from its present uneconomic position.

As regards imports for industry, we must be able to freely import large quantities, vast amounts of plant and machinery that are required for our industrial expansion. Now, how could all this be possible, unless the funds that are necessary are available and unless we regulate our policy as regards import ? Preference must be given to import of capital goods. Let the Government make a careful schedule of the plant and machinery that must be given top priority in regard to the import policy. If with the help of our foreign exchange resources we are able to import the required quantity of capital goods and machinery and if there is a further foreign exchange available, then alone can we think of the schedule of the goods which can be imported freely. In this matter we will not have to consider the idea of protection behind the import policy, because, as Sir Ramaswamy Mudaliar said, protection must be on certain conditions. It must be for a limited period during which the industry protected must be able to show that it can build itself up and stand on its own legs. It cannot expect protection to continue indefinitely. The industry must know that protection is subject to the policy of conforming to standards of production both in quantity and quality and in order to keep up the industries to a proper standard, some amount of imported goods must be allowed. But this should not be at the expense of our foreign exchange.

Thirdly, I should like to point out that no industry can claim protection unless it is able to show that it can go on expanding without protection. That is the fundamental basis on which protection should depend. It should be able to really build up some industry advantageous to the country. Therefore, my main point is that our export and import policy must be strictly related to the fundamental policy of strengthening our foreign exchange, firstly, in the matter of Dollars and, secondly, in the matter of Sterling. I think for a long time to

come, India will not be able to achieve self-sufficiency in the matter of production of every kind of capital goods and plant and machinery which are urgently required not merely for our larger and heavy industries, but also for our smaller industries and handicrafts. Even in agriculture, in spite of the small holdings, there is considerable scope for the introduction of small appliances and for that, we have to import the necessary machinery from abroad. Therefore, what I mean is this. These matters should not be dealt with in a piecemeal manner, but should be dealt with as part of a planned economy and in terms of a general scheme in the light of which all these piecemeal measures of legislation should be taken.

SHRI R. P. TAMTA (Uttar Pradesh) : Sir, I am surprised to hear the arguments of some hon. Members who have opposed the Bill. It has been suggested.....

MR. DEPUTY CHAIRMAN : Nobody has opposed the Bill.

SHRI R. P. TAMTA : Yesterday it was opposed. Sir, it was suggested that the Government should buy the excess mercury available in the country so that it could be used at a future date. Personally, I think the Government is not a business concern and it is not the business of the Government to purchase articles when they are available at a low price and hoard them and sell when the prices rise up. It would mean interfering with normal trade. It is the function of the tradesman and not the Government.

As such, when there is sufficient quantity of mercury available in the country and it is not such an article which is not available easily, we can allow safely excess of it to be exported to outside countries. It is just possible that prices may go higher sometimes and they may again come down lower at other times. When there is excess of stock in the country which we cannot consume, there is no harm if it is exported outside the country

[Shri R. P. Tamta.]  
because there is every possibility of our getting it when country might need it again. There is sufficient stock available for country's consumption for three years, there can be no objection to our exporting it. Not allowing it would mean blocking capital unnecessarily. Therefore I support the Resolution.

SHRI S. C. KARAYALAR (Travancore-Cochin): Sir, we have heard some general observations on the import and export policy. We also heard some interesting observations from Dr. Ramaswami Mudaliar regarding quantitative restrictions on imports, quality control on goods and all that. They were all very interesting, and I heard him with interest. I would like however to make some observations on the terms of the Resolution before us. The Resolution seeks the approval of this House to the levy of an export duty on the mercury considered to be an exportable surplus. This exportable surplus became available by reason of the free import that was allowed some two years ago in 1950 and it is estimated that about 30,000 flasks of mercury were allowed to be imported during that year. It is now the estimate of the Government that our consumption is of the order of 4,000 to 5,000 flasks. Now I wish to ask the hon. Minister how this estimate was arrived at—whether all the requirements of the industries which consume mercury have been properly estimated and assessed. In this connection I wish to inform the Minister, if he is not already aware, that there is a new industry which is developing a new process which consumes mercury on a large scale—I am referring to the caustic soda industry which consumes a large quantity of mercury. It has developed a new mercury process and that process will involve replenishment of mercury from time to time. I wonder whether the Minister has assessed the requirements of all industries, particularly this vital caustic soda industry. I would like to ask the Minister to

find out the actual requirements of this industry before mercury is allowed to be exported. In this connection, I would like to suggest that some quantitative restriction on the export of this material should be imposed so that the requirements of our industries, particularly the caustic soda industry, may be met, atleast for the next year or two. That is one suggestion I wish to make.

Another point which I wish to make is that the notification referred to in the Resolution has become already effective from the 8th October 1952. I wish to point out that the discussion on this particular Resolution is merely academic. Suppose for instance this House comes to the conclusion that this material is not to be exported, then what is the meaning of this Resolution being placed before this House? I wish to know whether this is not merely an academic discussion.

12 NOON.

Another point which I wish to make out is that in the course of the remarks made by the Minister he said that the external price of mercury and its internal price vary greatly. There is a great disparity between them. I think the difference must be of the order of Rs. 400 per flask. That fact should put us on our guard. There is obviously a lot of demand for this material outside this country. That means there is need for conserving the material in our country so that there may not be great difficulty for us in getting this later. These points should be considered very carefully. The actual requirements of our country may be assessed properly and only the surplus may be allowed to be exported. I suggest that some quantitative restriction should be imposed on the export of this material with due regard to our requirements. With these observations I support the Resolution.

SHRI M. MANJURAN (Travancore-Cochin): Sir, this Resolution seeks to impose export duty on mercury and while moving this the hon. Minis-

ter was stating that it is a strategic material. What is the strategy about this ? It is in terms of war production that it becomes strategic material. Why should the countries which want to import this material require this ? Is it to foster war activities ? Are we going to abet the race on armaments by exporting mercury ? I am reminded of an instance of what the Soviet leaders did in 1940 by supplying 7,00,000 gallons of petrol to Hitler in order that in the next year he might attack them back. We might be doing the same thing by supplying the highly industrialised countries with strategic war materials. There is talk going on in the world at large about war. The rumours are there. In the U.N.O. the Soviet representative was attacking India as a stooge of the Anglo-American Imperialism. Well, now we are going to export this to America—this strategic war material. What will Soviet Russia think of this export of war material to America ? There will be much reason for them to attack us more. How are we going to gain in terms of the proportion of utility materials that we want for our country ? When we were in want of sulphur last year, America did not send us sufficient sulphur so that the small industries in our country could be fostered. Now we are going to foster their industries in America by exporting to them such material for which there is scarcity in America. Are we doing the right thing ? Are we not going to increase the price of mercury in this country and thereby increase the prices of commodities for which mercury is used ? As hon. Mr. Karayalar was making out, the Government has not assessed all the needs and necessities of industries to which mercury could be put to use, by the reduction of price in mercury in this country. If mercury is such a strategic material and if industrialised nations do require it, the same uses could be found in our country. It is remarkable that today the papers have come out with an astounding suggestion from the hon. the Commerce and Industry Minister, Shri T. T. Krishnamachari, saying that the quality of goods produced in our coun-

try is not good enough. Why are they not good enough ? Because we don't provide for the use of the right material. Whatever good things we have, we export to other countries and manufacture bad things in this country. We require all these good things for the manufacture of better quality goods. Everybody could understand this but whose fault it was ? Why was the Minister of Commerce and Industry blinking all these years, so that the quality of goods should deteriorate everyday and then he may tell the people that 'You don't produce quality goods and so we are going to import from other countries the consumer goods' ?

Sir, this is to be protested because we want this nation to be industrialised not only for the benefit of the industrialists but for the existence of our workers.

Every day we hear of serious and heavy retrenchment of workers, workers being sent out of factories ; and what have the Government done ? They are advocating a policy of further imports. By further imports, our workers will be further retrenched and starved. Again we most vehemently protest, because we want our workers to be taken care of and our industries fostered. We want our industries fostered so that our workers may find employment. There are lakhs and lakhs of workers retrenched recently in this country. What is that due to ? That is because the quality of our goods is not good. But who is responsible for the bad quality of our goods ? Are the workers responsible for that ? Why did you not make such legislation and lay it down such and such standards should be observed ? Why did you not lay down certain specific standards so that the industrialists could be taken to task for not conforming to those standards ? You have not done that. Now you are going to foster foreign interests. You are going to kill our industries and not only our industrialists but also the workers of this country, if you purchase these quality goods from America and other places. But who will be left here to purchase

[Shri M. Manjuran.]

those goods ? The workers have not the money to buy them. Therefore, we must develop sufficient producing ability in order to produce these things and we have to start from the very beginning. As we know, this industrial development took place by stages. First of all the United Kingdom had it and then America followed and now Russia is following up. But we are not even allowed to follow in the wake of this industrial development. That is very strange. We want quality ; but we have to first of all develop our quality. We should have something of our own. If we start nowhere, we will end nowhere. We will be perpetually exploited by foreign exporters. That is all that is going to happen. In order to foster our industries, we have to reduce our imports to the minimum. There is no question about that. It is not a few industrialists who are to be considered. The entire nation has to be taken care of and we have to raise it and make it stand on its own legs. In order to do that I want the power of the country, the resources of the country to be mobilised and its potentialities harnessed and used in practical ways. All others are but dreams and they are not going to be realised. Quality goods you want. If you are to purchase these from America or other countries, that is not going to improve your economic situation. Production has to be started in this country in all spheres—agricultural, industrial and in all other spheres. We have to protect ourselves from getting into the conflicts of the warring nations. These nations have been exploiting us every day. We have the experience of centuries of enslavement and let us learn from that experience. We should not always think in terms of small imports and immediate profits. That is not the way to build up our economic system. We should have large and well thought out plans, not aberrated and individual ones. Now, when the Soviet leaders are accusing the Indian representatives for their peaceful intentions, we can say that war is going to come. They are getting into that situation. That is the

entire thesis on which the Soviet leaders have been harping. It is war propaganda under the name of peace. The Soviet is preparing for war. America is preparing for war and the armament race is going on. Every strategic material that is available should, therefore, be conserved in this country so that we do not allow these people to war between them or against us. If you are going to export mercury that is what is going to happen. We are exporting other things also. So we have to determine an overall plan as to what should be imported and what should be exported by our country. The Ministry should tell us what this nation should do for itself. We want some positive action for the protection and welfare and betterment of this nation. The people of this country have their hands and heads and they have to work to maintain themselves. There should be schemes for the betterment of the workers so that this nation may progress and proceed further. What are we doing ? We are only going to be cannon fodder for the pugilistic or even socialistic nations, because they have guns and rifles and bombs and bombers and many other things of destruction ; we do not have these things. It is far better not to get between these warring nations and to leave them alone to their fate. If America is anxious to go to war, if Russia is anxious to go to war, let us leave them to fight with their own weapons. We have no weapons. We should not be sandwiched between these two power blocs. All we can do is to work and earn our bread by sweat of brow. That is all that we can do under present conditions. This Ministry which is responsible for the fostering of industries has not done what it should have done. It has not told the people to improve the quality of their products. Instead of doing that, they are ready to encourage foreign industries and industrialists to flood our markets with their goods. Is this right ? Our import policy is essentially wrong. So also our export policy is essentially wrong. If this Ministry is concerned about the national progress. It should not export

mercury. That is a strategic material and it will be necessary in our own interests to use it and we should use it and I would again stress what Shri Karayalar stressed that we should rather use it in different processes in which it has to be used than export it and get a paltry profit from it. Why lose a thing tomorrow and regret it the day after tomorrow ? We should not be so shortsighted. Farsightedness means that we should use it for ourselves. We are so short of gold and silver and other precious metals. One day, by accident—and here let me give credit to the hon. Minister for being very very generous in speculating—one day we get possession of some mercury. Should we leave it and regret for it the day after ? Because mercury happens to be on the open general licence, or something like that, and we get some mercury, we should not export it to America or to any other country and regret it later on. Why not conserve it ? Otherwise the speculation is here and that speculation is—to be or not to be—a very serious thing, for in the present world.....

SHRI GOVINDA REDDY : Hamlet ?

SHRI M. MANJURAN : Beg your pardon ?

SHRI GOVINDA REDDY : I said—Hamlet.

SHRI M. MANJURAN : Yes, we are going to have Hamlets, and in the world we will have the greatest tragical happenings. But what I want to put before the Government is the need to have a positive policy for our industries and for our imports and exports. We should so arrange these that our own industries progress and our workers progress. That is the only way in which a nation can progress. You should tell the industrialists what they should do and also the workers what they should do, rather than sit tight here and then pounce upon the workers and the people with the theory that because the quality of goods is bad, we are going to get

things from outside, from America or from France or from some other country. That is no good. We should lay down specific standards which the people should be asked to conform to. This should have been done long ago. Why did you not do that long ago ? Now you say the quality is bad and so purchase from the Britishers or from somebody else. But I should like to buy things from my brother worker and nobody else. If Dr. Ramaswami Mudaliar does not allow me to do that, what am I to do ? I am surprised. We should at least do that. We should build up our industries and feed our brothers working in the industries and not condemn them. That is what Dr. Mudaliar and the champion of this Congress Ministry, Shri T. T. Krishnamachari, have done.

That is a shame for this nation that the Minister for Commerce and Industry should have decried against the quality of the goods produced by his own people. All the time, our fight against the Britishers was based on this one point that we should exist for ourselves : *khadi* meant that. What is the condition of our industry today ? We are to give up machine industry for the sake of handloom industry. What is it due to ? We have to go deep into this problem. We are not able to conform to world standards of production because our population much exceeds our ability to sustenance: that is the real difficulty in which we are placed. So, we are to harness all these things, we are to pool all these things together and make a policy on which we can base our plan of industries and agriculture rather than a plan of export and import. I mean to say that we should adjust our export and import to the requirements of our national industries and national agriculture. I am sorry that while I mentioned about the brute majority, the hon. Minister got rather offended. By brute majority, I meant an unthinking majority. (*Interruption by Shri P. V. Narayana.*) Offence is good ; at least it would give a pluck and drive. Why is it that they

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do not study the implications of such Resolutions ? They say "All right, it is about mercury". But, it is not about mercury that matters but it is the national attitude that matters and that is important. So, whatever it is, this Resolution is very harmful. I oppose it ; I might lose but still, I oppose it vehemently, with as much vehemence as I can command and, because of the bad policy I see in the Ministry of Commerce and Industry, I oppose it more strongly as that is detrimental to the nation.

I hope the hon. Minister will take it again in his mind to tell me as to what he thinks about it.

Thank you, Sir.

SHRI T. R. DEOGIRIKAR (Bombay) : On a point of information, Sir, may I know whether a Resolution is going to be introduced on various other items.....

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR) : If that is relevant, it will come.

SHRI RAJENDRA PRATAP SINHA (Bihar) : Mr. Deputy Chairman, I have nothing much to add to what has been said by my hon. friends. But, I would like to make one or two remarks with regard to the working of the O. G. L. system. Sir, let us examine how this system is working today. The Government declares an item as O. G. L. ; that means, anyone can import any quantity from anywhere without obtaining a licence. This is what I understand by O. G. L. Government is quite ignorant of the quantities that are being imported ; they are absolutely in the dark of the quantities that are coming in. This results in what has happened with regard to mercury. We import far in excess of our demand. That has not only happened with regard to mercury but, that has happened with regard to many other articles, as has been pointed out by my hon. friend, Mr. Parikh.

Sir, we find that when mercury was declared under O. G. L. in 1950-51, 37,666 flasks were imported in place of the annual consumption of 4,000 to 5,000 flasks per year in this country. Calculating, Sir, at the average price, of 324 per flask we find that Rs. 76 lakhs worth of foreign exchange was locked up. Similarly, Sir, I understand that bicycles were imported into this country in the same year, 1950-51, when it was declared under O.G.L., in such quantities which would have sufficed.....

SHRI B. GUPTA (West Bengal) : Sir, there does not seem to be any hon. Minister.

MR. DEPUTY CHAIRMAN : Mrs. Menon is looking after. She is taking down the points.

SHRI RAJENDRA PRATAP SINHA : The imported bicycles were double the quantities of our internal annual consumption. Bicycle components, free-wheels, chains, etc., were imported four times of our internal consumption.

Similarly, Sir, abrasive material, condensed milk, tea chests and various other items of consumption were imported far in excess of our internal demand. Why all this happened ? Because, the Government had no machinery to find out what was happening, what quantities were being imported. Similarly, the importers had no agency to find out who were importing, what quantities and from what countries. The market became flooded with these articles and the foreign manufacturers and the exporters in other countries also helped such a situation to be created in this country. They, not knowing when the Government would again ban imports of their commodities, dumped the market with the commodities which we were getting under O.G.L. and, I understand, they even gave credit facilities to the stockists here so that they could stock large quantities of foreign goods, because they knew very well that some day or the other

the ban would come and then they would not be able to send goods to India and they also knew very well that their products would be given preference by the consumers here in India, and, as such, they were not afraid of stocking large quantities in this country.

All these meant that we locked up our valuable foreign currency ; not only that, we locked up our internal resources as well and when we need both foreign and internal resources very badly for the development of our industries and other projects, it is but desirable that the Government should keep a vigilant watch to see whether the goods are being imported far in excess of the immediate requirements. If these things are imported in excess of our immediate requirements, we are depriving ourselves of the resources with which we could import other commodities which we need more badly and urgently. I would therefore suggest for the consideration of our hon. Minister : let us have the O. G. L. system, but let us have it without its defect. If we could have a system of free licensing for the commodities placed under O. G. L. ; these excessive imports would not happen, because the Government will have a machinery through which it would find out from day to day what are the imports coming in and would know when to say "No more". What is happening today ? What is happening today is that the Government is taking a belated measure, a curative measure. What I suggest is that the Government should take a preventive measure and stop the mischief before it is done. The Government at the present moment has stopped imports in so many things like bicycles, soda ash, and so on, but they stopped the imports after there was a flood in the market. When a hue and cry is raised, they come to know of the situation. The system that I am suggesting is that you issue free licences under the O. G. L. ; you issue them just like platform tickets at a railway station—anybody applying for it will get it—but you must get it recorded in the Import Office as to

what quantities are to be imported and when they are likely to be imported.

SHRI C. P. PARIKH : It is done.

SHRI RAJENDRA PRATAP SINHA : No. The Government may come forward and say that they do exercise control, but in actual fact we find that their method does not work. It often happens that goods are imported far in excess of the monetary ceiling. But if we have a proper check before the import is made, then this monetary ceiling also will not be exceeded. It is very imperative, as Dr. Radha Kumud Mukerjee has said, that we should integrate our import and export policy not only with our internal production in industries but also with our available resources in foreign exchange, and it is with that object in view that I have made this suggestion.

SHRI D. P. KARMARKAR : Mr. Deputy Chairman, I find it hard to reply to the debate because the various speeches have covered a very wide range, and if I were to attempt to reply to them adequately, I might make hon. Members miss a whole day, just as we have missed something of a holiday this morning. There was not enough work, and meeting today seemed unnecessary, but we have met, and we might miss a whole day if I were to reply to the debate adequately, because all the speeches are so very important. There is one explanation. I was asking myself why it was that today the discussion ranged over such a wide field. Then I thought that the subject itself was mercury, and it would be no surprise if the discussions were mercurial—rising up and down. I cannot exactly say that we are bound to be relevant in this debate, because I do not know whether mercury has any such virtue as relevancy. The whole trouble started with the speech of my hon. friend Prof. Ranga. He was not present—(Interruption)—he was inattentive, and being inattentive is as good as being absent. I am very happy that he is very attentive. As I said, the whole trouble started with his opposition yesterday. Even he could not



[Shri D. P. Karmarkar.]  
have bargained for the discussion that ensued, because had he anticipated it, I am quite sure he would not have resisted the temptation of adding something more to what he said.

Sir, I think it has been a very interesting game. I do believe in a very good holiday spent a little at random, and the random discussion that has taken place, with due respect, has been extremely useful.

On the points concerned, I am very happy to say that every hon. Member has contributed his best. My well meaning friend Mr. Parikh started the trouble by beginning a little wrongly factually, because O.G.L., is Open General Licence, and it does not mean licensing. We do make a distinction between free licensing and licensing.

SHRI C. P. PARIKH : But it is registered.

SHRI D. P. KARMARKAR : It is registered freely. Of course we could have made an estimate even in O.G.L. ; we could have had complete information from the Reserve Bank.

SHRI C. P. PARIKH : All O.G.L. are registered and can be controlled.

SHRI D. P. KARMARKAR : That is right. The difference is that in licensing we have the information, and in free licensing we have to secure it. I would not quarrel about that, because what he seemed to imply was that our judgment in that regard was incorrect. But then the hon. Member started a general discussion about our import policy and he had an extraordinary word to say about that, and that provoked our esteemed colleague in this House, Shri Ramaswami Mudaliar, into giving the correct position in this regard. He put forward the proposition, with which Government agree, that in respect of protection we look upon tariffs as our principal method of protection. No doubt these days on account of balance

of payments difficulties also we have been able to give some indirect protection by way of quantitative imports. But, as Shri Ramaswami Mudaliar pertinently pointed out, we have never looked upon these quantitative imports as anything in the nature of a weapon for protection. It also leads to the undesirable results which he referred to, namely, that a tendency sets in for asking for quantitative restrictions, and if it is not properly utilised, it might result in undesirable results. And he also was right, when he said—and we agree with that proposition—that protection of an industry is not synonymous with protection of inefficiency. That argument, of course, I appreciate, could be stretched too far. It is a very difficult line to draw. It is just the line which every intelligent father has to draw with regard to what liberty he would give his child and when that liberty becomes pampering. Government is trying to follow this line in the matter of giving protection to industries. So far as it is healthy, we give them all the protection. We must also remember that there is an innate prejudice against the indigenous products. We know this, and the Tariff Board earlier, and now the Tariff Commission, also knew this, and they made a certain allowance for prejudice also : they took prejudice as an economic factor. Many a time there is a swing to the other view. Indigenous industries do require a little swing in their favour. The analogy of the father and the child applies. Just as the father does not consider the child's faults as something to be punished and he tries to improve the behaviour of the child, in the same manner and to the same extent, because our national product is a little at fault, we should not be partial to the foreign product in derogation to our own product. This means that a sharp line has to be drawn somewhere. If I understood him aright, Shri Ramaswami Mudaliar pressed the point of view that we should not establish a blind conventional rule of affording protection to indigenous industry by completely banning the import of goods, and there has to be some

leavening up. While on this, I should like also to refer to what my hon. friend Mr. Manjuran said with respect to the observations of my colleague, the Minister for Commerce and Industry, who has all along been insisting on this fact, that a certain amount of imports should be allowed in order to coax up the production in this country. I have known instances where we have asked an indigenous industrialist, "Why don't you try and improve the quality of your product?"—that was in the period when we were under the protection of war scarcities—and his reply has been, "why should I? People are buying whatever I produce, and why should I try to improve the quality?" That type of mind is not a very healthy frame of mind. Many a time we must resort to drastic remedies. When we have rabies, we must resort to anti-rabic treatment. Deliberate sluggishness does require something to coax it into activity.

SHRI C. P. PARIKH : All are not alike.

SHRI D. P. KARMARKAR : All are not alike. I thought we were agreed on that simple proposition. I do recognise that. But, Sir, I do not want to miss my trend, namely, that it is just to that extent true, that Government are not for pampering indigenous industries to the detriment of the interests of the nation, nor do we want to do anything which would in the least tend towards handicapping our indigenous production. That is why in some cases, for example in the case of bicycles, in the case of silk, we have subjected the consumer to a burden. It was asked : Why is it so ? Because we do want the indigenous industries to progress. Now that is the view we have taken and the past experience has shown to us to our satisfaction that ultimately the principal method by which we can protect an indigenous industry is raising up the tariff wall sufficient for the protection of that industry. Hon. Members know fully well how certain industries did require protection for a long time and they have prospered and now we have removed the protective duties.

They are quite free. They are able to compete with foreign commodities. Take for example an article like paper. Indigenous products are able to compete with foreign products. The internal price of production is far less than the foreign market. We are exporting our things on very good competitive prices as compared with foreign goods. Now, Sir, that is what the tariff protection has done.

Then, Sir, our friend Prof. Ghose said something. Now he professes his views very well and in that sense he certainly is a professor. (*Interruption.*) Now he wanted to urge the point of view that certainly we should not neglect our own industries as such. I think listening to him very closely sentence after sentence and argument after argument. I found myself entirely in agreement with him. In fact looking to the reason behind his arguments I was wondering as to how he finds himself on the wrong side there. I entirely agree with the spirit behind his arguments. (*Interruption*) It is dangerous to agree with everybody but in any case I was very happy to find myself in entire agreement with the substance of his argument.

Then, our leader in the cultural field Dr. Radha Kumud Mookerji, went into the criteria of protection. He said that an industry must progress, that industry must show signs of achieving the principal object. With that proposition of his we entirely agree. There can be no difference of opinion on this point at all except on the views that were expressed this morning on the question about mercury. I listened to the sober and well-balanced speech of Mr. Manjuran, during the past two days. I wish I could have said the same thing and expressed the same happiness today. I do not think anybody is at fault. It is not our fault, it is not their fault and it is not the fault of the Government but it is the fault of the substance that we are discussing. One of the uses of mercury I am told is in respect of production of detonators. Mercury is used in electric appliances. Mercury is used for.....

PROF. G. RANGA (Madras) : For suicide.

SHRI D. P. KARMARKAR : I gather that information from him. But if we put mercury to that use here, he would have asked us to export that item as early as possible.

DR. RADHA KUMUD MOOKERJI : What about the top priority being given ?

SHRI D. P. KARMARKAR : Yes, Sir. I will reply to that.

AN HON. MEMBER : Is this long speech quite relevant, Sir ?

SHRI D. P. KARMARKAR : I am very happy and since it is still about 20 minutes to 1 o'clock which is our legitimate lunch time, I am indeed grateful to Dr. Radha Kumud Mookerji for the suggestion about top priority.

My hon. friend over there referred to top priorities. Sir, we had an old game in our earlier days that when our elders wanted to coax our memories, then the idea was that I repeat some words and the last letter in that sentence is to be picked up by somebody else who in turn maintains the link of the game. So, Sir, I am thankful for being given these five or six minutes to discuss the point raised by Dr. Mookerji. He spoke about top priorities. It is very useful. Sir, to know about top priorities. I may for his information for the information of the hon. Members here point out that one of the difficulties which our Government have had to face during these last four or five years has been the uncertainty of our position in respect of foreign exchange resources. What has happened immediately after the war ? After the war our industries were in need of capital goods. Our industries were in need of raw materials for feeding. The normal consumer had within himself a sort of a pent up desire to possess everything—to have a bicycle, to have a car, to have a radio and so on and so forth. It was not exactly a need but a desire only to have

everything. Therefore we were concurrently faced with all these proposals. But naturally our people have to live and we could not shirk in the matter of food. So, Sir, I found that top priority had to be given to food and the House will bear me out that during 1948-49 in round numbers we imported food to the tune of Rs. 132 crores. In the next year it was 133 crores or round about 134 crores. During 1950-51 we wanted to be a little conservative and we imported a little above Rs. 80 crores worth. Then in 1951-52 our needs rose. We had not much stockpiling in food. The prices had also risen. We imported to the tune of Rs. 230 crores. Now we could not take any liberties with our food situation. Whatever the foreign exchange resources, our first charge had been food. It could not be otherwise. Then, Sir, we are faced with the problem of industrial development of our country. May be slow progress as compared with other countries but certainly the tendency to develop industries is growing and no doubt it is a very healthy tendency. The country is going to benefit out of it. There is no doubt about that. Therefore, Sir, we take care to see that the industry is not suffering on account of raw materials. I find under the general head of "Raw Materials"—raw cotton, raw jute, oils of all kinds required for the industry. This also, we find, facilitates the position. I will not repeat all the figures. During 1949-50 we imported to the tune of 169 crores. During 1951-52 our imports were as big as 347 crores. 1950-51 was an abnormal year. Then with regard to capital goods, Sir, we have established a particular method of examining applications for capital goods in our own Ministry, and in collaboration with other ministries. We have organised a special committee for capital goods. Every request for capital goods is screened, because of the not very ample foreign exchange. We take great care to see that only essential capital goods are allowed to be imported, and no non-essential machinery is allowed to be imported. Still some times somehow, certain

unessential machinery comes in and it raises problems. About a year ago we had to deal a small application from certain industrialist—he certainly does not deserve that name—at least that particular item does not—for machinery for the manufacture of exercise books. It was worth 1½ lakhs, if I remember right. Next year he came up with the request : You have allowed the import of exercise book making machines last year and we now need the raw materials with which to feed machines. In terms of foreign exchange this meant six lakhs every year, but the machine is only one. So you see, it is very necessary to screen all applications, and see that we do not involve ourselves in unnecessary commitments. But this is elaborately done, and I have had no complaints from industry as a whole, or from correct public opinion, that we have not in any manner, strengthened our requirements of capital goods. After all, our resources are 600 to 800 crores in foreign exchange. I find that we have been spending no less than 1/8th of that, 12 to 15 per cent. on machinery alone. Now there are better prospects for machinery imports. These have increased. In 1948-49 I find—in terms of crores, forgetting the lakhs—we imported machinery worth 78 crores, in 1949-50 109 crores, in 1950-51 82 crores ; and in 1951-52 102 crores. So, Sir, regarding consumer goods—capital goods do not touch the ordinary man, the consumer has been able to appreciate that we have been getting food for him for his sustenance. But suddenly you come across goods—some times these take away crores. Requests have been made to us for import of lipsticks, face powders and things like that. Serious complaints were made, I think to my predecessor. They said it was one of the greatest dangers. I am exaggerating this, because wholesome exaggeration is some times good, but it was pointed out that some of the face powders manufactured instead of soothing the skin and making it look brighter, hopelessly shrivel the skin. But we have had to take these into account which are considered to the

extent that essential needs ought not to be castigated.

**SHRI M. MANJURAN :** Have the Government notified the public that they have found out about this fact ?

**SHRI D. P. KARMARKAR :** I am very happy Shri Manjuran is very active on such matters. It is quite an important subject, and an interesting one. Coming back to what I had been saying, I want the House to appreciate this, that difficulties in the way of our imports are directly dependent upon our foreign exchange earnings, and it is there that our difficulties have been big. I find for instance. In 1948-49, which we can take as the basic year for the purpose of this subject, our exports were of the tune of 453 crores, forgetting lakhs ; next year they were 506 crores, next year again they were 601 crores, and this year, in 1951-52 they were 732 crores. It is a difficult matter for any country, except for a country like the United States of America, where the foreign exchange resources are very huge, and they are in a position to budget their foreign exchange better. Our resources are limited but our requirements are so many. There are commodities, small items like razor blades, which the consumer enjoys, and which mean, roughly 50 lakhs a year. Supposing these are shut off. Then what happens is this. The consumer immediately complains that he cannot get anything at a reasonable price ; the prices are rising up, the cost has doubled. This is what happens when we cut the imports in respect of commodities which are not manufactured in the country. The Government has a duty to the suffering consumer, in his vicissitude.

So, from 453 crores to 732 crores—that has been the swing—that has been the position of our foreign exchange resources. By and large, I think, this honourable House will agree that as compared with the year 1947-48 and taking an overall view, not a particular view of particular items—taking a view over the four years, is it not a fact that

[Shri D. P. Karmarkar.]

by and large, our capital goods position, our raw material position, has been satisfactory? Then again, is it a fact or is it not, that as compared with the year 1948, our internal supply position in respect of imported commodities is definitely easier and less subject to scarcity than it was before? Government are pursuing a steady policy in respect of priorities. I am quite frank in admitting—it is always a good thing to be frank—that in the past there have been a few errors—Mr. Parikh referred to our errors. I think it is fair to be honest, and to be modest also. Sir, in fairness to ourselves and to the country, we have taken all steps to see that these mistakes, these errors are corrected. That is a wholesome method. But you should not however, exaggerate mistakes into blunders and blunders into disasters. There has been nothing at all of that magnitude. I should like to plead with this House, Sir, that the best interests of the country can only prosper in an ideal manner, if there is fullest co-operation between Government efforts and between the efforts of private citizens, fullest co-operation of all the parties concerned.

PROF. G. RANGA : Is it the way of Government getting co-operation, to see that while there are representatives of all parties on the Advisory Council, there is not even a single agricultural representative?

SHRI D. P. KARMARKAR : It is difficult to limit agriculture representatives to any one particular organisation.

PROF. G. RANGA : Some of the Members have made complaint to the Prime Minister.

SHRI D. P. KARMARKAR : They can write a letter to the Prime Minister. That is another thing.

SHRI C. P. PARIKH : I would like to know if a quality control machinery will be set up in order that the Government of India protected industries do not abuse their protection and that

the consumers' demands are fairly met? It is necessary to have this machinery in order that our industries may well develop. If the hon. Minister agrees, then the protection given will be justified.

SHRI D. P. KARMARKAR : I think my hon. friend knows that we have based it on the consequences of the Industrial Development Act. There will be Development Councils and there will be room for scrutiny of these things. I now only just want to elucidate one point, the particular point I was saying—we have still a few minutes before we go for lunch—that if we are to function efficiently, it is not only the industry's efficiency; not only the Government's efficiency. It is the combined efficiency of all, in the national interests. There are three principal factors for this—One is Government efficiency. The efficiency of the Government machinery, and its policy. Then again, another important factor is, an intelligent public opinion. I am sorry Mr. Reddy is leaving just when I am referring to this.

PROF. G. RANGA : We do not know what you are referring to.

SHRI D. P. KARMARKAR : And thirdly, as I said, concerted co-operation of all in the interests of the country. Whenever you make a material scarce, it is not a good thing, that those who deal in it should raise the prices higher. Recently, I received a deputation from an organisation dealing in imports of certain commodities and they urged that the imports of this commodity should be liberalised during the year. Why, because our sluggishness, our discouraging the imports have raised the prices. Who raised the price? Did the consumers raise the price? Did the Government raise the price? It is precisely the constituents that have raised the price. Therefore it is that I say, that the Government should be vigilant to meet the situation, because ultimately no Government can be omniscient. And in fact, in a democracy we can see that no Government errs or its errors are reduced to

the minimum. But there is a responsive element which is largely helpful. If there is an intelligent public opinion and, on the other hand, if there is inefficiency in the working of the Government machinery it would be of no use. If the industry comes up with a legitimate plea for protection it is a legitimate desire. Whether it is Government, or commercial interest or public opinion, ultimately we have to be guided by one factor, namely, the interests of the country at large. But, by and large, our position today is happily one of satisfaction, though not of complacency. Certainly, it is not one meriting to be called disastrous. We find the industries coming up, both small and large-scale industries, and surely there is a national consciousness arising that the industries should be developed to the national good. At this moment, we have to go slowly. But I am quite sure that the hon. Member will appreciate the progress made in these matters during these four years, because our task was not easy. We have been trying to go up this hill. Here, I am reminded of one old picture which was printed in a Bombay Journal. It shows a small boy sitting on the foot of a flight of steps. The artist has written beneath the picture "the path to Heaven is uphill". Leaving Heaven alone, I can say the path to economic prosperity is very difficult. When we look back upon these four years in retrospect—not with reference to this matter of export of mercury—when we sit down and look back at the progress we have achieved and the path we have travelled in spite of the various disturbing factors, the Korean war and the stockpiling, I think we have cause for some sense of satisfaction and today, even if the task is still uphill, we have certainly reached a point and achieved some success because of

the vigilance we have exercised. Whether it is a rising industry or whether it is the export import policy, I can say confidently that in spite of the difficulties of the four years we have achieved some good results. Referring to this period, one of my friends told me that we were on the brink of a revolution. But we are tiding over the difficulties. Here may say that our Rupee has never gone down in value. And I feel it now that when we look to these four years of travail and difficulties—may be starvation—our countrymen have taken it very well and I should in all modesty say that the measures which, the Government have taken have stood favourably by the people that they wanted to serve.

I have nothing more to add except that this resolution may be passed.

MR. DEPUTY CHAIRMAN : The question is :

In pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Council of States hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry No. 35-T (1)/52, dated the 8th October 1952, by which an export duty of Rs. 300 per flask of 75 lbs. was levied on mercury with effect from the date of the said notification.

The motion was adopted.

MR. DEPUTY CHAIRMAN : There will be no sitting of the Council tomorrow. Questions set down for December 5, 1952, will be set down for Saturday, December 6, 1952. The House stands adjourned until 10-45 A.M. on Saturday the 6th December 1952.

The Council then adjourned till a quarter to eleven of the clock on Saturday, the 6th December 1952.