

trade of India and that too because, whether it is East European countries or other countries, there have been monopolies, formal or informal, going up among the buyers. I think it has done admirable work in that field. As for the two corporations which have been set up this year, well, it has been explained in this House as to the necessity for doing so. Because we have to give more attention to the ore trade, a separate corporation was necessary.

**Shri Ranga:** It was after they had given their explanation here in this House that the Estimates Committee went into this matter and gave their considered recommendation on behalf of the House.

**Shri Kanungo:** The recommendations of the Estimates Committee will be considered by the Government, and a reference will be made to the Estimates Committee.

**Shri Vasudevan Nair:** Is it a fact that Government have received representations from the private sector against expansion of the activities of the State Trading Corporation; if so, may I know whether the Government is hesitant in expanding the activities of the State Trading Corporation because of such representations?

**Shri Kanungo:** No, Sir. The objection from certain quarters of private trade to the operation of the STC is well known and that is always there. The reason for not expanding the operations of the STC, or taking over of more products by the STC, is that with the products now under the umbrella of the STC they have much more work today than what they can cope with.

**Shri Ramanathan Chettiar:** May I know whether it was not the intention of the STC, when it was formed, only to deal with East European countries in respect of bulk purchases and since then whether it has extended its tentacles to other fields of activities?

**Shri Kanungo:** I have already said that it is not correct. I would refer the hon. Member to the Memorandum and Articles of Association of the Corporation which will clearly show that there is no such limitation.

**Shri D. N. Tiwary:** Before sanctioning any further expansion of the activities of the STC, may I know whether the Government will see that they do not indulge in such activities which bring loss to the extent of 33 per cent as revealed in the report of the PAC?

**Shri Kanungo:** In trading there is sometimes loss and sometimes profits. Whether the loss could have been avoided or not is a matter of judgment. If there is any report on that, it will be considered.

**Shrimati Yashoda Reddy:** It may be a fact that the main intention of the STC was not to interfere with other countries, but at least the East European countries were supposed to have channelised their trade relations within India through the STC. There is a specific case relating to tobacco in Andhra Pradesh where the East European countries have entertained their trade through the private people and demoralised the market. May I know whether it is a fact; if so, what has been done in that respect?

**Shri Kanungo:** I do not agree with the assumption. Before the STC was set up, trade in tobacco with the East European countries was going on and still it is going on. STC also deals with tobacco, but it depends upon the particular type and terms and opportunities offered. The demoralisation which the hon. Member has mentioned has not set in.

#### Mudaliar Committee

+

\*784. { **Shri Yashpal Singh:**  
**Shri Kapur Singh:**

Will the Minister of International Trade be pleased to state.

(a) whether Dr A. Ramaswamy Mudaliar Committee some time back

recommended that goods exported to Rupee payment countries should be for "home consumption" only and asked that this should be "re-affirmed at the highest level";

(b) if so, whether complaints have been received by Government that this recommendation is being ignored; and

(c) whether as a result the country has lost any foreign exchange?

**The Minister of Industry (Shri Kanungo):** (a) The Committee recorded its understanding that there was already a clause in the Trade Agreements with the Rupee payment countries that goods exported from India would be used by them for home consumption, and recommended that this should be reaffirmed at the highest level.

(b) No, Sir. But reports have been received from sources in India and abroad that in a few cases, some of our traditional products such as de-oiled cakes, cashew nuts, jute goods, black pepper etc. have been sold by some of these countries at third country ports while in transit to destinations in East Europe. These reports have been and are being carefully examined. Such complaints have also been brought to the notice of the Governments concerned with reference to the provisions in the Trade Agreements.

(c) In the absence of precise material on this point, it is difficult to give an assessment of diversion of such exports. It is also true that against such exports also, we are importing essential items from the countries concerned.

**श्री यशपाल सिंह :** क्या सरकार यह बतला सकती है कि कौन से देश ऐसे हैं जिन्होंने हम से माल लेकर फिर उसे रिसेल कर दिया है ?

**Shri Kanungo:** There has been complaint but it has not been established.

**श्री यशपाल सिंह :** क्या यह सही है कि इस रुपी पेमेंट सिस्टम से हम लोगों को फारेन एक्सचेंज में कोई खास लाभ नहीं हुआ है ?

**Shri Kanungo:** Well, we have got enough advantages, because we have been able to purchase capital goods from East European countries which otherwise it would not have been possible to do.

**Shri Ranga:** Which are those countries?

**Mr. Speaker:** I will give him a chance later. **Shri Kapur Singh.**

**Shri Kapur Singh:** Since the hon. Minister is not in a position to name those countries, can he at least inform the House whether almost all those countries belong to the Communist bloc? Can he tell us at least that much?

**Shri Kanungo:** That is in the answer. The complaint is with regard to certain East European countries.

**Shri Warior:** May I know whether these re-sales are effected within the Communist bloc countries or outside the bloc also?

**Shri Kanungo:** According to the trade agreement, there should be no sale excepting to the importing country. I will explain here how difficult it is to locate. Because some of the countries are land-locked, they get their shipments from third country ports and the international bill of lading, which is accepted by all the shippers all over the world is to the effect that the cargo can be diverted anywhere. The complaints which we have received and which we are trying to examine in collaboration with the countries concerned are about three or four. We hope we will be able to find out whether there is any substance in these complaints or not.

**Shri Kapur Singh:** Name the countries.

**Shri Kanungo:** East European countries...

**Shri Ranga:** Which East European countries? There are quite a large number of them.

**Shri Kanungo:** I think it is Bulgaria and Czechoslovakia. That is all I have got.

**Shri Ranga:** From three or four we have come down to two.

**Mr. Speaker:** He has not got the rest.

**Shrimati Savitri Nigam:** May I know whether according to the recommendations of the Mudaliar Committee reaffirmation at the highest level has been taken from the East European countries or not?

**Shri Kanungo:** Though the Mudaliar Committee mentioned this, it has also stated that it has no evidence to substantiate that allegation. Later on, we have received stray complaints and we are trying to go into them.

**Mr. Speaker:** Next question.

**Shrimati Savitri Nigam:** Sir, my question has not been answered.

**Mr. Speaker:** She might wait for another opportunity.

#### Movement of Cotton

+

\*785. { **Shri Jashvant Mehta:**  
**Dr. L. M. Singhi:**

Will the Minister of Industry be pleased to state:

(a) whether it is a fact that the Textile Commissioner imposed a ban on the movement of cotton;

(b) if so, the reasons therefor;

(c) whether Government have assessed the likely extent of the losses to cotton growers as a result of the ban; and

(d) whether it is proposed to continue the ban or to lift or relax it?

**The Minister of Industry (Shri Kanungo):** (a) to (d). A statement is laid on the Table of the House.

#### STATEMENT

As the prices had pierced the ceilings, the Textile Commissioner found it necessary to impose restrictions on the movement of one particular variety of cotton, in certain districts of Gujarat. This is only a control on the movement, and not a ban. No question of loss to the cotton growers should arise as these restrictions would not hamper movements of quantities sold at prices not higher than the ceilings. As soon as circumstances justify it, this control will be relaxed or lifted.

**Shri Jashvant Mehta:** May I know whether before putting a control on the movement of this variety of cotton the Textile Commissioner or the Government of India had consulted the Gujarat State as also the Agriculture Ministry of the Government of India?

**Shri Kanungo:** The responsibility of the Textile Commissioner is to see that all kinds of cotton do not pierce the ceiling which has been notified earlier and these methods are the steps to maintain that position. There might be many other steps also. In this particular case the Gujarat Government was consulted.

**Shri Jashvant Mehta:** What was the representation of the Gujarat Government after the ban on the movement of this variety of cotton was put, what was the representation of the Agriculture Ministry to the Industry Ministry and what step is Government going to take as you have stated in the statement that you are likely to take some steps?

**Mr. Speaker:** Not so many questions put together.

**Shri Kanungo:** The result of this restriction on movement is that prices have not shot up as was happening in January. Today the position is that movement permit for 1,97,000 bales has been issued and my latest information is that it is moving smoothly.