

Mr. Speaker: He has risen very late.

Exports of Shoddy Goods

***1231. Shri Hari Vishnu Kamath:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government are aware that shoddy goods are sometimes exported, to the detriment of India's reputation in foreign lands;

(b) if so, whether Government propose to take measures for the elimination of this malpractice; and

(c) a brief outline of the measures proposed to be taken?

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): (a) Although there have been a few complaints about the quality of goods exported, the number of complaints has not been large nor has the genuineness of all such complaints been established in many cases. Nevertheless it may be advantageous to provide facilities to overseas importers to obtain third party assurance of the quality of goods supplied to them.

(b) and (c). A statement is laid on the Table of the House. [See Appendix III, annexe No. 71].

Shri Hari Vishnu Kamath: The statement laid on the Table shows that in order to consider the steps to be taken to make the system of quality control, grading and pre-shipment inspection for export goods more broad-based and integrated, Government had appointed an *ad hoc* committee last year. Am I to understand that this malpractice came to the Government's notice only as late as last year and previous to that, since Independence, no steps were taken by the Government to eliminate this malpractice?

Shri Manubhai Shah: The practice is being sought to be rectified. Perhaps there cannot be too much of a grievance. We are constantly watching the situation and as I have said in the

statement, it is proposed to consider at the meeting of the Board of Trade the establishment of quality control and Export inspection council. This will initiate movement of regular quality control and pre-shipment inspection in practically all export commodities to begin with.

Shri Hari Vishnu Kamath: Is the Minister in a position to tell the House from the reports he has got as to from which countries such complaints or reports of shoddy goods being exported from India have been received?

Shri Manubhai Shah: Firstly, the word is too strong—shoddy goods and all that. There have been a few complaints and sometimes it happens in a large volume of trade. I only want to caution the House against making a broad assumption that the quality aspect is not being looked into. It is being looked into. Wherever there are errors, in future we want to see that a large number of test houses and control laboratories come into existence throughout the country, which will be under the broad inspection of this council. All these steps are being taken to eliminate the evil which the hon. Member points out.

Mr. Speaker: He wanted the names of the countries from which complaints have been received.

Shri Manubhai Shah: Complaints of an odd nature come from every country. It is common. It is not as if a particular country is making complaints. It depends on the goods, where they go. The trade is with the whole world.

Shri Vasudevan Nair: Has it come to the notice of the Government that after a thorough study of the problem, the Indian Standards Institute has come to the conclusion that in the manufacture of very many goods, there is undesirable practice going on and if so, may I know what are the steps taken by this particular Institute to see that it is prevented?

Shri Manubhai Shah: No such observations have been made by the Indian Standards Institute of such general sweeping nature.

Shri Vasudevan Nair: It appeared in the newspapers.

Shri Manubhai Shah: I do not know which report the hon. Member has in mind. I have seen no report of the Indian Standards Institute. There will be no such statement of a general nature by the Institute which is founded by the Government with the particular object of evolving standards. What I plead with the House is only this. We are conscious of the little defects in the structure and we are trying to remove them as much as we can in course of time.

Shri Warior: When disputes arise between the exporters and the importers on the ground of some sub-standard quality or something of that sort, may I know what measures Government take to protect the interests of the exporters of those goods also?

Shri Manubhai Shah: There are arbitration provisions in all the contracts. There are also claims committees, and there are international laws governing the establishment and the settlement of claims. I have not come across very large claims which are pending either against our exporters or our importers.

Shri Hari Vishnu Kamath: In the case of those exporters—they may be few in number—whose malpractice in this regard has come to the Government's notice, have Government taken action to warn them, and in case of repeated dereliction in this regard, have they been refused export licences for the future?

Shri Manubhai Shah: Yes, this is the normal process of blacklisting of people who offend continuously on a particular account. But I can assure the House about quality control, because, after all, all the export promotion will depend on the quality of the goods and, in fact, not only the quality but the nature of the service rendered

after the goods are sold. So, we are quite aware of this situation.

Shri Bhagwat Jha Azad: May I know whether according to the recommendation of the *ad hoc* committee, Government propose to enact legislation for quality control?

Shri Manubhai Shah: No separate legislation as such is necessary. The Indian Standards Institution Act is there. Then, there are various other provisions in the different laws of this country. What we want is an apex body to organise in an institutional way the quality control basis for most of the commodities in internal trade, and especially in the external trade.

श्री प्रवल सिंह : जो माल विदेशों को भेजा जाता है, उस पर क्या क्वालिटी मार्क लगाया जाता है ?

श्री मनुभाई शाह : बहुत सी कमोडिटीज पर क्वालिटी मार्क लगाना शुरू किया है । लेकिन मैं अखर स्वीकार करता हूँ कि वे कमोडिटीज कम हैं और ज्यादा पर यह मार्क लगाना चाहिये ।

Shri T. Abdul Wahid: Have Government received complaints about bad quality of imported goods?

Shri Manubhai Shah: This is all reciprocal. We received from a big country recently a lot of tyres which today are difficult to sell. So, lapses of that nature which are inherent in the trading community are there, but we do not want to throw the blame on the other side; we want to rectify as much as possible at our door or at our end.

Shri S. C. Samanta: May I know in respect of which goods there is compulsory pre-shipment inspection, and whether the exporter has to pay anything for it?

Shri Manubhai Shah: Yes, it is our aim to have pre-shipment inspection, because we want to expand our exports. Unless we are assured that all the shipments which pass from this

country, broadly speaking, are properly inspected, we cannot do that. That is why that will be the first task that we shall try to make pre-shipment inspection as much compulsory as is possible, and to the extent that it is practicable.

Regarding the charges, certainly, some charges will have to be levied for such inspection, and some of it will be in the form of grant by Government, so as not to put too much load on the export prices.

Export of Cloth to U.K.

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- *1232. { Shri D. C. Sharma:
Shri Prakash Vir Shastri:
Shri Warior:
Shri Indrajit Gupta:
Shri P. C. Borooah:
Shri C. K. Bhattacharya:

Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fear that the Lancashire cotton industry have urged upon the U.K. Government for a cut in Indian cloth import into U.K.; and

(b) if so, the reaction of Government thereto?

The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) Having regard to the need for larger exports, Government of India would desire an increase rather than a cut in exports.

Shri D. C. Sharma: What is the amount of cut desired by this association, and what steps are Government taking to have that cut restored?

Shri Manubhai Shah: So far there has been no cut. There have been talks and representations by the textile interests in Lancashire, as the hon. Member has rightly pointed out, but we have clearly indicated that as far as our Government are concerned, we would like to have not only no cut at all, but a share in the new

growth, if at all, in the intake of cloth by UK if the overall textile imports there increase; we have said that we must have a due share in the new growth.

Shri D. C. Sharma: If the U.K. enters the European Common Market, what will be its effect on our exports of cloth to the U.K.

Shri Manubhai Shah: That is a well known thing. Therefore, we are trying to clarify our situation. Only the other day, our representative, Mr. Lall placed the entire structure commodity-wise before the Six of the European Common Market and also the U.K. authorities.

Shri Warior: Apart from the desire of the Lancashire cotton industry, is it not a fact that Britain has agreed to the cut in the import of cotton goods from our country, with the European Common Market?

Shri Manubhai Shah: No, Sir.

Shri P. C. Borooah: May I know whether it is a fact that in 1957, the Lancashire textile industry approached the Mill-owners Association of India and requested them to restrict the export of cloth, and the Indian Mill-owners accepted that, and if so, the necessity of deviation from that practice.

Shri Manubhai Shah: The first part of the question is a hardy annual. Every year they represent and we discuss this. The second part of the question implying that we have accepted any cut is not correct. We have stuck to the ceiling. As a matter of fact, we have not yet been able to reach the ceiling; we are trying to. Also I can assure the House that in future we are not for accepting any restriction or cut. We would like to share in the growth if at all it takes place in respect of cotton textile imports into U.K. The Indian trade must have a proportionate rate of growth there.

Shri C. K. Bhattacharya: Has the attention of Government been drawn to the news that the Lancashire