

Is it the pleasure of the Council that permission be granted to Shri Gopaldas Bulakidasji Mohta for remaining absent from all meetings of the Council during this session ?

(No hon. Member dissented.)

MR. DEPUTY CHAIRMAN : Permission to remain absent is granted.

PAPERS LAID ON THE TABLE

STATEMENT SHOWING OBJECTS ON WHICH AVIATION SHARE OF PETROL TAX FUND WAS EXPENDED DURING 1950-51.

SUMMARY OF PROCEEDINGS OF ELEVENTH SESSION OF INDIAN LABOUR CONFERENCE HELD IN 1951.

THE MINISTER FOR COMMUNICATIONS (SHRI JAGJIVAN RAM) : Sir, I beg to lay on the Table a Statement showing the objects on which the aviation share of the Petrol Tax Fund was expended during the year 1950-51. [Paper placed in Library. See No. P-64/52.]

THE MINISTER FOR LABOUR (SHRI V. V. GIRI) : Sir, I beg to lay on the Table a copy of the Summary of Proceedings of the Eleventh Session of the Indian Labour Conference held at New Delhi in August 1951. [Paper placed in Library. See No. IV R. O. (38).]

RESOLUTION RE DIVERSIFICATION OF INDIAN EXPORT-IMPORT TRADE

MR. DEPUTY CHAIRMAN : We now take up Resolutions. Mr. Sundarayya to move his Resolution. I have to announce that there is a time limit of 30 minutes for the mover and the Minister concerned and 15 minutes for the other Members.

SHRI P. SUNDARAYYA (Madras):; Sir, I beg to move the following Resolution :

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This Council is of opinion that in order to meet the present foreign exchange difficulties and the recent slump in the Indian export market and also to meet adequately our import requirements of machinery and capital goods, the Government of India should take immediate steps to diversify India's export-import trade and start negotiations with the Governments of the U.S.S.R., People's Republic of China, Czechoslovakia, Hungary and other countries of Eastern Europe so as to conclude long term trade agreements with them.

It is a fact that the purpose of the trade of any country and especially our country, with foreign countries must fulfil the following objects. If our country has to be self-sufficient in economy, then we must develop the heavy industries. For this purpose unless we get essential machinery and build up our machine tool industries and other heavy industries, it will not be possible to become economically self-sufficient and our whole economy will have to depend on the foreign countries.

The second object with which we have to conduct our foreign trade should be to get essential supplies with which we can carry on our industries and which essential supplies are not there in our own country or are insufficient to meet our own needs. To meet the cost of these essential supplies of machinery and the raw materials, we must be able to export whatever is surplus.

Now taking these as our objects, does our foreign trade policy fulfil these objects or go to meet these demands of the country ? No, it does not. I will give instances after instances and point out how it does not fulfil these objects. Today most of our trade— both import as well as export trade— is mainly with one set of countries, especially U.S.A., the United Kingdom and its colonies and Western European countries. In 1951-52 from the total imports of nearly Rs. 965 crores, Rs. 288 crores worth of goods have been imported from Great Britain and its colonies and another Rs. 288 crores worth of goods have been ported from the United States of America, which means 30 per cent, from the United Kingdom and the

[Shri P. Sundarayya.] British colonies and another 30 per cent, from the United States of America whereas it is only 2 per cent, from the Soviet Union, People's Republic of China and other Peoples Democracies. It is only about Rs. 21 crores.

Similarly if we take our export trade also, we will find that out of Rs. 733 crores total export trade, Rs. 365 crores (50 per cent.) worth of goods have been exported to Great Britain and its colonies and Rs. 130 crores (i. e. 18 per cent.) to U.S.A., whereas our export trade with Soviet Union, Peoples' Republic of China and other Peoples' Democracies in Eastern Europe is only to the extent of Rs. 15 crores i.e. barely two per cent.

PRINCIPAL DEVAPRASAD GHOSH (West Bengal) : Can the hon. Member enlighten us as to the nature of the imports and exports with Russia and other allied countries ?

SHRI P. SUNDARAYYA : I can certainly enlighten the Members with regard to that. But keeping in view the half an hour's time and the points which I have to make, I cannot go into those detailed statistics but I can lay those statistics on the Table.

What is the result of this one-sided trade with Western countries alone? This makes us totally dependent upon the vagaries of the market, of the price system, of the industrial situation in these Western countries and it is a fact—for the last few years we have been depending on them—that we are in need of so much improved machinery to replace our own worn-out machinery and that we are also in need of large amounts of capital goods with which to build our new industries, to build heavy industries. We are unable to get the quantities which we require from these countries.

KHWAJA INAIT ULLAH (Bihar) : Has any offer of these countries been rejected by the Government of India.

SHRI P. SUNDARAYYA : Please have patience till my speech is over.

Sir, it is also well known that in the textile industries, jute and sugar—in fact in practically almost all our industries—our machinery has been worn-out and it requires tremendous replacement. But it is also the complaint of the industries that in spite of the orders which they have placed in Britain, in U.S.A., they are not getting the machinery in time even as they promised in their agreements and the result is that the building up of new industries is suffering and the replacement of our worn-out machinery is suffering. We do not have definite figures to calculate the amount of machinery that we have to replace in various industries. The quantity is not known or the value is also not known. Even the Planning Commission has not estimated how much machinery is necessary to be imported so that we can make the necessary replacements as well as to develop new industries. Except fixing up production targets, the Planning Commission failed to have an idea as to how much machinery is necessary to be imported and from where it has to be got. It left everything to the free market in America, Britain and its colonies. It itself has no definite plans to procure these things. Now you can take one or two instances as to how the non-supply of our demands of machinery has affected our own plants. Now, take the question of the recent power cut in Bombay during the last year. The Government pleaded that it was due to the failure of the monsoon. They said that the existing Power Houses were unable to meet the needs. I do not think that that is the correct reason. The fact is that they have failed to build up the electric power houses and the plant because they could not get the machinery which they had ordered from America. The result was that there was power cut. Many industries had to be stopped ; there was unemployment and there was tremendous cut in production—nearly to the tune of crores of rupees. Similarly, the Hydro-Electric Scheme in

Michkund has been delayed because '• the but I think I might clear the ground So far Madras Government could not git the as import and export trade by private machinery from America. The same thing parties is concerned, our import licenses happened in Bhakra— Nangal dam also. In for soft currency areas arc available to the this connection, the Industrial Finance whole range of countries. It is available Corporation has stated : to Soviet Russia.

•'(1) Difficulties in getting'supplies of raw materials at reasonable ratei and difficulties in getting machinery and component parts in time for replacement and completing the erection of new factories have obstructed production and prevented the targets from being achieved."

That is the way our industries are getting on because we have to depend on America and Great Britain for our needs.

Now, take again the question of the development of our heavy industries. Even the National Planning Commission neglected it. That is probably the most neglected part of our development schemes. If you take the figures regarding the imports during the last five years from 1948 to 1952, you will see that the total amount of machine imports is : For 1948-49 about 80 crores; for 1949-50, 80 crores ; for 1950-51, 85 crores and for 1951-52,104 crores. So much worth of machinery has been imported. In the imports machinery of all kinds of things have been included. Even typewriters have been included in these imports. If we will analyse these imports, we will come to know how much of this machinery is machine tools, which is a basic need for us today, and we would get an alarming picture. In 1949-50,3\$ crores of rupees worth of machine tools have been imported which later on gradually decreased year by year and in 1950-51, only 18 crores worth of machinery has been imported. What does this show ? This shows that we are unable to get machine tools which are absolutely essential to develop the machine—building industry in our country for which we have always to depend on foreign countries for our needs.

THE MINISTER FOR COMMERCE (SHRI D. P. KARMARKAR) : I do not wish to interrupt the hon. Member,

SHRI P. SUNDARAYYA : I will come to that point.

SHRI D. P. KARMARKAR: Secondly, to make the position a little more clear, I may say that under our export licence anyone can export to any country he pleases.

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SHRI P. SUNDARAYYA: How does this positively help in developing the trade with the Soviet Union or the Eastern Democracies ?

Before I come to that actual point, I want to point out how dependent we are on America in regard to this matter. It is not only hampering our efforts to get sufficient materials and machinery, but even in the matter of food and other things it is disadvantageous. Government has a tendency always to depend solely on the British Commonwealth i. e. the British Empire and its colonies and America. They never tried to enter into any trade agreement with the Soviet Union or China. In fact, there was an offer from China that it could supply one million tons of foodgrains, last year. But the Government refused to take advantage of that offer. Similar is the case with the Soviet Union. Naturally, when America is trying to higgie-haggle and trying to delay, then we sent a request to the Soviet Union to supply our needs as an emergency. We know that the moment they received the request, they did not higgie-haggle, but immediately went forward to help our country. Government again and again have refused to give the prices of the Soviet wheat or the Chinese rice, so that we could compare those prices with those in Amenta and other countries and say which is better and more cheap, whether it is the Soviet or the American supplies. Just now, we

(Shri P. Sundarayya.] have seen that 20 per cent, of the American wheat consists of dust and beetles. That is the quality of the wheat that we get from America. Recently, in this connection I may bring to the notice of the House, Ceylon has entered into a trade agreement with China from which it got rice supplied at a considerably cheaper rate than they were getting hitherto from the other sources. Also, it was able to sell all its rubber at a considerably higher rate than what it would have got from America or other Western Countries. That is the position with regard to our imports.

Then, if we take our exports, once again, most of our exports are diverted to America or U. K. The result is that we have to depend upon the vagaries of the Americans. The result is that for many of the important items of export there is difficulty. Yesterday, we have heard it said in the House that in the tea industry there is slump and that lakhs of workers have been thrown out of employment. Similarly, with regard to the coir industry and pepper industry. In all these cases, there is slump. This is the position. What are we to do? If we want to have good supply of goods that we require and if we want to have good markets for the various goods which we want to export, then, certainly, we must have trade agreements, long-term trade agreements with all the countries from where you could get markets and where we could send our own surplus goods. But Government refuses the responsibility to investigate and find out the possibilities of trade in imports of machinery etc. from the Soviet Union and the Eastern Democracies and also it fails to conclude trade agreements with these countries. It follows a conscious policy of restricting or putting as many obstacles as possible in the way of trade agreements with these countries, though that is harmful to our own national interests.

SHRI C. P. PARIKH (Bombay) :
What are those obstacles?

I SHRI P. SUNDARAYYA : Have patience please.

SHRI H. D. RAJAH : (Madras) :
Is there a quorum?

MR. DEPUTY CHAIRMAN :
Order, order.

SHRI P. SUNDARAYYA: Sometimes the argument is advanced that the Soviet Union or the Eastern Democracies—even highly developed countries like Czechoslovakia—are not in a position to supply the needs of our industries, and therefore we have to mostly depend on America and Britain. Our Government refuses even to investigate the possibilities of getting machinery from the Soviet Union or Czechoslovakia but yet they have this argument to put forward that these countries are not in a position to supply our needs in spite of the repeated declarations of the Soviet Union and Czechoslovakia that they are in a position to supply them. For the information of the House I will read the following from the Moscow Economic Conference in which the Minister of the Soviet Union for Commerce has given the offer apart from so many other declarations made by their representatives in the various Conferences :

"Soviet commercial organizations are in a position to trade with South-East Asia and the Near and Middle East. They could place orders there for such traditional export items as rubber, non-ferrous metals, jute, cotton, shellac, tea, spices, tobacco, etc. in exchange for industrial goods and equipment, particularly for the metallurgical, ILCI and chemical industries and also for the light and food industries. This would make it possible for these countries to process their raw materials themselves. Soviet industrial organizations could also render technical assistance in the design and construction of industrial enterprises, power plants, irrigation systems, etc. The Soviet Union could supply these countries with tractors and diverse turning machinery which would help to develop their agriculture."

SHRI B. GUPTA (West Bengal): The hon. Minister would do well to listen to the speaker.

MR. DEPUTY CHAIRMAN :
Order ^ order.

SHRI P. SUNDARAYYA :

"Soviet foreign trade organizations are prepared to establish and develop commercial relations with business interests in India, Indonesia, Pakistan, Ceylon, Burma, Thailand, Malaya and other South-East Asian countries."

The purpose for which I am reading these extensive quotations is to show how the Government has failed to take advantage of these and in fact is putting forward difficulties.

What is the use of my reading when the hon. Minister is consulting with officials ?

SHRI B. GUPTA : He can consult with us. SHRI P. SUNDARAYYA :

"The payment procedures employed by Soviet trade organizations—a general known fact bears this out—far from being less favourable than those in other countries, are more flexible. Practice has shown that usually Soviet foreign trade organizations have no difficulty in arranging mutually acceptable and advantageous methods of payment. Soviet trade organizations are prepared to conclude barter transactions, receive payment for goods in local currencies, and spend them in the countries concerned. Considering that many countries are experiencing foreign exchange difficulties, barter transactions and payment in local currencies should contribute in no small measure to the expansion of trade. Our organizations can also effect payment through national banks, dispensing with the services of foreign banks, in this way bringing more business to the national banks and stimulating their interest in foreign trade operations."

This quotation is a most important offer from the Soviet Government if only we are prepared to take advantage of it, if we are prepared to trade with them and start negotiations with them to find out the goods they are ready to supply, the prices and the way in which the whole trade has to be carried on, etc. There is a definite offer that they are prepared to take any currency, any national currency with which we are prepared to trade, they are prepared to do it through our own banks and we need not depend upon any other foreign bank. In spite of this offer itself, the Government has failed even to start negotiations with the Soviet Union, Czechoslovakia and

others to conclude a long-term agreement for trade purposes.

{Time bell rings.}

MR. DEPUTY CHAIRMAN : You have only 3 minutes more.

SHRI P. SUNDARAYYA: You must give me some more time.

MR. DEPUTY CHAIRMAN : If your colleague gives you time I have no objection. You will be encroaching upon others' time.

SHRI B. RATH (Orissa) : The rules provide that if you permit, then the time of the hon. Members can be extended,

MR. DEPUTY CHAIRMAN : He has had half an hour's time. Please try to wind up. You will be encroaching upon others' time if you take more time.

SHRI P. SUNDARAYYA : Let us see what are the difficulties which Government is creating in negotiating these trade agreements. We have trade representatives in practically all the important countries of Western Europe, Britain and America but you don't have trade representatives at all either in U.S.S.R. or Czechoslovakia or the Eastern Democracies or the Chinese Republic, though the trade Representatives of U.S.S.R., Hungary, Czechoslovakia etc. are there in India. Government may bring the argument that recently we have concluded a trade agreement with Hungary. Though there was a trade agreement with Czechoslovakia, we have not yet renewed it. The negotiations have been going on. What is the difficulty in renewing these trade agreements or concluding new trade agreements which will be beneficial to us ? Of course the difficulties are these. The Minister just now explained that we are following a policy of issuing licences and the licences issued for soft currency areas which may amount to Rs. 5,500 million. They will say that these licences are available for the Soviet

[SHRI P. SUNDARAYYA.] Union, Czechoslovakia or Hungary and for all the soft currency areas.

But they refuse to conclude definite trade agreements with these countries, specifying the quantities that they are prepared to take from those countries and specifying the quantities that we are prepared to send to these countries. There is no definite agreement about the quantities. They say they cannot enter into commitments with these countries. But all the same we know that our Government has entered into definite agreements about the quantities with other countries. There is the Indo-Egyptian, Indo-Pakistan agreement and there is also the Indo-Austria agreement and agreement with West Germany. But Government has not entered into any long-term trade with the Soviet Union or the Eastern Democracies, specifying the quantities. Why should there be this discrimination against the Soviet Union and the People's Democracy?

The Government says, "We issue licences and it is for the individual manufacturer or the individual importer to get these articles from whichever country they want to get them, whether it be from the Soviet Union or Czechoslovakia or any other country." But this, I submit, is nothing but shirking responsibility, because if any industrialist wants to by machinery from say Czechoslovakia or from the Soviet Union, or Hungary, he must have the guarantee that spare parts would be available. Only then can these machineries be imported and fitted up here and put in service. Technicians should be able to give him the necessary help. These should be guaranteed and this is possible only if Government conclude a long-term trade agreement with the countries concerned. It cannot be done by leaving the individual importer to arrange things. So many difficulties come up. There is the question of transport, there is the question of shipping and the question of insurance and the question of banks through which the whole transaction is to be

carried out. Therefore unless the Government is prepared to have a long-term trade agreement with these countries, these difficulties cannot be solved. If this long-term trade agreement is there, then individual industrialists will be prepared to venture. Even those industrialists who have come back from the Moscow Economic Conference.....

(Time bell rings.)

MR. DEPUTY CHAIRMAN : You have taken five minutes more.

SHRI P. SUNDARAYYA : I will take only another five minutes, Sir. In any case when I have encroached.....

MR. DEPUTY CHAIRMAN : If Mr. Manjuran is prepared to give up five minutes of his time I have no objection.

SHRI P. SUNDARAYYA: Mr. Manjuran is only moving an amendment.

SHRI M. MANJURAN (Travancore-Cochin) : I give up five minutes, Sir.

SHRI B. RATH : Sir, may I.....

MR. DEPUTY CHAIRMAN: Please resume your seat. Let him continue.

SHRI P. SUNDARAYYA : Sir, I may also say that even when individuals apply, licences are not being given by the Government. Here I have a few letters, one about mica. Mr. T. Ramachandra Reddy says that after repeated enquiries—and he is not a Communist but a non-Communist in politics—he has not been able to get a reply from the Ministry. There is then another letter from a concern in Calcutta—a company there which wants to trade with the Soviet Union and send them 6,000 tons of tea for which there is a demand. With regard to that also there has been no reply from the Government. I have got these letters, but since my time is short I do not want to go into their details. On the top of that the hon. Minister.....

MR. DEPUTY CHAIRMAN : You may place the letters on the Table.

SHRI P. SUNDARAYYA : But I have not read them out but only referred to them in my own words.

MR. DEPUTY CHAIRMAN : You have referred to them and made some allegations to the effect that the letters have not been replied. So you should place the letters on the Table of the House.

SHRI P. SUNDARAYYA : And as regards the

SHRI T. S. PATTABIRAMAN (Madras) : Can we take it that they will be placed on the Table of the House, Sir ?

MR. DEPUTY CHAIRMAN : You will place them on the Table.

SHRI P. SUNDARAYYA : I will.

At the Soviet Exhibition goods worth Rs. 5,30,000 only were sold and I hope that the Commerce Minister knows that, and not Rs. 27 lakhs. The Minister wondered what was done with all the money—whether it was used for subversive purposes or not. But as matter of fact, out of this, the expenses for the arrangements came up to Rs. 2,30,000 and for the remaining sum, the Reserve Bank did not give the necessary sanction for remittance. It was only after a few months of attempts that the sanction came, and the moment it was given, the amount was sent out—this is the statement of Tass. From the«e it is evident that in spite of our national needs, the Government refuses to conclude trade agreements with these countries, in spite of clear-cut offers from Czechoslovakia and other countries. You could develop trade with these countries if only you wanted to do so. If you try to conclude long-term trade agreements with these countries, these countries would be able to supply you with things that you want and at the same time they would be able to take from us what we are able to supply them, things

of which we have a surplus in our country and for which we are seeking a market outside. That being the case, I hope the House will certainly favour the entering into such agreements and therefore will support my Resolution.

MR. DEPUTY CHAIRMAN : Resolution moved :

That this Council is of opinion that in order to meet the present foreign exchange difficulties and the recent slump in the Indian export market and also to meet adequately our import requirements of machinery and capital goods, the Government of India should take immediate steps to diversify India's export-import trade and start negotiations with the Governments of the U.S.S.P., Peoples' Republic of China, Czechoslovak., Hungary and other countries of Eastern Europe so as to conclude long-term trade agreements with them.

There is an amendment to this Resolution by Mr. Manjuran. He may move that amendment now.

MR. DEPUTY CHAIRMAN : You have given up 5 minutes of your time.

SHRI M. MANJURAN : Sir, I move :

That for the words "take immediate steps to diversify India's ' export-import trade and start negotiations with the Governments of U.S.S.R., Peoples' Republic of China, Czechoslovakia, Hungary and other countries of Eastern Europe so as to conclude long term trade agreements with them" the following words be substituted, namely :

"facilitate the opening of import-export trade with all the countries of the World with whom India has no such trade so far."

For me, there was considerable difficulty even to understand the resolution because what it suggests is almost confounding according to me. I felt that the whole Resolution was giving certain panacea to get out of the

[SHRI M. Manjuran :]

evils In which we are at present finding ourselves, namely exchange difficulties, slump in export and want of capital goods and machinery. The panacea suggested is diversification of export-import trade. I am afraid a logical process will contradict the Resolution in itself because diversification is never a solution, according to me. We have got certain export-import trade with certain nations which, according to what the Minister gave us to understand and which, according to my understanding, was not restricted to any particular area. Even the mover of the Resolution himself said that we had agreements with Czechoslovakia, we had trade agreements with Poland, we had trade agreement with Rumania and in what particular manner have these trade agreements benefited India would have given us a lesson as to what the diversification of our export-import trade would further do to us. The Czechoslovakia Government entered into a trade agreement to establish a factory for radio manufacture in Bombay, called the Tesla Radio Manufacturing Co. which, to me, was on the same basis and conditions as Mr. Birla's Hindusthan Motors or Studebaker Corporation or any other commercial concern. How is the further agreement with Czechoslovakia going to reduce our exchange difficulties and what is the quantum of our exchange difficulties? How have they originated? Exchange difficulties, to my knowledge are created by the disparity of export-import which the mover of the Resolution suggests would be removed by a diversification of the trade. I cannot see anything more illogical than this and that is why my amendment is devoted to remove the anomaly created by the Resolution itself suggesting the cause of the malady as the remedy. The cause is disparity in export-import and the remedy suggested is diversification which does not mean anything more than changing routes.

Now, we have got grand establishments to look after our trade in different countries. Diversification of

our export-import trade means further 10 establishments with increased expenditure. Does it solve our exchange difficulties? I never knew a word which the mover of the Resolution gave us to understand how exchange difficulties created by the fluctuations in the Imperialistic and capitalistic markets could be removed by our contact with these socialistic and near socialistic countries? The whole question, according to me, is developed on the basis of evaluation of things. According to us, Marxists, value is determined by human labour. A more efficient system of human labour is employed in the Soviet Union and in the near Socialistic countries. I could have understood if the Soviet Union were prepared to give us things at competitive rates—better things at cheaper rates. There is no such suggestion. How would the exchange difficulties be removed by simply getting things from another direction? Is there a guarantee that the Soviet Union, under the more efficient system of socialistic production, going to export to us better things at cheaper rates? They said that banking facilities will be given. Banking facilities do not mean a solution of our exchange problems. We have to pay back for what we get but I have seen what to you might seem surprising, that it is the fluctuation in the capitalistic or imperialistic markets that recently took place which accounted for a boom in our exports. In spite of all the professions to the contrary, by long-term agreement we might stand to lose such benefits as we got in pepper, as we got in coir, as we got in copra and in each one of these trades. Pepper was selling at about Rs. 125 per cwt., I mean a candy of 600 lbs. and this went upto Rs. 4,600 and odd. It was determined by the fluctuations in the imperialistic and capitalistic markets.

From where are we now getting our commodities? Is the Soviet Union prepared to accept pepper on the same rates that America is prepared to pay? That is another point. How exchange

difficulties could be removed by diversification of trade in a particular direction is a thing which I cannot imagine. Therefore, what is required is opening our trade to the whole world for full competition at the particular stage of social production in which we are now. Of course, we are not employing the best system of production. I know that. We have got a very bad system of production. We are actually very much exploited by America ; we are actually exploited by Britain ; but, these are not a day's event. These have been brought about by historical processes the removal of which is not possible by a Resolution in this Council to divert trade to U. S. S. R. or to Peoples' China from where I do not know what we are going to get. China, to my best knowledge, after the completion of her successful revolution, has not been able to produce any capital goods or machinery of the type which we want to import.

SHRI P. SUNDARAYYA : We get food.

SHRI M. MANJURAN : We should rely more on concrete statistics as to what the Soviet Union will be prepared to give us and what she will take instead and how the disparity, if any, could be adjusted. Nothing has been said even in the elucidation by the mover of the Resolution. So, all that could be done and said at this stage is that we should be a free nation with free access to every other free nation. Even recently there were statements emanating from Russia, even from the highest divinity, Stalin, that contraction of the Imperialist market would pave the way for war. By introducing a reduced market for Imperialist or Capitalist products, we are allowing ourselves to be roped in by the new thesis of Soviet rulers for bringing on an early war. Do we require a war today or should we like to postpone it ? The very reason that Stalin stated for the war is a contraction of the Imperialist market. Here we want to contract the imperialist market and we want to bring a war on us. It

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will be better for the powers, the Soviet Union and America not to fight in the battlefield of India for their aggressive ambition and to leave us with the best wishes of peace. Trade has been the cause of wars and as long as trade exists wars will continue.

(Time bell rings.)

What is the remedy sought by this Resolution ? Simply this : The Soviet Government is in a race with the Imperialistic powers to create an aggressive war. Nothing more could be suggested by this Resolution than that every nation should be given freedom to trade with other free nations. That is all what my amendment clarifies.

I hope the House will be only glad to accept the amendment as it is.

MR. DEPUTY CHAIRMAN :
Amendment moved :

That for the words "take immediate steps to diversify India's export import trade and start negotiations with the Governments of U.S.S.R., People's Republic of China, Czechoslovakia, Hungary and other countries of Eastern Europe so as to conclude long term trade agreements with them" the following words be substituted, namely :—

"facilitate the opening of import-export trade with all the countries of the world with whom India has no such trade so far,"

Both the Resolution and the amendment are now before the House for discussion.

SHRI C. P. PARIKH : Sir, if this Resolution comes from the Leader of the Communist Party I can understand its implications, and its importance from his point of view. But I think that when the whole picture of the export-import trade is put before the Members, they will understand the position much better. We have to analyse what is our export-import trade, the main pattern of the export-import trade. We are importing goods to the extent of 860 crores of rupees a year and we are exporting goods to the extent of Rs. 710 crores.

[SHRI C. P. Parikh,] At present our import is more than our export. We have no surplus balances, resources, at our hands. Our hands are tied. Unless we can export more, we cannot import more. That is the primary guide of the export-import trade. Unless you are able to export more how can you increase the imports, and therefore what countries will take those exports, is the next question. With regard to this, the position in our country is as follows : Jute, we are exporting Rs. 271 crores worth, Tea Rs. 93 crores, textiles Rs. 58 crores, hides and skins Rs. 25 crores, spices 27 crores, and oils 22 crores. I would like to know from the Members moving the Resolution, what commodities of these will be imported by Russia. When we buy the goods of other countries we buy them because we have a need for them. Our experience during the last few years is that we are in dire necessity of cereals—to the extent of 60 million tons, and I think that if we were to get a part of this from Russia, we would have been very willing to enter into an agreement for exporting some of our export goods. They have not co-operated in supplying the grains, the cereals, and you want to recommend that we must enter into an agreement with them. At present, apart from machinery many things are required. We will enter into agreements with countries that are prepared to give us these goods and will give the goods that are in our hands. From the Commonwealth countries we are importing Rs. 288 crores worth out of our import of 860 crores of rupees worth ; they are having from us by way of exports Rs. 365 crores. So the Commonwealth countries including the United Kingdom are importing into their countries goods worth more than they are exporting to us. That is a point we should not lose sight of because those countries are thus giving preference. What ever countries take more of our exports, we will import from them. The ties of Commonwealth are there- 1 ore important for us. If a country comes forward to buy our exports and |

give us our essential requirements, we are quite prepared to have an agreement. Our trade is free. We can import from Russia, Czechoslovakia, Hungary, or anywhere else because our requirements have to be imported. With regard to America, we are importing from them 287 crores rupees worth and we are exporting Rs. 130 crores worth. The Leader of the Communist Party or the mover of the Resolution will say that we are importing more ; but out of this 287 crores, our imports on account of food are Rs. 157 from the United States. So food excepted, we are exporting more to America. We are obliged to these countries, they supply foodgrains which are very necessary. We have to see first whether they are willing to take our exports and give us some preferential treatment for our exports. Our export trade cannot be encouraged unless those countries are also giving preference to our exports. As regards machinery we are prepared to buy to a large extent from other countries but the machinery that has, been till now installed in this country is of German, French, English or American make. I think that we cannot in factories make revolutionary changes by having one pattern in certain sections and another pattern in another section. The machinery has to be renovated according to the existing pattern, otherwise it will be extremely difficult to run them. As far as I know the British machinery has proved the cheapest. When machinery is offered by other countries, its upkeep, technical skill and maintenance are not guaranteed. The mover of the Resolution read out more passages from certain books. Book knowledge does not help any industry or commerce. It must be translated into practice. Russia merely saying : "We are going to do this or we are going to do that " does not help us. Are they going to take our exports such as our jute etc. ? And what are they going to offer ? Are they going to offer what we require ? There is no use offering what we do not require. Therefore, the Resolution has to be carefully studied. It only shows the way his

mind is working—his sympathies. There are also other countries with which we have no agreements. We are importing from them as the Minister for Commerce has said, and there is a free export and import market for these countries. We are willing to buy from wherever it is cheap, whatever country the goods come from, whether it is Communist or Socialist or whether it is Capitalist. Cheapness is the main thing. That is why we are buying British machinery ; it has proved the cheapest. It has given more service than other machinery. Some machines of old makes which had been imported are unsuccessful or lying idle. We can export textiles and jute. We can compete in this respect in the foreign market. We are able to stand competition with Japan in textiles because our cost of raw material is less than Japan. We have got the raw materials while Japan has to get it from America or Egypt. We rely on our cotton. It is essential that we develop this country, industrialise it to the maximum extent, but there must be co-operation from all sections of the country and all political parties. If counter-propaganda is done, what is the good ? It will not help. The yield per acre in agricultural production in our country is very low. In the case of industrial production also, I must say that the cost is higher on account of too much labour cost. We are employing two or three times more labour in industry. If we want to develop export markets, the only way is to bring down costs, and the only way to bring down costs is to rationalise. Then, I think we can compete in many of the world markets in respect of many products. Rationalisation of labour is necessary if we are to capture foreign markets. But it is those people who are advocating this Resolution, who are coming in the way of rationalisation. There is harmony and peace between employers and employees, but they try to disturb it as far as possible. Instead of working for this Resolution, they are working against it. Some unions are trying to disturb the harmonious relations between

employers and employees by all the means at their command and with all the propaganda that they are capable of. If we want export markets, if we want this country's products to reach other parts of the world, we have to make sacrifices. Every one of us should put the country's interests, in the forefront. If that is not done, we shall not be able to progress. It is no use blaming Government. Government has been steadily moving. The progress that has been achieved in industrialisation during the last five years is remarkable. We have achieved something in the industrial sphere which was not thought of by many, and on the basis of the plan which has been drawn up by the Planning Commission and with the resources which are going to mobilise in the next five years, we shall be exporters of food and exporters of manufactured products, and we shall be reducing our imports only to raw materials which are absolutely required by industries.

The hon. mover of the Resolution has referred to the present exchange difficulties. He wants that we should have more exchange. He has not said a word about how our imports should be reduced. If we reduce our imports, then our exchange difficulties disappear. And I can tell you in what directions we can still reduce our imports to the extent of Rs. 100 crores. We are importing rice and flour machinery. We are thus importing some machinery which is not needed. We are importing sewing and knitting machines, which we can very well supply from our indigenous production. Cycles and accessories are being imported to the extent of Rs. 4,26,00,000, even though we are having the full installed capacity. Motor cars we are importing to the extent of Rs. 4,80,00,000. That can be reduced by half. Then, cotton yarn and woollen yarn. We have now progressed well in the manufacture of woollens in this country ; we produce superior woollen garments in our country ; and still we are importing them. With regard to starch and

[Shri C P. Parikh] other industrial materials, we are importing these to the extent of Rs. 2,43,00,000. Coconut oil, we are importing to the extent of Rs. 6 crores.

{Time bell rings.}

'All these can be produced in this country. If the hon. mover had suggested ways of saving our exchange, by reducing our unnecessary imports, that would have been helpful. If he had suggested that these products should be manufactured on a cottage industry scale, I think he would have furthered the interests of the country. We want that our standard of living should be raised, our unnecessary imports should be reduced, and our exchange should be preserved to us. He has not referred to any of these things. On the contrary, he is trying to see that Russian influence and Russian capital increase and prosper in this country, so that their civilization or culture may be foisted on us and our democracy may disappear and individual freedom may go. All these are the facts of the case. Otherwise, other countries would have been mentioned. As other countries are not mentioned, I entirely oppose this Resolution, because the hon. mover of the Resolution wants to introduce chiefly Russian influence. We are quite willing to have everything which Russia has to offer us and of which we are in need. But at the same time we want to know what Russia will take from us, and at what price. And if the Resolution is understood from this point of view, I think every patriotic man who has his country's interests at heart will oppose it. With these words, I oppose the Resolution.

SHRI C. G. K. REDDY (Mysore) : Sir, it is very difficult to oppose a resolution which comes from this side of the House. But I think I have a precedent in my old comrade, Mr. Mathai Manjuran, who is not here, who has given an excellent amendment.

So far, Sir, I think the aspects that have been touched are the economic

aspects. But as soon as the mover of the Resolution refused to accept the amendment, I think the cat was more or less out of the bag. I can well understand that we should diversify our exports. If I know the proper meaning of diversification, it is not that we should have diversification in a particular direction only, but we should diversify in all directions. Therefore, if the hon. mover of the Resolution had accepted the amendment.....

SHRI P. SUNDARAYYA : May I explain, Sir ?

MR. DEPUTY CHAIRMAN :
When the hon. Member replies.

SHRI P. SUNDARAYYA : I would like to explain now, in order to avoid confusion.

MR. DEPUTY CHAIRMAN : No.

SHRI K. S. HEGDE (Madras) : The Resolution is political, not economic.

SHRI G. K. REDDY : This is, I know, more or less in keeping with their propaganda line as set out all over the world. Whether it is on the question of peace, or whether *it is* on any other question, it is taken for granted by certain groups that there are two countries where the most excellent conditions exist, and with whom we should not only have trade relations, but we must confine our trade only to them. Now, this proceeds from certain assumptions which it is not possible for most of us to accept. It may be very convenient and perhaps comfortable for a particular party to proceed on that assumption and on that premise. I know that the whole political philosophy of that party bases itself on that particular premise. But it is not possible for those of us who do not accept that ridiculous premise that there is a country or a group of countries which are *par excellence* in this world, to accept this Resolution at its face value.

I must say that when I strongly oppose this Resolution, I would also oppose a similar resolution which may be tabled by any other Member from any side of the House, which substitutes the U. S. S. R. or the so-called People's Democracies by the U. S. A. and other satellites of the U. S. A. I must make it very clear, so that I should not be misunderstood, that my opposition is to confining trade with a particular bloc. It would have been a very good case, and a very good case even against Government, to have accepted the amendment.

Now, Sir, it has been made out more or less that by having our trade with a particular country we would have all the benefits coming to us. But the facts tell us that it is not so. It is quite contrary to the proposition put before us. I know it has got a lot of propagandist value to say that we should have trade relations only with Russia and then we would have no difficulties whatsoever.

SHRI P. SUNDARAYYA : No.

SHRI C. G. K. REDDY : By the refusal of the amendment it is clear that he wants to have trade only with those people.

SHRI P. SUNDARAYYA : If the hon. Member would only allow me to explain.....

SHRI G. G. K. REDDY : The hon. Member can do that in his reply. He has the advantage of the right of reply at the end.

Sir, propaganda is carried on that trade with any other country is extremely bad, and that if you have trade relations with a particular set of countries, it would be the best thing not only for this country but for every country in the world. Now, I do not know if the hon mover of the resolution has deliberately put in this proposal of diversification as a piece of propaganda; or if it is in keeping with that " Lord's

Prayer" which was published only a month ago—I mean the article on the Economic Problems of Socialism by the all-knowing M. Stalin. There he has put forward a very interesting proposition. We too have read a little of Marx and Lenin and Engels, and even the Leader of the Communist Group here and the mover of the Resolution will agree with me when I say that Marx and Engels and Lenin believed that the only progressive step in a Capitalist society is that of a world market. A world market is a progressive feature of the Capitalist society which would be able to bring peoples together and bring about Socialism and progress. But today a theory has been put forward that the only progressive feature of World War II has been the division of the world markets into the Capitalist market and the Socialist market. Now, I should like to know, naturally, from the mover of the Resolution whether he believes, as he ought to believe—because this is a thesis of the party to which he belongs—whether he believes in the contraction of the Capitalist market—not only that, but a division of the world markets into Capitalist and Socialist markets. If he believes in that, the next step after this Resolution is passed, and if the Government unfortunately accepts it—(Interruption)—there is no change of that ; i thank God for that. Now, Sir, If we accept this Resolution, if we accept the proposition behind this Resolution which, as I have already stated, is purely propagandist, it would mean only that we are going to be inside the Socialist market. We are not going to be outside it. I cannot for a moment consider the proposition. First of all supposing there is a country, or a group of countries which are supreme in everything in the world today and that it is in our interest to have to do nothing with other countries and have connections with only that country what happens ? Let us assume that our good lies in having relations only with this particular country or a group ! of countries. What will happen ? I Now probably the hon. mover of the I Resolution has forgotten that only

[Shri C. G. K. Reddy.]

two days ago—possibly he did not know that such a thing was going to happen—there was a resolution in the Economic Committee of the U. N. General Assembly. Now, this is a report not from an American paper but from the Hindustan Standard—a very good paper published in Delhi :

INTERNATIONAL FUND FOR DEVELOPMENT PROJECTS

November 21 st

The Economic Committee of the U. N. General Assembly yesterday adopted a three-part Resolution intended to promote the international financing of development projects in under-developed territories.,.,.,."

I take it that we are in the category of under-developed territories.

"46 nations voted for the Resolution and there were no opposing votes but the Soviet group abstained."

Now, Sir,, the Soviet group means the U. S. S. R., Peoples' Republic of China, Czechoslovakia, Hungary and the so-called Peoples' Democracies of Eastern Europe. Now if they are the people who are not willing to help the under-developed countries like India, I do not see what benefit we can get from them. On the one hand those who want to have trade relations with these countries say that milk and honey will flow out of those trade relations, on the other hand they abstain in a most important resolution which seeks to give aid to us. Now I see this contradiction. But I fail to understand that and I know what my hon. friend is going to say. He would say that the U. N. is a United States body. It is an American body. If we take the aid from the U. N., we will naturally become a colony of the U. S. But I would only say to my hon. friend who is going to speak afterwards, I would only say this that if only the U. S. S. R. had also joined in it, it would not have been a United States body. It would then have been a U. N. body—a body

affecting the interests of the entire world. I am sure the whole House agrees, excepting for the little corner here, that if the U.S. has been guilty, the U. S. S. R. has been equally guilty in the U. N. Therefore there is no question of our saying that if we take aid from the U. N., we will become an American colony. Does he mean to suggest, or will he suggest after me, that we should become the colony of the Soviet Republic ? We do not want to be a colony of either of these blocs. I therefore strongly support the amendment but I would certainly oppose the Resolution.

MR. DEPUTY CHAIRMAN : The hon. Member can resume his speech after lunch.

The Council then adjourned for lunch till half past two of the clock.

The Council reassembled after lunch at half past two of the clock. MR. DEPUTY CHAIRMAN in the Chair.

SHRI C. G. K. REDDY : I finished before lunch on the note that U.N.O. resolution for giving assistance to the under-developed countries held the abstinence of the Russian bloc.

AN HON. MEMBER: The Treasury Benches are vacant.

MR. DEPUTY CHAIRMAN : The hon. Member is Mrs. Mtnon.

SHRI C. G. K. REDDY : There is no Minister.

MR. DEPUTY CHAIRMAN : But the Minister is already in the House.

SHRI C. G. K. REDDY : That is in keeping with their policy that if a territory is under-developed the class conflict will be sharpened and, therefore, it will go Communist. Apart from that I should like to say about what actually the Great Fatherland has done to some countries which had acknowledged Russia as the Fatherland. I am referring to Yugoslavia. Yugoslavia is now supposed to be not