

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 :

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 imported 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

Machkund has been delayed because the Madras Government could not get the machinery from America. The same thing happened in Bhakra—Nangal dam also. In this connection, the Industrial Finance Corporation has stated :

“(1) Difficulties in getting supplies of raw materials at reasonable rates 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, 3½ crores of rupees worth of machine tools have been imported which later on gradually decreased year by year and in 1950-51, only 1·8 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,

but I think I might clear the ground. So far as import and export trade by private parties is concerned, our import licenses for soft currency areas are available to the whole range of countries. It is available to Soviet Russia.

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 America 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?

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, fuel 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 industries 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 farming machinery which would help to develop their agriculture.”

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

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—and generally known facts bear 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 these 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.R., Peoples' Republic of China, Czechoslovakia, 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 Studbaker 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

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 therefore 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 C. 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 C. 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; 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? Now probably the hon. mover of the 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 21st*

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 : There is Mrs. Menon.

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

a socialist country. It may be said that since it does not support the U. S. S. R., we should not take that country seriously. Still all the relevant information is in this book and I suppose that even my friends who are in favour of the Resolution have read it ; unless of course they are not in the habit of reading anything except what is supplied from certain countries. When Yugoslavia or rather the Russian bloc broke relationship with her, a trade agreement subsisted between her and Soviet Union. The trade agreement was for the supply of goods worth 1,363,000 dollars. Out of this only 77,000 dollars worth of goods were supplied. Just after the break took place with Yugoslavia, at a time when Yugoslavia was depending for its economy on the goods to arrive, Mr. Makoyan, the Soviet Minister for Trade, told Yugoslavia that since conditions had changed, Russia was not obliged to honour the agreement. Possibly, the same thing might happen with us. We may have a break with Russia and if tomorrow we do not act according to their wishes, they would turn round and say that conditions have changed and that contract cannot be fulfilled. You find many instances where countries are fleeced one after another. I would like to quote an example. For instance, look to the treaty with Finland. You will find that according to the treaty with Finland, that country was to supply 350 million dollars worth of goods. But this value was based on the 1938 prices. And in exchange for that, Finland was to take raw materials from Russia which was based on the 1948 prices. This is the manner in which trade pacts are being entered into for the benefit, of course, of small countries like ours by Russia. Not only that. Finland suffered in another manner. It was one of the conditions of the pact that Finland which used to supply or had two per cent. of the entire trade in heavy industries, should supply 60 per cent. of the goods for Russia consisting of heavy industries. Therefore, they had to develop a special industry for keeping to the terms of this pact. Finland was to have

supplied the goods by September and this part of the contract they have honoured. Now, what is going to happen to that industry hereafter ? Naturally, it will depend on whether Finland acts according to the dictates of U.S.S.R. or not. So similarly, it may be that we will also be caught up. There are several other instances where the countries which have had anything to do with the Russian block, have been hit adversely and have been left high and dry. We do not want that thing to happen to our country.

They have also introduced a certain technique of trading with other countries, for instance, the bi-national trading companies. In Rumania and everywhere else, they have got half Russian and half national under-takings, and mostly the Chairman is a Russian. In Italy they have the Communist Party, as a partner in the trading company. This trading company has the exclusive rights to trade with Russia and since the Communist Party of Italy is a partner in this company, it will be a good source of income for them. It may be, if we implement this Resolution and our Government have anything to do with Russia, they will insist on having a bi-national company having exclusive trade with Russia and the Communist Party of India would form a part of the bi-national company.

I am not saying that we should have nothing to do with Russia. I only want to show how things are happening elsewhere.

In conclusion, I should like to ask whether the Government would accept the Resolution with the amendment. Then it can be said that the Resolution seeks to promote the trade of our country with all the countries of the world, thereby ensuring our independence and the satisfaction that we may conduct our trade on the best terms that we can get.

DIWAN CHAMAN LALL (Punjab) :  
Sir, I would like to take a few minutes, because the whole discussion is being

[Diwan Chaman Lall.]

diverted, be cause the purpose of the Government is not to block trade with any country. Here what my friend had been doing was to waste the time of the House over things that were obvious. Is it contended in this Resolution by my hon. friend that there is no trade between India and the other countries he mentions ? Or is it merely an attempt to divert the attention of the House to a bit of propaganda in regard to this matter ? But my hon. friend ought to know that there is no limit whatsoever. My hon. friend ought to know that our policy in regard to trade has a very free aspect. It is unlike the policy in those countries with which my hon. friend now wishes to have more trade. For instance we are free in respect of our trade. Our trade policy is a multilateral trade policy and it does not put any restrictions whatsoever in the matter of sending our goods out or receiving goods from other countries except with reference to the context of the two currencies—the soft currency and the hard currency. It is this peculiar position that as far as soft currency is concerned, U. K. and USSR, the country my hon. friend represents, the two are both on the same level .....

SHRI P. SUNDARAYYA : I am not here as representative of the USSR.

MR. DEPUTY CHAIRMAN : You may meet those arguments when you reply.

SHRI P. SUNDARAYYA : This kind of aspersion should not be allowed.

DIWAN CHAMAN LALL : May I qualify it ? The countries that my hon. friend represents in spirit. If he looks at it not from the propagandist point of view but from the point of view of the interests of the country, he would come to the conclusion that there is no necessity for discussing a resolution of this kind—none whatsoever. He talks of trade agreements between Hungary and Czechoslovakia. Does he not know that India had a trade agree-

ment with Czechoslovakia and that agreement is now being renewed ? Does he not know that we have been negotiating a trade agreement with Hungary for a considerable time ? In fact I myself two or three years back, originated the negotiations with Hungary. Does he not know that ? If he does not know that, then obviously he has brought in the Resolution without knowledge of these facts. He should realise, therefore, that it is not we who are preventing the expansion of trade—let us say with USSR. He blamed us. Is there anything to prevent anyone of these countries from buying whatever they wish to buy from India ? Is there any objection ? Is there anything done by the Government in the way of an Ordinance or regulation or an order or law which prevents the U. S. S. R. from buying more from India than she has been doing already ? Is there anything to prevent her from doubling its trade with India ? As a matter of fact when my friend talks about trade agreements, he should realize that trade agreements may operate even as a restrictive factor in the expansion of trade. My hon. friend does not know these facts. My hon. friend with all the knowledge that he ought to possess, does not have necessary knowledge of this particular matter. Take for instance Hungary. We are negotiating a trade agreement with Hungary today. The items that are listed as far as Hungary is concerned, are 60. The items that are listed as far as we are concerned, are 40. Is there anything to prevent, without a trade agreement, Hungary from going outside the limit of 60 ? Nothing whatsoever. It is not true that the non-existence of a trade agreement is the factor which militates against the expansion of trade between us and the other countries. Take for instance Soviet Russia. We have no trade agreement with them. Has it prevented Soviet Russia from trading with us ? We purchased and continue to purchase during the last 2 or 3 years enormous quantities of food-stuffs from Russia. We purchased 50,000 tons of wheat as against 5,000 tons of tea in 1948 ; 25,000 tons of

ammonium sulphate for cash. We purchased 81,000 tons of wheat from Russia for 5,000 tons of tea and 5,000 tons of raw jute and 1,000 tons of castor oil. I hope the castor oil is not used for political purposes. We also purchased 200,000 tons of Russian wheat, 20,000 tons of maize and we allowed 20,000 tons of raw jute and 7,000 tons of tea to be exported. Again only last year we purchased 100,000 tons of wheat in a barter deal we did with Russia. That is as far as Russia is concerned. With China also we have been dealing. We purchased foodstuffs from China 50,000 tons of rice for 16,000 tons of raw jute, 50,000 tons of rice again and 400,000 tons of milo as against 14,000 tons of jute, and 100,000 tons of rice for cash. This is true of all these countries. Then my hon. friend in the Resolution talks about capital goods. It is a most remarkable thing. If he looks at the figures, he will find practically half the imports we have received are in relation to machinery and implements and appliances and things of that nature plus iron and steel. For instance in regard to Poland.

461

We had negotiated a trade agreement with Poland on the 27th March 1952. In regard to machinery from Poland we got 50 per cent. of the imports from Poland as machinery and other items. From Eastern Germany one-fifth of our imports relate to machinery, from Hungary about one-third relate to instruments and machinery. Take Czechoslovakia. It is an extraordinary thing. If we take the vehicles and appliances, iron and steel and machinery, all of them together come to about 50 per cent. of the total imports from Czechoslovakia. So Government has taken note of all that. There is not the slightest doubt that Government is willing to do everything in its power to expand the trade of this country and it is not tied down by any restrictions whatsoever. That is one fundamental factor that must not be lost sight of. The aspect of our trade is unlike the aspect of that of any other country. We go everywhere to buy

all that we need and we send everything that we can out of this country to any country without any destination limitation placed upon the quotas exported. May I ask therefore what reason there can be for tabling a Resolution of this nature except merely to consume a lot of time for the purpose of drawing the attention of the average ignorant public to a matter which is already before this Government? For example the trade agreement with Czechoslovakia was mentioned by my hon. friend. It is not unknown to him that with Czechoslovakia a new trade agreement in the place of the old one, is now being effected. Poland has entered into an agreement on the 27th March 1952. With Hungary a new trade agreement is about to be concluded. With Yugoslavia either the trade agreement has been effected already or within a week it will be effected.

PROF. G. RANGA (Madras) : She is not their friend.

DIWAN CHAMAN LALL : Not now. I mention this because my hon. friend made that point. We are not afraid at all. The Government is following a very good policy in regard to this matter. India trades with every country irrespective of the ideological differences between one country and the other. We trade with Yugoslavia and we trade with Russia, we trade with Czechoslovakia and Poland as easily as with West Germany. So there is no justification for the moving of a Resolution of this nature when this is the particular state of affairs governing the trade of our country under the direction of the Government. My hon. friend who is a very able Minister in charge of this Department will, when he gets up, say what he has to say and assure my hon. friend that there is no fear, that there should be no fear in his mind in regard to any restriction that may be placed upon our trade and that he may rest assured that if, for instance, Soviet Russia wishes to buy a few things from here, there is nothing to prevent Russia from doing so? My hon. friend is addressing the wrong

[Diwan Chaman Lall.] side of the House. He ought to be addressing his own side. He ought to make it clear to those countries behind the iron curtain that there is nothing that prevents them from making purchases in India. Has at any time the question arisen—may I ask my hon. friend the Minister—of any restriction being placed upon such trade ?

SHRI D. P. KARMAKAR : No.

DIWAN CHAMAN LALL : Not a single instance. It is for my hon. friend as far as export from India is concerned, to go to them, not to us, and ask them to expand the trade with our country. We are quite willing to offer our goods to whomsoever comes to purchase them. It is not necessary for a resolution to be moved on the floor of this House in order to draw my very able hon. friend's attention to this particular matter. My hon. friend may rest assured that India's neutrality is a dynamic neutrality. It is not a neutrality in the sense in which it is usually used. It applies in every sphere of our activity as far as our foreign relations are concerned, including the relations of trade with other countries, and therefore I ask my hon. friend in all humility, I ask him in view of this statement to withdraw his resolution and having brought this matter to the notice of the Government, leave it in the hand of the Government which is already seized of these matters and which has the same purpose as my hon. friend has in view.

SHRI B. GUPTA : Sir, we have heard some very interesting speeches on this subject, one of them from the hon. Member of the Socialist Praja Party, Mr. Reddy, and another from Diwan Chaman Lall. I do not want to answer Mr. Reddy's speech, because he has got the habit of making wonderful discoveries. As for Diwan Chaman Lall, he is out to find propaganda even in very important and vital Resolution, matters vital to the country. Anyway I do not want here to try to cure him

of that malady. At the same time I would like to join issue with Mr. Parikh who is a businessman and could claim to talk on behalf of the business community. I can understand his point of view, for that is the point of view which has been before us for some years now and it is the view that has been imparted to us by the British. And it is really unfortunate that the business world of India should still have these old inhibitions now, that even now they should have these old idiosyncrasies. I hope the time will come when they will see the danger of that policy. Unfortunately the Resolution has been—may be not wilfully but somewhat unintelligently—misconstrued by one hon. Member. That hon. Member said that this is advocating trade only with one set of countries. Nothing of that sort. English words should be construed in their natural meaning. What are we seeking ? We want only a diversification of our trade. Our trade has got bogged up in certain channels, in the Anglo-American channel, this Anglo-American Imperialistic channel, to put it bluntly. We want our trade to be liberated from this channel. We want our trade to develop with other countries also and particularly with the other countries, the Government deliberately refuses to enter into trade relations. The hon. Member Diwan Chaman Lall advised us to address our appeal to some other countries. But unfortunately I am here in the Parliament of this country and it is very necessary to address our friends here, friends like Diwan Chaman Lall, whose rigid ideas do not seem to have been lubricated even by the Soviet oil.

First of all, Sir, we must get one thing clear. It is this, that our trade today is run according to the old pattern and it is tied to the Commonwealth. On the top of that, you have now got America also. Previously as we know the Congress was fighting to get our foreign trade out of the meshes of the Commonwealth. But unfortunately now we find that they are repeating the same arguments that we:

being used by the British in days gone by. Now, what is the position today ? If you look into India's trade with the Commonwealth countries, you will find that in 1948-49 the total export-import taken together, came to 49% of the total Indian trade. Next year it was 53 % of the total trade of India and the year next to that it is 47 %. Therefore, it is clear that nearly half of our total foreign trade is channelised into these Commonwealth channels. That is one point we have to remember. And on the top of that you have now got America trying to enter the field. Now America also has got a substantial share of India's foreign trade, whether it be import or export trade.

**SHRI M. MANJURAN :** Did not the U. S. S. R. get goods from America ?

**SHRI B. GUPTA :** If you look into the trade of India with the Commonwealth and the U. S. A., you will find that nearly 70 per cent. of our foreign trade is confined within that limited sphere. We have not tried to tap other countries. We have neglected other countries, countries which have broken away from capitalism, countries which are prospering, countries which have plenty of resources, a plentiful economy and which have plenty of things to spare, these we are deliberately avoiding and we do not develop trade with these countries. They have plenty of things to supply.

**SHRI T. S. PATTABIRAMAN :** A Utopia.

**SHRI B. GUPTA :** But you find the Government of India is avoiding these countries and trying to develop still further India's trade with the Commonwealth countries and the U. S. A. As a result of this our foreign trade with America has gone up from less than 10 per cent. before the war to about 30 per cent. now. Now, as my leader said, the Anglo-American countries have nearly 60 per cent. of India's total trade. That is the position now and we want to get away from that monopolistic grip.

Secondly, when you deal with the question of trade, you must look into the structure of the trade, its composition, because that is very material. Now, before the war we were a country which used to export raw materials and import finished articles, for we did not have the means to develop our industries for want of machineries. Even now, I am afraid the position remains much the same. What has been the qualitative pattern of our trade ? Vitally and essentially it remains what it used to be. We are still a country that supplies raw materials to Imperialistic powers and get in exchange again raw materials—as the latest figures show. The bulk of our imports is accounted for by food, cotton and other materials, some of which could have been produced in our own country. That is the position even now. Previously we were exporters of raw materials and now due to certain changes we have become one of the heaviest importers of raw materials.

What about machineries ? My hon. friend Mr. Parikh is very fond of machineries from Britain, those which the British exporters used to supply. I would like to ask him, and he can consult his friend Mr. G. D. Birla who would tell him that Britain is not today in a position to supply machineries that we require for our industries. That is what Mr. Birla himself said publicly after his return from a tour of U. S. A. After having failed at Downing Street or rather at Lombard Street, he rushed to Wall Street and tried to woo the American Billionaires ; but there also he did not succeed much. In the last year's trade figures, it appears that America has supplied only about 17 per cent. of the total machineries of all descriptions imported into India. Now Britain is not in a position to export machineries to India. First of all Britain is an Imperialistic power and it is not in her interest to supply our machineries so that we might build up our own industries. After all the leopard does not change its spots. America too knows that it is not in her interest to help backward countries to develop their national

[Shri B. Gupta.]

economy and start their industries. It is no use looking to those quarters. You have got nothing from them and will get nothing. As for as the U. S. A. is concerned, I know our capitalists smack their lips over the prospects of some American deals. But they will be disappointed, because the policy of the U. S. A. is not to supply machineries. That is the plain admission made in the final report of the Planning Commission. What do they say? They say 90 per cent. of the investment that has recently gone out of the U. S. A., has been employed in extracting industries not in building up industries. Hon. Members, including Mr. Parikh, know that. Nothing of that sort. They are meant

3 P.M. for a certain kind of exploitation of the resources of the backward countries and that is why they are coming here and the little loans and other aids that we are getting are not at all meant for the real development of any backward country. My hon. friend Mr. Reddy is very very annoyed that the Soviet Union did not vote for a particular Resolution sponsored by the U. S. A. in the United National Social and Economic Council. It is true that the Soviet Union did not vote for this kind of Resolution because the object of such Resolution is not the development of backward countries to stand on their feet, but the object is to keep them under the American jack-boots and continue suppressing them and exploiting them economically. Now, I would just read out the Resolution.

(Interruption from several hon. Members)

Have a little patience. I would just read out the Resolution. It is a replica of the one that was placed there last year :

Under-developed countries seeking to obtain foreign private capital should (1) review their laws and administrative practices so to remove all deterrents to the inflow of capital, (2) give adequate assurance to the foreign investors with regard to the operative, management and control of their enterprises, remittance of their earnings and property and in the matter of compensation in the case of expropriation.

That Resolution was adopted on August 22 last year and the Soviet Union very rightly, along with other countries like Poland and Czechoslovakia, abstained from voting.

SHRI C. G. K. REDDY : I was telling this year. It is not the same as last year.

SHRI B. GUPTA : Now, what happened? The Indian Delegate did not take the line of the hon. friend Mr. Reddy. He did not openly oppose it, but felt uncomfortable and did not support it. This was the position.

Now, the whole question has been discussed in the U. N. O. and outside and it is clear that the U. S. A. is not really interested in developing the underdeveloped countries ; on the contrary, they are trying to keep underdeveloped countries backward as a hinterland of exploitation. I hope my hon. friend Mr. Reddy will begin to make these little discoveries because that might be his political saving in the near future. Now, Sir, this is another thing. It is always asked why the Soviet Government cannot give us any materials if they are interested in all these things. The Soviet Union has, time and again, made declarations that it is prepared to help the underdeveloped countries and this is something which has been said on the platform of the U. N. O. and also outside and it is a public commitment which has been made internationally before the gaze of the entire world. Here, I would like to read out what their representative said at the Moscow Economic Conference to which my hon. friend, the leader of my party has referred. This is what the Soviet Delegate said :

"The Soviet Foreign Trade Organisation are in a position to supply,"

—I hope my hon. friend Mr. Parikh will kindly note,—

"now, considerable deliveries of equipment for the construction of power stations, irrigation system, for iron and steel plants, for railway and road construction, for the food and textile industries as well as agricultural machinery, fertilisers, motor cars, paper, medical goods."

The list is fairly exhaustive.....

(Time bell rings.)

The bell is ringing, it appears and I will finish it in two minutes. I hope the hon. friends will take the Soviet words at their face value. They need not, if they so desire, go into the intention behind them. Here is a public pronouncement, a pronouncement which has been made before a conference the proceedings of which is recorded in a book which is available not only to the Communist but also to the Capitalists. I think you can clinch the business now. That is why we say that the time has come when we need to re-orientate our policy, the trade policy; the trade policy has become no means of national development at all by any stretch of imagination. The trade policy remains, as before, a policy of economic exploitation of India's resources continued in the same ruthless manner as it had been done in the past. It is time that we get out of that kind of thing and try to develop relations with the countries which mean well for us, which have been helping other countries. If you look at China and other countries which have recently shaken off this kind of exploitation, capitalist domination, Imperialistic domination, you will find that despite very deadly American blockade carried out against them, these countries are developing their economies with the aid of the Soviet Union.

(Time bell rings.)

Here, I trust everyone will study the problem very carefully and not allow these fantastic political theories to come in the way. I mean business as business; it should be taken in a business-like manner so that we can settle now. The time has come when you should ask your Government, I mean the Nehru Government, to shake off

these perverse trade policies which have brought ruin and deficit in the balance of payment and which is tied to the Anglo-American Imperialism, and develop free and fraternal trade with the countries that mean well for us, countries, that can deliver the goods to us, countries that long for the well being of India and not for their well being only—and that is the thing that we want. I hope the hon. Members on this side of the House will find themselves in a mental readiness to support this Resolution. Let this Resolution be passed. If the hon. Diwan Chaman Lal thinks that it is a waste of time, then why waste the time at all? Have the Resolution passed at once.

(Time bell rings.)

I think it will be well for all of us.

MR. DEPUTY CHAIRMAN : I think we should fix a time limit. Hon. Members will please take 10 minutes. Mr. Pattabiraman.

SHRI T. S. PATTABIRAMAN : Mr. Deputy Chairman, it is an extraordinary Resolution that we have been called upon to discuss and decide. It is extraordinary in every sense of the word.

Sir, if the hon. the mover of the Resolution has any ulterior political motive—which I am sure he has—I think the discussion in this House should have satisfied his masters at Moscow. Other than that, I don't think this Resolution has any place in the agenda at all. It has been repeatedly made clear, Sir, that there has been no restriction by the Government to trade with any country in the world except perhaps against South Africa, the cause for which we all are in the know of. The hon. the mover of the Resolution has also betrayed the loyalty of the party to which he belongs.

KHWAJA INAITULLAH : Party or the country ?

**SHRI T. S. PATTABIRAMAN :** The hon. the mover of the Resolution has wanted us to get into trade contact and other commercial relations with that group with which his political affinities are attached. Sir, we have experience of trade before and what follows in its wake. The British came here as traders—perhaps some people like my hon. friend wanted us to trade with them. The Britishers came as traders ; and they came with the idea of trading and they became our masters. Today, Sir, we have the Communist Party of India speaking on behalf of the Soviet Bloc wanting us to get into entanglements ; the entanglement will be first commercial ; then it will be political and that will be our doom. That is the object and, I am sure, Sir this country will give no quarter to it. We have had enough of experience of such people and the country is ready to follow the leadership of our able leader, Pandit Nehru and they are not prepared to follow the leadership of my hon. friend Mr. Sundarayya and his Party. The elections in the South of which he used to boast a lot, and the recent elections have shown clearly that the Communist Party is nowhere and that the people are now more clear about their ideas of the Communist Party and they are rather alive to the situation. Sir, the Resolution is not only out of place but it is rather curious. The Resolution wants the Government to take note of certain speeches by some minister in a capitalists' conference called at Moscow. The Moscow, Economic Conference was a conference of the capitalists of various countries. Does the hon. Member say that it shows the true conditions in Soviet Russia. Why did not the Soviet Government or her satellites invite the Government of India at the official level ? Our hon. friend wants us to rely on a book which contains the address delivered at the conference in Moscow, the truth of which is very well known. The book was printed in Moscow. The correspondent was a Moscovite. We do not know whether the statements that are contained in it are correct. Sir our Prime Minister and other Ministers have made it clear

time and again that this Government is quite willing to take any aid, if it is without strings. The hon. Communist Member who just now spoke on this subject, referred again and again to the economists meeting in Moscow. My friend, the mover's object is quite clear. He wants the people in this country to believe that there is prosperity and plenty in the Soviet Union, and that there is no poverty. His idea is also to make us believe that there is plenty available for internal use and also to spare, to export. But everybody knows that the Soviet Union and its satellites are not as prosperous as the mover of the Resolution and his supporters are trying to convince us. Statistics and information clearly show that after the ravages of the war and other consequences, the progress is not at such high level. Sir, I do not want to take much more of the time. Soviet Russia has very little to spare and if my friend still seriously thinks that this country must have trade agreements with the Soviet Bloc, then may I suggest to him one thing. At present the leader of the Communist party is there in Moscow—Shri A. K. Gopalan. My friend can contact him. There is huge stock of handloom goods and Khadar in this country. Will my friend find out how much of these handloom goods the Soviet Government for whom he is pleading in season and out of season will buy from us and thus help our poor handloom weavers ? Will they take the above goods on a long term basis ? We have an influx of Soviet propaganda films in this country, all in the name of culture. But we all know that in them there is neither culture nor art but only propaganda. I want to know whether any Indian films have been so far permitted to be shown there or allowed to be exhibited in Russia. The Communist Members want only one way traffic and i.e., all roads, must lead to Moscow.

**PROF. G. RANGA (Madras) :** Sir I would like to crave, your indulgence and be allowed to take fifteen minutes because I would not be able to cover my points. If however, you limit the time to ten minutes, I will do so.

First, I wish to say that I agree with my hon. friend that there is no need for this Resolution. It is the fault of the Congress party, and the other parties also, that they have not taken the trouble to think of a suitable subject and have given the first place for this Resolution today. If they had read the Resolution, I do not think they would have given place, in the ordinary course of business, for such a useless resolution according to me, but it has a special use for my friend, and it has been made clear by both the advocates of the Resolution. They have themselves admitted that trade can be a weapon for political purposes. Their complaint is that it is being utilised by non-Communist parties today, for whatever it is worth, and their chagrin is that their own friends, the countries associated with the USSR, are not able to take as much advantage of the weapon as they should and not being able even after having sent their own representatives, their fellow-travellers, to persuade Moscow, and other Communist countries and the representatives who had got there to decide upon a development of this trade weapons with India, they want to persuade this Government as well as this House and the people in this country to go out of their way to develop trade relations with Soviet Russia and her friends, whether you call them satellities or not. Therefore they want us to agree. I am not prepared to oblige my friends. Secondly, if they agree and they seem to think, it must be so, trade is one of the political weapons, they want us to believe that the UK, the USSR and the various other countries associated with them are today able to utilise this political weapon in the affairs of this country. This has been denied again and again by my friends who have preceded me and they have made it perfectly clear that we are free to call our soul our own. I would like to continue to remain free like this. Therefore there is no need for my friend to show so much solicitude to save me from an enemy who does not exist. Then Sir, my hon. friend Mr. Pattabiraman has just now said to our friends here that they should persuade Soviet Russia and

others to purchase the products of handicrafts, in order to help our industries. There are 40 million handlooms weavers in this country. I would like my friend to think in that direction. How much of our own hand woven goods are they taking from us? We are told that the United Kingdom is our worst enemy, and the U. S. A. also is another enemy, and so on. Now, just have a look at these figures. The United Kingdom takes 310,000 yards of handwoven cloth from us. She is one of the largest exporters of cloth to other countries, and yet she takes cloth from us. Aden and Dependencies take 2,659,000 yards. Ceylon takes 17 million yards. Nigeria takes 7 million yards. And so on. All other countries put together, including Soviet Russia, take 2 million and odd yards. Imports into Soviet Russia are negligible and therefore they are not set out separately. All other countries, including Soviet Russia, take only 2 million yards, whereas Ceylon alone takes 17 million yards. Should we take greater care of our Ceylon market or of our Russian market?

My hon. friend Shri Bhupesh Gupta said that India was exporting raw materials. Why not? Does he mean to say that we should not export raw materials? Are we losing something by exporting them? Surely, there is tea, for instance. Tea has got to be exported. Tea, I suppose, is consumed even in Russia. Is Russia taking so much tea from us? No. Take jute. All other countries, including Russia put together take only 70 million units. But look at some of these other countries: United Kingdom alone takes 20 million units; Thailand alone 25 million units; Pakistan 15 million units; Burma 34 million units; Cuba, 34 million units; and so on. These small countries are taking so many million units of jute from us, whereas Soviet Russia, the Republic of China, and all the other countries put together take only 70 million units.

SHRI B. GUPTA : Reciprocal trade.

PROF. G. RANGA : I am coming to that. This is as regards exports from our country. As regards imports, my hon. friend was trying to give the impression to the House that we are importing only useless things from England and America, and that we are not importing machinery and other capital goods from those countries. What are the facts? I will give you the figures.

SHRI B. GUPTA : Let me give them.

PROF. G. RANGA : No. I will give them. The only thing that is rationed now is time, my friends.

SHRI B. GUPTA : Fourteen per cent. and 18 per cent.

PROF. G. RANGA : I would like to make a present of this document to my friends. But the difficulty with them is that they wish to read only those documents which come from Soviet Russia.

SHRI B. GUPTA : No.

PROF. G. RANGA : They should read the books published by our own Government. This is not propaganda. This is a book of statistics. My hon. friend has got Government publications only to show that he also has got them, but he is not prepared to use them. If my hon. friends would only devote some time to study these documents from a commonsense point of view, and not from a political propagandist's point of view, they will see that our Government is today importing large quantities of machinery from the United Kingdom, from America, and from various other countries. If Soviet Russia is willing to export any of these things, we are prepared to purchase them. If Soviet Russia or China is prepared to sell these things and purchase the various commodities that we wish to sell, we are prepared to trade with them. But the difficulty with Soviet Russia is this. May be my hon. friend Mr. Pattabiraman is

correct in saying that all that is advertised in regard to Soviet Russia's economic progress may be a myth. I do not know. But certainly she is not in a position to export all these things. Take oil, for instance. We want more and more petrol today. There was once a talk of Soviet Russia having a sort of company to export this commodity. Then there was a talk of Soviet Russia not being able to export—this was even before the war—owing to lack of tanker facilities and so on.

Whatever might be my quarrel with this Government—and there are so many matters on which I have a quarrel with the Government—whatever might be my criticism against this Government as regards development of resources, nevertheless, in the economic sphere, progress has been made in the recent past. I have got figures. I do not wish to quote all of them, but I would like just to refer to one or two of them. If my hon. friends would only care to look into this Journal of Trade and Industry, on page 1339 they will find all the information they need in regard to the progress achieved in the field of industrial development in our country between 1946 and 1952. In the case of all industries it is 18 per cent. Some of these industries have run up to 674 and 680 per cent. and some have run up to 641 per cent., 527 per cent., 382 per cent., and so on. Most of these are key industries.

SHRI B. GUPTA : What is the industrial production according to Eastern Economists?

PROF. G. RANGA : Here is the index. My hon. friend can go through it. I cannot go into all the labyrinthine arrangement of statistics here. This is the improvement we have made in this country between 1946 and 1952—up to June, 1952. We are not going to any country on bended knees, begging them, "look here, come to our rescue". We are prepared to ask everybody, provided they are also prepared to oblige us.

One of the reasons why I do not want to oblige my hon. friends is this,

You remember the fate of those countries which were associated with Soviet Russia. When Marshall Aid came—they did not want it in Russia. I could understand it. But some of those other countries wanted to accept Marshall Aid. Czechoslovakia wanted to accept it, but Soviet Russia came in with her mailed fist, and Czechoslovakia had to withdraw. Yugoslavia did not withdraw, and therefore she is getting trouble from Soviet Russia. We do not want to place ourselves in such a helpless and hopeless condition.

They want trade pacts. Where is the trade pact with the U. S. A. ? Till the other day there was no pact. For five or six years negotiations were going on with the U. S. A. Did she cease to do business with us ? Was she not importing large quantities of various commodities from our country ? Was she not exporting various manufactured goods to our country ? She did not wait for this pledge of a trade pact. Similarly, Soviet Russia is very well entitled to carry on business with us. But she does not want to, until and unless my hon. friends came into power. And as far as we are concerned, we shall try our best to prevent that happening, and we shall try to prevent them playing ducks and drakes with our country.

DR. ANUP SINGH (Punjab) : Mr. Deputy Chairman, I must admit that this has been a rather disappointing day. A resolution to be moved on the second day of our sitting should have been either a bit more carefully drafted, or should have had a little bit more substance. I do not think there is anybody in this House or in any part of the country who does not want to expand our markets. I do not think there is anybody here, whether he belongs to the Communist or to any other ideology who would not like to see our country advance and to see our import and export trade expanded. So I fail to see what exactly is the purpose of the Resolution. We are called upon to pass a resolution inviting Government to enter into negotiations with a designated list of countries.

41 C. S. D.

Now, it just so happens, and nobody can ignore it unless he is deliberately trying to evade the issue, that we have entered into a treaty with Hungary, and we are in process of concluding a treaty with Czechoslovakia and Poland. Then, what are we being asked to legislate upon and pass ? Now, even without any trade agreement with Russia—the figures which my hon. friend Prof. Ranga gave did not, I am afraid, lay sufficient emphasis on this—our exports to Russia in terms of jute, tea and spices amount to almost Rs. 7 crores. And this is without any agreement. Now, take a very definite, specific case which will repudiate any allegation against Government. Take the case of Czechoslovakia. Our exports to Czechoslovakia amount to Rs. 3 crores, and our imports amount to Rs. 1 crore and a quarter. 3-30 P.M. It simply shows that if Czechoslovakia wanted to buy more from us naturally, we are very anxious to sell them. If Czechoslovakia wanted to buy more goods from India, well, she would certainly be helping but for many reasons into which we need not go, they are not anxious to buy as many things from us as we would like to sell them. I would therefore suggest that instead of imputing motives either to the Government or to the friends on this side that each side is trying to utilise this Resolution for political purposes, let us try to concentrate more upon the basic thing which is the economic needs of our country. We sell to those people who want to buy from us on reasonable terms and we buy from those people who are willing to sell to us. I do not want to go into the detailed figures except to make an observation that the attitude of most people who belong to various political parties seems to be the attitude of the bride who turned to the bridegroom on the day of the wedding and said, "From today darling ; you and I are one, but I am the one." Everybody wants business. Everybody wants peace but on his or her terms only.

SHRI H. D. RAJAH : I will not take more than 10 minutes. Mr. Sundarayya's Resolution is a resolution

[Shri H. D. Rajah.]  
of propaganda which has been characterised as due to bad motive on their part and so many critics have said that it lacks reality.

I am not concerned with the motives of the Resolution. Anyhow he has got the luck of getting this Resolution ballotted in this House and it is put as the first Resolution and we are called upon to discuss the same.

With regard to foreign trade, this country, I understand, has no quarrel with any country which is prepared to trade. We are trading with all countries and importing goods which are available from those countries and we are prepared to export our goods. But the difficulty will arise with regard to the commodities that we are to get from these so-called Eastern countries and U. S. S. R. and China. Take for example the machinery in this country which requires replacement. Now these machineries are supplied for a long time in this country by Western countries and their replacement or the spare parts must necessarily fit in with the machinery that is supplied to this country. I am pretty certain Mr. Sundarayya will not like to see a part of an Austin car being put in a Chevrolet truck. Therefore it is illogical or impossible that we could get such kind of machinery from these countries when we are in need of them. Therefore I say that this is a proposal not quite easy for us to swallow. The Government of this country will certainly do everything possible to create ~~with~~ such equipment and industrial products with a view to see that we are selfsufficient in such industrial things. Soviet Russia, a primitive country under the Czar, was not able to even feed its own people much less talk of industries. But after the Revolution what did they do? They did exactly the same thing which to some extent our Government and our people are trying to do here. They brought American experts. They brought German experts. They brought other experts in their country

and gave them fabulous salaries in spite of their Communist principles and resolutions and they made these foreigners establish basic capital industries in that country and develop them to the betterment of that nation. I am proud of being associated with that kind of industry in this country and I am sure that the Government members will never refuse a situation of that kind to develop here. Now, Sir, that is with regard to the industrial equipment.

Now let us talk about what we can give them. My previous speakers have said that the goods that are available for export from this country are jute, tea, oilseeds and so forth. The Russians do not need them and even if they need them, they are not prepared to purchase from us. Unfortunately we are in the sterling bloc. Our economy is more or less governed by the sterling value. I would therefore like to tell my Communist comrades that if they want to supply to this country their goods on a rupee basis i.e., on the Indian currency basis, let them supply to us and give us on rupee value basis. And if we find that they are cheaper than the goods that we import from other Western countries, certainly this Government will not try to frustrate us. That is a matter in which I am certain that the patriotism of the Government cannot be assailed. As Mr. Ranga said, there are many issues where we are at cross purposes with them, but on this issue their genuineness must be appreciated and at the same time the question of producing commodities in this country is a question which must be taken again basically.

Sir, with regard to the transport facilities, now we find that the goods are mostly carried by the bottoms belonging to foreigners. Now if we are going to have better trade with Soviet Russia, the question of bottom will also arise. If they are prepared to carry their goods in their own vessels, leave them at our ports and carry goods from here then it is good. But on one

matter I have to join issue with the Communist Party. They said that politics are involved in trade. That is exactly our quarrel with the Western countries because in their trade there was politics and politics was responsible to bring about a terrible situation in the trade condition where according to true concept of trade one man will try to get more than what he gets from the other man. Therefore if the question of our economic regeneration is necessary, the commodity that is to be supplied either by Soviet Russia or by any Western country, must be a commodity which must be cheap in value and in Indian currency. We should see that the currency is not freely distributed among Communist comrades for their political gain. That is a matter about which people must be chary. Never mind, whatever may be the basis of trade in this country, the trade is in our private hands and private channels. Government only controls to the extent of export or import licences. But Soviet Russia deals on a governmental basis. Therefore, whatever is the trade that is to come out of the Eastern countries must be based upon this fact, namely that we do not want to be thrown at their Governments' mercy. With regard to spare parts or the capital equipment we should be in a position to do things which they themselves got done by other experts in their early years.

With these words, Sir, I say that this Resolution is not to be commended to the acceptance of this House.

**SHRI B. C. GHOSE (West Bengal) :** It is extremely unfortunate, Sir, that the discussion today, just as most other discussions in this House, concerns one or the other bloc that today dominates the world. That helps only the Government as they can evade all the real issues. But what I should think is that this Resolution together with its amendment opens up the whole question of our foreign trade policy and I should like the Government to let us have some idea as to what that foreign trade policy of the Government today is,

what objectives they have set before themselves and what are the methods by which they intend to attain those objectives. Sir, I shall not have time to elaborate all the points that I should have tried to make out even if you allow me 15 minutes and therefore I should like to set down the main points that appear to me to be relevant in this context.

The first is that we cannot develop trade with any country by merely passing a resolution. It is a question of time, it is a question of needs and I am not quite sure, with all respects to the sponsor of the Resolution, that the Soviet Government themselves are very anxious to sponsor much trade with this country for this very reason that if they were really interested they should have had a better organisation for developing trade with this country. My hon. friend Diwan Chaman Lall thinks that there is a lot of trade with the iron bloc countries. But the fact is that out of a total of 780 crores of rupees in 1951—1952 of our imports, only a little over one crore was from Russia. Of our exports a little over 6.6 crores was to Russia. That is not really the point, because the trade has to follow certain patterns. The main point is that, as probably everybody knows; the structure of our trade has changed from what it was since before the war. Before the war we were a debtor country and most of our trade was with Great Britain and Commonwealth countries. We have changed from a debtor to a creditor country so far as the Commonwealth countries are concerned. And that also is reflected in the fact that trade with the U. S. A. has increased. The actual figures would show that in 1938—39 exports from the sterling areas were 53 per cent. and imports 58 per cent. and from dollar area exports were only 12 per cent. and imports 7 per cent. Exports from sterling areas in 1948—49 were 48 per cent. and imports 47 per cent. As regards the dollar countries, exports were 28 per cent. and imports 24 per cent. There is another interesting question in this connection to which I should like to draw the attention of

[ Shri B. C. Ghose. ]

the hon. Minister. It is that our loans from America, whether it is from the IMF or the World Bank or the Government directly are to a certain extent responsible for this increase in trade with America. Whenever we borrow, loans and interests have to be serviced. That is what is happening. It might be said that this financial dependence also betokens some political dependence which may be good or bad. But there it is. Secondly, our exports are mostly raw materials. Although we may say that we have increased the exports, manufactures do not form any important proportion of our exports. In 1938—39 we might say that even in regard to what may be regarded as not absolutely raw materials, they are only confined to a few items like Jute manufactures and cotton manufactures and tea and they accounted for about 35 per cent. of the total value of India's exports in 1938—39. In 1948—49 this has increased to 56 per cent. That means that if anything happens to Jute or to Tea or to Cotton, our whole export trade will be disorganised. Would we countenance this sort of situation or is there anything to be done about that ?

The next point is about the objectives of our foreign trade ; and that objective must be viewed in the context of our plan. No other criterion can be placed before the country at the moment because our economic development is bound up with the plan and the needs of the plan will indicate the commercial policy which will have to be pursued in order to make that plan a success. It was therefore extremely surprising that the draft Five Year Plan had no chapter on trade or commercial policy. I understand that in the final Plan a chapter is being incorporated and that is really good. Now what is the objective that has been set forth in that Plan. It is that there should be a 30 % increase in our exports if a capital expenditure of 2000 crores is to be incurred. How are we going to have that expansion in our exports ? Has Government

any definite policy particularly when, as I have stated already, our exports are very vulnerable.

Now lastly, as there is not much time I have to skip over many of the points ; I should like to bring to the attention of Government to certain measures that they might possibly take to help our export trade. It is to the export trade that we must give the most attention as every other country does because it is the export trade plus what we can borrow from outside that sets the limit to what we may get from outside both for our needs and for our development purposes. The expansion of the export trade is therefore of very urgent interest and to that end I would like the Government to consider the following suggestions. Firstly, that Government should come to the assistance of our exports, whenever, needed, substantially and quickly. Very often we find that when a change of policy is required, that is done too late. It happened in the case of jute and it probably happened in the case of textiles also. Although my hon. friend on the other side said that the Indian textiles industry can compete with Japan, I was told by my friends in West Bengal that unless the excise duty were taken off, Indian textiles could not probably compete with Japan in the outside markets and the proceedings of the Buxton Conference also show that all other countries are very apprehensive of Japanese competition. Probably the same thing is happening in regard to tea. So if there is to be any Government assistance at all, it should be quick and substantial.

Secondly something should be set up in the nature of an Export Promotion Organization so that certain articles of which we have a surplus in India might be exported to markets which will need them and which probably can buy them. It is no good saying that we have Trade Commissioners who look after the interests of all articles. Government are themselves aware that in regard to certain

articles there is a surplus. Certain industries are facing over production. So cannot we do something which will come to the assistance of these industries and also increase national wealth by setting up a sort of an Export Promotion Organisation which will study foreign markets and which should function in collaboration with the people who are in charge of these industries so that specific markets may be found for these articles and so that there may be wealth and less unemployment in the country? With a view to assisting such exports other reliefs may also be given. For example, tax reliefs in the matter of sales tax or export subsidies or rebate on import duties etc. These are not new suggestions. They have been tried by other countries also particularly in respect of articles which are imported and which enter into the production of certain articles which are again exported to other countries; to the extent of the export a rebate of the import duty paid might be granted because that will help the industry in question to compete in the foreign markets.

Then propaganda also may be made in foreign countries at Government cost. I have only indicated certain measures but it is for the Government to consider what particular measures will develop the export trade of this country.

SHRI L. H. DOSHI (Bombay) : Sir, I will restrict my remarks on this Resolution on its economic aspect. The Resolution recommends that the Government should enter into trade agreements with Soviet Russia and other countries under its influence. The mover of the Resolution wants this step to be taken by Government. But he does not say whether the other countries are really willing to develop trade relations with our country. Another hon. Member of the Opposition who thinks on the same lines quoted proceedings of the International Economic Conference held at Moscow this year. I had the opportunity of taking part in that conference. I studied the speech

of Mr. Nestroy, the President of the Chamber of Commerce of the U.S.S.R. In that speech he made various suggestions that this trade could be developed with this country and that trade could be developed with that country and so on and so forth. But it almost meant that if the trade between the various countries of the world that he proposed were developed, it would amount to two or three times the present trade that is going on in the whole world. But strangely enough—and this will be a sort of a revelation to some hon. Members here—not a single deal could be made between the U. S. S. R. and the rest of the world on that occasion. Not even a thousand pounds or a lakh pounds worth of business could be done with the U. S. S. R. Lot of slogans were uttered at that conference. Everybody said, "Yes, we could develop this trade and that trade. All the barriers to international trade should be removed." In fact there were certain delegates who proposed the removal of all restrictions on international trade. We had to fight them. We said, we were an under-developed country and we must develop our resources and increase our production with restrictions and barriers and under protection. We could not agree to the principle of unrestricted foreign trade. However, coming back to the main subject, the development of trade between the U. S. S. R. and this country, we did make efforts to bring about certain deals. There were certain members from the Indian delegation who offered certain goods to the U. S. S. R. I will give you certain illustrations. Leather goods, particularly shoes, were costing a lot there. Shoes were selling at terrific prices. Shoes of average quality were offered for 200 roubles per pair and 200 roubles is equivalent to Rs. 225.

AN HON. MEMBER : It is high cost.

SHRI L. H. DOSHI : It is not high cost, but absurd cost. A pair of shoes can be had in this country for

[Shri L. H. Doshi]

about Rs. 30 and that too of good quality. We offered them soap. Among us in the delegation was an industrialist who has world-renowned soaps which he not only sells in this country but also exports to the free world. He wanted to have a deal with Soviet Russia for soaps. Nothing doing. The quality of soaps that we saw there was very inferior. I do not wish to criticise their goods ; they are free to have any quality they want.

KHWAJA INAITULLAH : Its price ?

SHRI L. H. DOSHI : The price was very high. I brought one cake with me for a sample. I think one cake costs something like Rs. 7 or Rs. 8. (*Interruptions from hon. Members.*) Let me give more illustrations because there is such a limited time.

The British delegates were very anxious to sell their textiles. They made a deal with China, a deal which attracted the attention of the whole world because it was a 10 million sterling deal in one shot. Russia was not prepared for anything. Was she plentiful of textiles ? No. I had the opportunity of going round a shop, a State shop. As you know, every shop in Russia is a State shop and a silk fabric—printed—was costing something like Rs. 150 per yard. Well, some of the ladies would perhaps begin to sweat and will not go shopping if they hear of these figures but the facts are there. We cannot dispute them. And yet, though the British delegation, as a result of the trade slump that was prevailing in U. K. at that time in its severest form, were very anxious to sell, Russia was not prepared to buy any fabrics, any textiles or any other goods offered by any of the people that had gathered there on the invitation though an indirect invitation of the Soviet Government. If you read the speech, Sir, that is printed in that book, the speech

of Mr. Nestrov, you will find that it abounds in such big figures for international trade but he could not make even a single deal with the delegates who had assembled there from all countries of the world. Most of them were capitalists who were anxious to deal because they wanted to diversify the trade and were prepared to give a trial to Soviet goods in their country or were prepared to sell their own goods to Soviet Russia. No ; nothing could be done and that is a clear indication of the Soviet mind : she would rather prefer to produce her own goods, good or bad, inferior or superior and will stand on her economy, Sir, without being dependent on foreign imports. They gave us figures of how trade had developed with China, how the trade had developed with Czechoslovakia, how the trade had developed with other countries that were under Russian influence. They gave us those figures—how far those were correct, I do not know ; but, let us assume, for the sake of argument, that those figures were correct. What then ? Why isn't Russia prepared to deal with other countries ? If she wants other countries to buy her goods, she must buy the goods from other countries. He has quoted that Soviet Russia is prepared to buy goods from India in rupees and is prepared to sell in rupees. Yes, we heard that statement. There, I had the occasion to talk with some of the officials of the Indian Embassy in Moscow. They told us that the Soviet Government had frankly told the Indian Embassy in Moscow that they were not prepared to have dealings in rupee. The representatives of the Soviet Government have come forward to make this statement. Are they prepared to put it into practice ? Are the Soviet Government prepared to deal with India in Indian currency ? I am afraid no deal has yet taken effect on that basis, nor have the Soviet Government established any funds in this country for doing business in Indian currency. I will only add in my concluding Remarks that it is no use proposing such a Resolution without caring to know whether the other side is willing to respond as has been

amply mentioned, India has no restrictions with regard to trade. The only thing is that you cannot buy against barriers nor can we get the Russian goods into this country when they are unwilling to supply quality goods.

**SHRI D. P. KARMAKAR :** Sir, I have followed today's debates with very great interest, and I should say that in my experience, this is one of the debates, in my long experience, which has been not only very enlightening but also largely useful in character. My esteemed friend Prof. Ranga happened to say that the Resolution looked useless. Whatever the merits of the Resolution—and I am expressing myself on behalf of Government on that point—I think the consequences of the introduction of the Resolution, have been very beneficial to all. It is in the interest of the country that the public policies as pursued by this Government are made known to the people, and it is certainly useful that debates like this should take place because they bring out the salient points concerning the foreign trade of this country. The more of it you have, the more useful it will be. The national interests will be served better, were it merely for the purpose of the arguments put forward by the mover of the Resolution, Shri Sundarayya, or his very able followers—I do not know whether the mover will be thankful to his followers for the contributions they have made. Shri Sundarayya thought that he was open to correction ; he began his observations and came to his conclusions on certain facts, part of which were absolutely incorrect. I am very sorry to observe that he has not tackled this question from all the aspects. He missed, for instance, a point which he obviously could have seen if he had only referred to the latest developments. He would have found for instance that we did enter into agreement with Czechoslovakia, we are negotiating such an agreement with Czechoslovakia. He would have found for instance that we have entered into an agreement with Poland with Hungary

talks are in progress, and I am happy to tell the House that recently, the talks have materialised and the agreement has been signed. Sir, these are very basic facts. I am quite sure that had these simple facts come to his notice, he would not have ventured to table the Resolution which on the face of it is factually inaccurate, apart from the thesis that lies behind. However, from the facts that he gave this House, I find myself in agreement in respect of part of the thesis, and I am quite sure, with that part, Members who have participated in this debate will doubtless find themselves in agreement. There is no difference of opinion on that our foreign exchange resources have to be carefully dealt with and that our exports have to be promoted. Our exports have to be promoted, and the quantum of our imports directly depends upon our export earnings. These are very elementary propositions in foreign trade.

In so far as my esteemed friend's reasons for the operative part of the Resolution are concerned, I think there is general agreement that we need to have larger exports, and that we need to have also larger imports, from whatever sources they come, and more especially in respect of capital goods and machinery. Sir, I find myself broadly in agreement with this initial proposition in foreign trade. But after having given reasons, when he moved on to his conclusion, I thought he was stepping on ground which was largely questionable. I am afraid he also suffers from an ignorance of the policies which have been consistently pursued by our Government and by our people. I very much appreciated the observations that fell from my esteemed friend Diwan Chaman Lall when he pointed his finger at the basic arch on which the whole of our foreign trade is based, and that was our perfect belief in multilateralism so far as our foreign trade is concerned. That fact also, I thought, was obvious to the hon. mover of the Resolution. Ultimately what is the purpose of our activities in respect of foreign trade ?

[Shri D. P. Karmarkar ]

Obviously larger imports in the interests of the country, and larger exports of our exportable commodities ; and on the earnings of these exports, to base our imports in such a manner as to conduce to the best national interest. Now, this purpose, one may well conceive, may be served by an agreement. Agreements may be of various kinds. Agreements may relate to quantitative limits : "India does hereby undertake to send out so much of, say, jute goods to such and such a country, and in return such and such a country undertakes to make a stated quantity of specified goods available to India". That may be advantageous at a time when the required goods are scarce. That was the condition during the time immediately following the war. Therefore, hon. Members will find that in our earlier trade agreements we had specified quantities of exportable commodities as well as our imports. Then, however, later on, as things became easier, when supplies became more easy, we thought it to be in the interests of the country to make our agreements a little more flexible. It does not mean that if you bind yourself to supply a particular commodity to a particular country, you will always be able to supply it. It may not be possible, owing to the exigencies of the situation, to supply those goods. Under these circumstances, it does serve the national interest if we make it possible for any importer to import his goods from wherever he likes.

Sir, the method of our foreign trade at the present moment is this, that we have divided our resources, naturally, into two broad currency areas, one the dollar area, and the other the soft currency area. Ultimately we have to balance our trade. We cannot go on incurring deficits. There is a limit beyond which other countries will not allow us credit. Therefore, since our dollar resources have been particularly difficult, in view of our foreign exchange earnings in that area, we naturally look askance at any pro-

posed liberalisation in respect of the dollar area. We have the other area, the soft currency area. The method by which licences are issued is this. If we issue a licence to an exporter, we lay down no destination restriction. We give an export licence for the export of jute goods. you can export so many tons wherever you like. The only condition is that it must be a favourable market, and the parties must be reliable. Whatever criterion you adopt, you can send it anywhere, because ultimately it does not matter where our goods go to so long as we have a good export earning from abroad. Supposing in respect of the soft currency area we issue a licence, we tell the importer: "Look here, here is the quantum for your import licence. You may import your goods from Czechoslovakia, or from the United Kingdom, or from wherever you like, but certainly not from the dollar area. In the soft currency area, you can go anywhere you like. If you find the Russian quotation to be favourable to you, you can get them from there. The whole wide world is before you. You can go wherever you like, but you must import from the soft currency area." Now, that is the method. And I do not see for a moment how under this method anyone can complain that on account of the absence of an agreement with a particular country we have been responsible for making the interests of the country suffer. Well, if there is any Soviet exporter whom my hon. friend particularly knows, there is a vast field. There is a long list of our importable commodities. Our trade last year was to a larger extent than was normally the case. But apart from food and other requirements, there is a vast field where any exporter from any foreign country, including Soviet Russia, Czechoslovakia and other countries, can venture. We do not object. We have left so many things to them. As my hon. friend Mr. Parikh very rightly observed, ours is a country where trade is free. We restrict it only to the extent to which the regulation of our foreign exchange resources is

absolutely necessary. Even in our Government transactions, I understand, whenever it comes to buying on behalf of Government, we permit any party to buy from anywhere. It does not matter to us at all if things come from U. K. or from U. S. A. or from any other country. If any particular country offers us the best price, the best quality and everything else, we buy from that country subject broadly to the consideration of soft currency or hard currency areas, which is absolutely necessary.

So, Sir, I am not able to appreciate the point made out that unless we enter into such trade agreements, with the countries mentioned in the Resolution, we could not make any progress in respect of our foreign trade.

Then, Sir, as I said a moment ago, wherever it is possible, wherever it is feasible, wherever we have found the agreement to be of mutual advantage, we have ventured on it. Nothing has fettered us. Suggestions go from us, suggestions come to us. Suggestions did come from Soviet Russia. We proceeded for a little while. We found and they found that we could not make any further progress. We had a trade agreement with Czechoslovakia which was there since 1949, if I am right. In fact if hon. Members will remember, a goodwill mission from Czechoslovakia came and we received them and our relations with that country are one of the best possible. For us trade admits of no barriers. For us even in our international politics, as the hon. Members are aware, we have sought under the able guidance of our Prime Minister to tread on a path which has avoided distinctions of the Eastern and the Western blocs and the Atlantic countries and the non-Atlantic countries, much more so in respect of trade. I think in all our foreign trade agreements—and even if there has been no agreement—there has never been any bar to our foreign trade. My esteemed friend Mr. Lalchand had been in Moscow. Well, he was not of any particular colour. He went there as a

trader. I understand he had a very good time, though I will not envy the comforts which the Soviet Government gave to him and we appreciate very much that the Soviet Government did for our delegate. He comes back with a detached view of things. He has no axe to grind. He is what you might call a very sober person. He has given a very restrained expression of views. He has expressed himself as a businessman would do. He said there are these difficulties. But if there are friends who wish to trade with particular countries, the way is open. We shall not stand in the way. Our merchants will not stand in the way. In fact the merchants will grasp the idea of developing trade with as many countries as possible.

Sir, in fact it is good for the House to know that actually in spite of the fact that we have no agreements with all these countries mentioned in the Resolution, as I said a moment ago, we have had agreements with Hungary and Poland and if all goes well, we might have an agreement with Czechoslovakia also.

If all goes better, we may have the same agreement with Soviet Russia. Now, there is nothing lost or gained by having an agreement with any particular country. I find that at this moment, we have an agreement with about seventeen countries. My hon. friend Mr. Gupta might lean a little more over to me.

AN HON. MEMBER : He is listening very carefully.

SHRI D. P. KARMARKAR : It might be interesting to note that at the present moment, there is absolutely no agreement with the U. S. A. There is no trade agreement with U. K. Apart from the Indo-British agreement of 1939 except that Preferential agreement which comes up so often, there is nothing. Professor Ranga bows to me. I suppose he agrees with me. As such, there is no agreement with the United Kingdom. Our

[Shri D. P. Karmarkar.]

trade is free. There is one thing to be said in this connection. You can set up trade through certain channels to a limited extent. Like the river to the ocean, it finds its level. There is this free dispensation of trade with countries like Japan and the U. S. A. It is like the case of a very bad salesman who goes to the bazar and says that nobody purchases his ox. You cannot sit at home and say that my ox does not sell. The whole world is a huge market and so far as India is concerned, we have kept ourselves to a strict policy of freedom. We have to sell in the best markets as far as possible and to bargain with the most favourable parties. As a matter of fact, I have a few figures worked out. With the U. S. S. R. in 1949-50, I find that our imports have been to the order of 1,263 lakhs of rupees. Then turning to the balance of trade. The balance of trade has been a minus 9,27 lakhs. So, it was stated that if we export more than we could import the balance of trade would have been different. In 1950-51, the balance of trade has been 1,11 lakhs. In 1951-52 the exports to the U. S. S. R. have been 6.67 crores and the imports into India from the U. S. S. R. during that year have been 1,038 crores. That is the position. During the year, we were able to import less. During 1952-53, I find that the exports have been 37 lakhs and the imports 5 lakhs. That is what our figures show. In any case, it does show that in spite of the fact that there is no agreement, there has been appreciable increase in the export and import trade.

Then, I find that in respect of the Peoples' Republic of China during 1949-50 the exports from India to China were of the value of 2,34 lakhs and the imports into India from China were of the value of 50 lakhs. Then during 1951-52, the figures were 6,77 lakhs and 1,589 lakhs respectively. We do want to import from China whenever it is feasible, whenever it is advantageous to us. China is not outside the world and we do want to import from China *to our advantage*.

In 1952-53 from April to July the actual exports from India to China were of the value of 7 lakhs in spite of our willingness to export everything like pepper, tobacco, shellac, mica, Jute manufactures, etc. I hope Mr. Sundarayya will be able to help us in this matter.

SHRI B. B. SHARMA (Uttar Pradesh): Why not give him a licence ?

SHRI D. P. KARMARKAR : There has been no restriction on imports. From April to July 1952-53 our imports into India from China have been of the order of 499 lakhs ; though we incurred a deficit, it has not deterred us from importing. We had not tried to exercise any sort of rigour upon them. Whenever it is advantageous to export, we export. Whenever it is advantageous to import, we have not hesitated to import.

With regard to Czechoslovakia, what do we find ? We found during 1949-50 our exports from India were of the order of 130 lakhs and imports into India were 280 lakhs. We had a deficit of 150 lakhs but we don't worry about it. We don't say to them that you must import from us, though it is a natural thing to say that they should balance. During 1951-52 exports from India were 119 lakhs and imports into India were 281 lakhs. Does that show again any sluggishness in importing from Czechoslovakia ? The deficit during that year was 162 lakhs. Then we come to Poland. In the very nature of things our foreign trade with Poland is of a very limited character. People have nothing to import or export. Then foreign trade shrinks. With Poland in 1949-50 our exports were 48 lakhs and imports were 29 lakhs. In the very nature of things our trade relations with Poland were of a very limited order. You cannot expand the trade as in the old story of a frog who wanted to be like a bull. There are limits to foreign trade and no official efforts can ever increase our export trade in the present context

to the extent of trade with Russia or even Czechoslovakia. It will require effort on the part of Poland and India.

Then I come to Hungary. There I find during 1949-50 the exports were 22 lakhs and imports were only 6 lakhs. In 1952-53 our exports were 1 lakh and imports were 8 lakhs. There is room for development of trade on either side. Therefore we say relatively speaking each country has its own possibilities of expansion. However we try, we cannot export goods beyond 600 crores under the present world prices. So there it is. My friend the mover of the Resolution referred to individual cases. It has been a practice with us not to discuss individual cases on the floor of the House otherwise what might happen is individuals, taking advantage of the fact that Government spokesmen come with ready answers before this House, may be tempted to pester Members with their own individual grievances. He has mentioned 2 instances and I will have them looked into and if there is anything to be done, he can rest assured that it will be done but individual cases of difficulties should not be discussed here. I remember people put up all sorts of difficulties. I remember the case where we permitted import of spare parts of diesel engines. The gentleman imported spare parts no doubt but used them as component parts. How can we distinguish so far as substance is concerned. It depends on the use. It could be used as a spare where it is necessary and it could be used as component. In such cases unless there has been an error, my friend can rest assured that things like that will cure themselves. My hon. friend referred to some deals. I will not go into the deals. It is not very good to go into all sorts of deals, because it has been accepted as a sort of principle that when Government deal with another Government, they deal as between themselves. They are subject to the vigilance of this House and times without number attempts were made on the floor of this House

to give the relative prices of goods. But every time we have refused to be drawn into such a discussion. But I am here to give the assurance to the hon. Members that in not a single transaction that we have entered into with the Soviet Union, have we been found remiss so far as our export or import was concerned.

SHRI H. D. RAJAH : Have they been found remiss ?

SHRI D. P. KARMARKAR : It does not need an answer ; I am not only on the point of our remissness.

PROF. G. RANGA : Why can't the hon. Minister tell us that Sir ? Are we beholden not to say that here ? Is there any obligation about it ? Why is he unwilling to give an answer ?

SHRI D. P. KARMARKAR : I don't want to say anything ; there are difficulties and difficulties in dealing with countries.

SHRI H. D. RAJAH : Is it a matter of diplomatic difficulty ?

SHRI D. P. KARMARKAR : No. By and large all the countries doing trade try their best to keep their word. But in trade difficulties do arise—difficulties of all sorts—and some have arisen in these cases as in other cases ; but as I am not on that point I do not want to dwell on that any more.

PROF. G. RANGA : You were on that and you are avoiding it.

SHRI H. D. RAJAH : You are referring to your own virtues, but you are not saying whether the other party is so or not.

SHRI D. P. KARMARKAR : Yes, at the moment I am trying to show not whether another person has been vicious or not, but whether we are keeping our words. If I were on that point I would have dealt with it. Obviously I am avoiding it ; there is no doubt about that.

[Shri D. P. Karmarkar]

Now, that is what I have to say with regard to the prominent points raised during the course of this debate. I would also add one point more. Reference was made to the spokesmen at the Moscow Conference. Sir, we felt happy when responsible spokesmen of the Soviet Government stated some time back that there were much scope for developing economic relations between the two countries—India and Russia—that Russia could give India capital and consumer goods, food-grains, etc. in exchange to jute, tobacco and shellac. That was a good statement and it has been noted by our merchant communities also ; and doubtless wherever there is scope for their activities, our merchants will do business. They are adventurous enough to do that wherever it be, any part of the globe, it does not matter to them.

Coming to the merits of the Resolution, it was said that there was something below the face of it ; but I will not dwell on that but will take the Resolution as it is. I will deal with the Resolution in the manner that the hon. mover of the Resolution has purported to move it. In view of all that I have mentioned, I hope, Sir, he will find himself in a position—unless he wants to stick to his dogma, unless as an hon. Member suggested, the basis of the Resolution is propaganda—to agree with me. It has been seen during the last few years that certain powers in the world have come out saying, “We are prepared to sell, we are prepared to sell”. And when they say that, the world takes them at their face value. We are always happy to enter into any sort of agreement and we have never allowed the absence of an agreement to come in the way of our transactions. Considering all these facts, I hope the hon. mover of the Resolution will see that basically we are agreed on the point that he has sought to make. Firstly it is in the interest of the country to increase our export trade and earnings. Secondly it is in the national interest to have imports of capital goods.

Thirdly, that we are, as a country, free to trade. We do not place obstructions. We are prepared to enter into an agreement, if the agreement is beneficial, if the other party is anxious to have an agreement. You cannot force an agreement on any country, but we are open for that also. We have never closed our doors at any time since we have been free against any proposal to enter into negotiations or enter into agreement with us.

Sir, in view of that position I thought that it might be better rather than we oppose the Resolution—because it is, in our view, an absolutely unnecessary one—I thought it might be welcome to the hon. the mover of the Resolution to make the best of a bargain and see that essentially if what he said actually proves true, he might withdraw this. I have no doubt that essentially there can be no difference of opinion so far as the basic things are concerned. If he derives any comfort, it is a fact that if we have today not entered into agreement with Soviet Russia, we have not entered into any sort of agreement with U. S. A. and so, one cancels the other, may be. I mean to say that, in our view, it does not make any difference.

I think, Sir, here is a point on which you might pause and consider and tell us that in view of the Government clarification, there is no need for the Resolution. Sir, if he does not choose the wise path, it will be my painful duty to oppose this, and I am happy to note that in this debate all else, apart from the group which my hon. friend Mr. Sundarayya represents, are one and I must acknowledge the very nice, dynamic and aggressive help which our friend Mr. Reddy gave us.

SHRI C. G. K. REDDY : I didn't help you : I am sorry.

SHRI D. P. KARMARKAR : Sometimes people help without knowing. If we want anyone to demolish the case of the mover of the Resolution, very successfully, I am sure there would be very few who could do it apart from Mr. Reddy.

SHRI C. G. K. REDDY : Including your case.

SHRI D. P. KARMARKAR : Many times we do find ourselves in agreement with others though we may not be publishing it. If that is the position, I do not want to press the point, but, nevertheless, I have appreciated the contribution that he made to the course of the debate.

Sir, it is my duty to say once again that I appreciate very much the very nice points that were made on the floor of the House during this debate and I thank also, in conclusion, my hon. friend for having moved this because it gave us a very nice opportunity to place our views beyond any doubt.

SHRI C. G. K. REDDY : Sir, would the hon. Minister accept the amended resolution ?

SHRI D. P. KARMARKAR : I should have said something about the amendment. I scanned the amendment and tried my best to bring myself in agreement with that. Now, what it purports to say is "so, in view of all these difficulties, you enter into trade agreement or dealings with such countries with which we have not developed..." Now, that has a small implication. I happen to be a legal man and I read between the lines. The implication of the acceptance of that would be that in the past we have not been doing that. I entirely agree with the spirit of the amendment. There is no doubt about that. I mean to say that it is necessary that we should enter into trade arrangements with all the countries of the world. The only difficulty is in our position. We have been doing that, and if we do not do it now, it will look we did not do it in the past. It is like the student who is reprimanded. If he admits, then he will be asked why he did it yesterday. So, if we accept the amendment, then it will mean that in the past we did not follow such a policy. That is precisely the position with which we are confronted. I want to make it clear that it is on this ground that we do not accept the amendment but if a division is pressed, we shall have to oppose it.

SHRI P. SUNDARAYYA : I have heard with great attention the whole of this debate, especially the hon. Minister, but I have to point out to the House that the speech which the hon. Minister has made has not met my difficulties or the purpose which I have tried to bring to the notice of this House. Because, I have pointed out that we have not been able to develop our heavy industries, our projects, because, we are unable to get the machine tools, or even the machines that are necessary for these projects. We have been depending too much on America and United Kingdom without trying whether we can get these for the projects, from the Soviet Union or the other industrially developed countries which have got a different social and economic system than that of England or America. I also quoted certain figures to show how meagre our imports of machine tools, imports of our machinery stand, compared to the whole imports. I have also given figures of the whole trade with Eastern Democracies and Soviet Union and China itself—2 per cent. We are carrying on with these countries, such a meagre trade. These countries also have developed industrially very much. To all these points the Minister has not made any answer because, most probably he might have thought that these are points which cannot be disputed and for which immediately no answer can be given. Certain spokesmen on the other benches, and the representative of the KSP from Kerala and the PSP tried to attribute ulterior motives to us, which are completely wrong and are completely irrelevant for the purpose of this Resolution. We have not said that you must stop trade with United Kingdom or America or the Western capitalist countries. Nobody wanted that. There is no mention of that. What I said was : do not depend on anyone country for our needs, which today is the position—that for most of our capital goods, for most of our food needs, we are depending too much on one set of countries—which is very dangerous to the protection of our independence itself. It is from this angle, that I said that there were possibilities of importing machinery, or

[Shri P. Sundarayya.]

importing essential raw materials, of importing foodstuffs, that were absolutely essential for our industries, for their growth, for the growth of our national industry. This is the job of the Government. Even if our individual industrialists, even if our individual importers, do not take advantage of these offers, it is the job of the Government to pursue the matter and see the possibilities, exploit the possibilities. We feel that the Government has not been doing this. This is actually reflected in the figures of imports of the Government for the last 5 years. Some of the speakers tried to say "divert" when I said diversification. Some people interrupted and said "divert the trade from America and England to Soviet Union" thus trying to find an ulterior motive where there is none. Now another argument that has been brought is why not accept the amendment of Mr. Mathai Manjuran the representative from Travancore-Cochin. What is the purpose of this Resolution? We want to bring to the notice of the Government, of this House, that our trade with the Soviet Union, China, and the Eastern Democracies, is very little and there are great possibilities of developing that trade in the interest of our industries, our national industries. For this purpose, we suggested the mechanism of trade development, this is possible by having long term trade agreement. It is not a question of diverting trade from America and England but establishing trade with the Eastern Democracies; we moved this Resolution to bring to the attention of the House, that the possibilities are there for the Government to take advantage of. That is the purpose of this Resolution. I have absolutely no objection to my hon. friends the representatives of the Praja Socialist Party mentioning specific countries.

SHRI C. G. K. REDDY : Yugoslavia, for instance ?

SHRI P. SUNDARAYYA : Oh, yes. You can go to Yugoslavia. If there is no trade agreement with Eastern Democracies and Soviet Union then you will

find great difficulty in trading. Theoretically there may not be any obstacle, but in actual practice it is not so easy. The hon. Minister says that we are free to trade with anybody, and there are no restrictions placed on anybody whatever. Yes, theoretically it is so. But what is happening in actual practice? We know there are foreign concerns—British and American concerns—established in our country, which monopolise our foreign trade. They have got licences, and they have got the shipping and the insurance and other facilities, and they have got their technicians, and so on. They have been well established. How can any new trade be developed with any other country? It is no use merely saying that we are free to carry on trade with the Soviet Union or with Czechoslovakia or with China. That does not solve the problem. There are these difficulties, and it is the job of the Government to overcome them. Even American capitalists are finding it difficult if not impossible to overcome the obstacles which British Imperialists are placing in their way, even when our Government is willing to do everything that the American capitalists want. If that is the case, you can imagine what the difficulty must be in the way of trade development with Eastern Democracies and with the Soviet Union, which follow an entirely different social system. And that is exactly why we want a long term trade agreement. But unfortunately the hon. Minister could not see eye to eye with me on that point. Nor am I able to agree with him that free trade, as he calls it, will enable us to develop our trade with these countries.

Another point that was made was that we have already entered into trade agreements with Czechoslovakia and Poland. I have referred to those agreements in my earlier speech. With regard to Czechoslovakia, the trade agreement lapsed a year back. Negotiations were continuing to conclude a new agreement. But so far nothing has happened. Why is it that there has been one year's delay in this matter? What are the difficulties in the way? Of course, this may not be the proper

time, but the hon. Minister will certainly enlighten us when the occasion comes as to the difficulties which prevent us from entering into an agreement with Czechoslovakia or with other countries like the Soviet Union or the People's Republic of China. We want to know the reason, so that we can rest assured that the Government is doing something to overcome the obstacles which the well established British companies are placing in our way.

Now, Prof. Ranga, who is well known for his anti-Communist bias, who always wants measures to suppress Communists, asked : " Why should we go with a begging bowl to the Soviet Union ? " Nobody asks him to go with a begging bowl to the Soviet Union or to the People's Republic of China. I would like to remind this House that diplomatic immunity is given to American technicians. Nobody wants you to go to give diplomatic immunity to Soviet technicians when they come here. I would remind this House also that my hon. friend Mr. Ranga himself was one of the signatories to a telegram which was sent to America begging for food-grains.

PROF. G. RANGA : There was no begging in it.

SHRI P. SUNDARAYYA : Even our Prime Minister was against it.

PROF. G. RANGA : There was no begging in it.

SHRI P. SUNDARAYYA : Here, we are only asking the Government to remove the obstacles which have been placed in the way of the development of our trade, in the interests of our national movement, in the interests of our national industries, in the interests of development of trade with the Soviet Union, with the People's Republic of China and with other countries. Because it is evident from the facts of the imports itself, it is evident from the statistics which the Government itself has provided that it is very meagre.

AN HON. MEMBER. : Why don't you negotiate and have agreement ?

SHRI P. SUNDARAYYA : Now that is another aspect. I am coming to that point. A number of speakers said that the party to which I belonged must try to negotiate with the Soviet Union, must try to negotiate with China, must try to negotiate with the Eastern Democracies and try to persuade them to buy more goods from us or to sell more goods which we wanted. I say, it is a very strange logic, a very strange argument. Sir, they always try to see in us something which is not there. We have got certain principles.

AN HON. MEMBER : Have you ?

SHRI P. SUNDARAYYA : Yes, certainly. You do not have any principles but we have. We have got certain principles of political philosophy which we think are in the interests of our own people, in the interests of our own country. If the Government is unable to solve its economic problems and is not able to develop our national industry, then certainly the time will come when the people will give their vote to us and put us in power. The people finding that this Government Party has failed to do all these things necessary for the growth of our national industry, will vote for our party and then we would show you whether we would carry out these things or not. There is no use telling us now " Why don't you negotiate ? " This is not the way in which these things can be tackled.

Now I only want to bring to the notice of the hon. Members of this House one important fact. Everybody knows what has happened by our dependence on America and the United Kingdom for our imports. The moment America stopped stockpiling, the prices had begun to go up. Every businessman knows it and if you continue the same thing, we will know the result when the situation becomes worse and when the economic crisis breaks out, when the economic system in America and the United Kingdom is unable to cope with its own problems. Our intention in

[Shri P. Sundarayya.] bringing this Resolution is only to draw the attention of the Government, to draw the attention of this House to the necessity of developing trade, to the necessity of importing machinery to develop our own projects, our own heavy industries, so that we need not depend either on America or on the Soviet Union for our supplies. That is exactly the reason why I was pleading for getting more machinery and more machine tools, so that we can develop our own industries and stand on our own legs and carry on business. Our country should not suffer from periodic economic upheavals. We should have a stable export trade and a stable import trade which will cater to the needs of our country. Now in spite of these things, the Government will not develop our trade. If the Congress Party does not take heed of these matters, if they do consider all these things as propaganda, then just when the crisis breaks out or the situation comes, the people will understand who are the wrong doers and who are the persons guilty. History will judge who is right and who is wrong. Then, people will recognise who is responsible for the state of affairs.

AN HON. MEMBER : They have judged rightly in Telengana. They have judged you properly there.

SHRI P. SUNDARAYYA : We know what happened there, the goondaism that happened in that area to which, I myself am a victim.

Sir, we have brought this Resolution with the best of intentions. But the Congress Party, the P. S. P. and the K. L. P. do not see eye to eye with us in this. I only want to say this. We know that this Resolution will not be accepted by the majority of the House. But I think the purpose in our bringing this Resolution has been achieved. The debate which has been carried on here has really served the useful purpose of focussing the attention of the Government and of the whole House. We think we have done our duty to the people who have elected us.

AN HON. MEMBER : And to reach the ears of Moscow.

SHRI P. SUNDARAYYA : Though the hon. Minister is not satisfied, still on the assurance which he has expressed and which shows that the Government is also thinking of developing trade even with Soviet Russia.....

SHRI D. P. KARMARKAR : We never said 'even' Russia. We do not distinguish Russia from any other Sector.

SHRI P. SUNDARAYYA : In theory you do not, but in practice you do.

In any case, since the Government themselves say that they will do it, I do not press this Resolution for a vote. I leave it for the people, for history to judge what the Government will do. I leave it to the Government to see how far they develop the country to improve their trade. With these words, I withdraw the Resolution.

MR. DEPUTY CHAIRMAN : The Resolution was, by leave, withdrawn. The Secretary will read the message.

SHRI GOVINDA REDDY (Mysore) : The next Resolution on the ballot.

MR. DEPUTY CHAIRMAN : The Secretary will read the message.

#### MESSAGE FROM THE HOUSE OF THE PEOPLE

#### THE INDIAN POWER ALCOHOL (AMENDMENT) BILL, 1952

SECRETARY : Sir, I have to report to the Council the following message received from the House of the People signed by the Secretary to the House :

"In accordance with the provisions of Rule 115 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Indian Power Alcohol (Amendment) Bill, 1952, which has been passed by the House at its sitting held on the 25th November 1952."

I lay the Bill on the Table.