

**ESTIMATES COMMITTEE
(1966-67)**

HUNDRED AND THIRTEENTH REPORT

(THIRD LOK SABHA)

MINISTRY OF INTERNATIONAL TRADE

Action taken by Government on the recommendations contained in the Forty-Eighth Report of the Estimates Committee (Third Lok Sabha) on the Ministry of International Trade.



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C O R R I G E N D A

to

The Hundred and Thirteenth Report of the Estimates Committee (Third Lok Sabha) on action taken by Government on the recommendations contained in the Forty-Eighth Report of the Estimates Committee (Third Lok Sabha) on the erstwhile Ministry of International Trade.

Title page, line 5, for "INTERNATIONAL TRADE" read "COMMERCE".

Title page, line 8, read "erstwhile" before "Ministry".

Page 5, line 5, for "introuced" read "introduced".

Page 53, line 5, for "Hinistry" read "Ministry".

Page 71, line 9, for "concerned" read "concerns".

Page 96, line 12, for "escorts" read "efforts".

Page 110, line 13, for "by" before "the dubious" read "of"; and for "ollowed" read "followed".

Page 113, line 29, for "United" read "Untied".

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ESTIMATES COMMITTEE

(1966-67)

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Shri B. B. Tewari—*Deputy Secretary.*

Shri B. K. Mukherji—*Under Secretary.*

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee present this Hundred and thirteenth Report of the Estimates Committee on action taken by Government on the recommendations contained in the Forty-Eighth Report of the Estimates Committee (Third Lok Sabha) on the erstwhile Ministry of International Trade.

2. The Forty-Eighth Report of the Estimates Committee was presented to the Lok Sabha on 30th April 1964. Government furnished replies indicating action taken on the recommendations on the 15th December, 1964, and the 14th June, 1965. Government's replies to all the recommendations were considered by the Study Group 'E' of the Estimates Committee on 26th August 1965. Further information called for by the Study Group was furnished by the Ministry on 12th October 1965 and 15th January 1966 and considered by the Study Group on 21st February 1966. The draft Report on action taken by Government on the recommendations contained in the Forty-Eighth Report was considered by Study Group 'D' on 25th November 1966 and adopted by the Committee on 6th December 1966.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendation which have been accepted by Government.

III. Recommendations which the Committee do not want to pursue in view of the Government's reply.

4. An Analysis of the action taken by Government on the recommendations contained in the Forty-eighth Report of the Estimates Committee (Third Lok Sabha) is given in the Appendix. It would be observed therefrom that out of 115 recommendations made in the Report, 109 recommendations i.e. 95% have been accepted by Government and the Committee do not desire to pursue 6 recommendations i.e. 5%, in view of Government's reply.

NEW DELHI;
8th December, 1966.

ARUN CHANDRA GUHA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Committee are glad to observe that the recommendations contained in their Forty-eighth Report (Third Lok Sabha) on the erstwhile Ministry of International Trade have been replied to by Government generally to their satisfaction.

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CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1) Para No. 5

The Committee consider it unfortunate that while over the decade 1950—61, the total world export doubled, India's share in it declined from 2:0 per cent in 1950 to 1:1 per cent in 1960.

REPLY OF GOVERNMENT

The Observations of the Committee have been noted.

2. It may, however, be observed that the period 1950—1952 was an abnormal period for our export primarily due to the Korean war boom and the after-effects of the sterling devaluation in 1949. Leaving aside these years, India's share in world exports has remained round about 1:1%. Furthermore, world prices of primary products fell during the period and terms of trade were unfavourable not only to India but to many other less industrilised countries.

3. Measures have been taken to diversify the composition of our export trade as well as markets abroad for our commodities with encouraging results during recent years.

[Ministry of Commerce, O. M. No. Parl. 9(1)/64, dated 15th December, 1964.]

Recommendation (Serial No. 2) Para No. 6

The Committee have no doubt that every effort would be made to attain the original export target of Rs. 3700 crores excluding the exports from Goa, which are expected to total Rs. 90 crores.

REPLY OF GOVERNMENT

The observations of the Committee have been noted by Government. Efforts are being made not only to attain but to surpass the export target of Rs. 3700 crores (excluding exports from Goa).

[Ministry of Commerce, O. M. No. Parl. 9(1)/64, dated 15th December, 1964.]

Recommendation (Serial No. 3) Para No. 7

The Committee consider that there is imperative need for making the industry and the public conscious of the vital importance of ex-

ports to the economy of the country. The Committee would, in this connection, like to mention that a number of industrialised countries like West Germany, Japan and U.K. lost no time after the last World War to gear up their resources for an export drive. The cooperation of the public was enlisted through increased publicity measures and catching banners like "Export or Perish". The Committee consider that in the present context of the economy of the country it is imperative that the cooperation of the public is enlisted for an all out effort to earn foreign exchange through exports.

REPLY OF GOVERNMENT

To arouse export consciousness in the country various measures have been taken by the Director, Commercial Publicity. A monthly Journal of Industry & Trade is issued for circulation to businessmen. The Journal high-lights various measures taken by Government to promote exports as well as export possibilities in overseas market. Another monthly Journal in Hindi viz., 'Udyog Vyapar Patrika' is published to create interest in the export trade of the country. In addition, brochures such as Hand Book of Export Promotion, Guide for Exporters, Trade Agreements etc. are also being brought out. Apart from publications, the Directorate, in order to reach a wider circle of people, made arrangements with the Directorate of Posts & Telegraphs to frank Slogans on the dak at important commercial towns. Posters containing photograph of the late Prime Minister with his exhortation to the Nation to export more, were distributed in all Indian languages for display in business localities, railway stations, Posts & Telegraphs Offices, banks, etc.

2. A novel feature which was introduced, was holding of exhibition of publications on exports at Delhi, Calcutta, Bombay, Madras and Cochin.

3. The Directorate of Commercial Publicity has been endeavouring to get supplements issued by Indian Papers on export oriented industries.

[Ministry of Commerce O. M. No. Parl. 9(1) /64, dated 15th December, 1964.]

Recommendation (Serial No. 4) Para No. 9

The Committee cannot but feel unhappy over the non-fulfilment of the export obligations by certain industries.

The Committee would urge upon the industries to respect their export obligations. They would also like the Government to take

suitable action promptly in cases where the export obligations are not discharged by the parties concerned. .

REPLY OF GOVERNMENT

Government have noted the observations for compliance. It may be added that extension of time for fulfilment of export obligation may have to be allowed on merits in certain cases.

[Ministry of Commerce O.M. No. Parl. 9 (1) /64, dated 15th December, 1964.]

Recommendation (Serial No. 5)

- (i) *The Committee feel doubtful if the Expert Committee on Cost Reduction Studies which has been reduced to a one-man Committee can adequately and timely carry on studies of the relevant industries.*
- (ii) *The Committee are constrained to observe that at a time when there is paramount need for making export commodities competitive in prices, nearly six months have passed without Government taking any positive action on the recommendations of the Export Committee made in its report on cotton textiles. They would urge the Government to give their most careful and urgent attention to the problem of cost reduction in various industries and devise a competent machinery to tackle it in a comprehensive manner.*

(Paragraph No. 10)

REPLY OF GOVERNMENT

The Committee on Cost Reduction Studies has since been wound up.

2. At about the time when Government received the Cost Reduction Report they had already been considering the Report of the Tariff Commission on the various problems affecting cotton textile prices. The Cotton Textile Industry which was working a price control scheme on a voluntary basis with the approval of the Government also came up with a request for the revision of prices on account of the increase in the cost of cotton, labour, stores etc. Government then decided that statutory control over the production and price of certain categories of cloth of mass consumption should be introduced as part of the policy for holding the price line of essential commodities. Accordingly statutory control has been introduced with effect from the 20th October, 1964 on all dhoties, saris,

shirting and longcloth produced by the mills. Prices of these controlled categories of cloth are generally 5 to 8 per cent lower than the prices that prevailed earlier. Since the 1st December, 1964 control over the production and price of drill manufactured by mills has also been introduced. The statutory price control that has been introduced on these five varieties covers about 50 percent of the total production of mill made textiles in the country and has resulted in a reduction, as stated earlier, in prices of about 5 to 8 per cent. In this context, it is not considered necessary to follow up the suggestions made by the Expert Committee on Cost Reduction Studies.

3. The Ministry accept the view of the Committee that careful and urgent attention requires to be given to the general problem of cost reduction. The question of setting up a competent machinery to undertake studies in this regard is now under consideration in consultation with the Planning Commission.

[Ministry of Commerce O.M. No. Parl. 9 (1) /64, 15th November, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The present position in the matter may be stated.

[Lok Sabha Secretariat O.M. No. 4/3 (1) EC/64, dated 2nd September, 1965]

FURTHER REPLY RECEIVED FROM GOVERNMENT

The Board of Trade at its eighteenth meeting held in Calcutta on the 12th April, 1965 discussed the problem of cost reduction. It has accordingly been decided that such studies should be planned and executed in a coordinated manner for all important industries. The question of the best type of organisation to undertake such studies is under consideration of the Planning Commission.

2. However, the matter about fixation of prices for textiles was again considered and control introduced and prices fixed for controlled categories. The question will be kept under review.

[Ministry of Commerce O. M. No. Parl. 9 (1) /64, dated the 12th October, 1965].

COMMENTS OF THE COMMITTEE

The Committee find that the question of cost reduction has been under consideration of the Government for nearly three years and

yet the Government have not been able to decide the question of the best type of organisation to undertake such studies. The Committee feel that the subject of cost reduction is of great national importance and should have been considered with some sense of urgency.

The Committee however hope that the type of the organisation intended to be set up to undertake cost reduction studies for all important industries will be finalised without any delay. The Committee expect to be kept informed with the progress made in this matter.

Recommendation (Serial No. 8) Para No. 18

The Committee suggest that the Departmental Committee which deals with all problems relating to drawback should look into the difficulties being experienced by the industries and exporters in obtaining drawback of duties on exports and try to resolve them in consultation with the representatives of the concerned industries and exporters without any avoidable delay. They would also suggest that every effort should be made to fix the rate of draw back for as many products as possible to facilitate payment.

REPLY OF GOVERNMENT

The main objects of the Departmental Committee for Drawback visiting major port towns are to meet representatives of trade and industry, discuss their problems connected with exports and payment of drawback thereon, suggest solutions on the spot where possible, and follow up other points arising in the discussions, for necessary action. Thus, the Departmental Committee is more or less already following the recommendation of the Estimates Committee. The recommendation of the Estimates Committee has also been forwarded to the Ministry of Finance (Department of Revenue) as the Departmental Drawback Committee functions under that Ministry.

2. As regards the suggestion that rates of drawback should be fixed for as many products as possible to facilitate payments, the procedure is that such rates are fixed for export products in respect of which requests are made by exporters.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 9)

The Committee would like to emphasise that the decision on the question of payment of drawback of Customs and Central excise duties on exports from one central point may be taken without any avoidable delay. (Paragraph No. 19).

REPLY OF GOVERNMENT

The suggestion has been noted for further consideration in consultation with the Ministry of Finance (Department of Revenue).

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The decision taken in the matter may be intimated.

[Lok Sabha Secretariat O. M. No. 4/3 (1) EC/64, dated 2nd September, 1965.]

FURTHER REPLY RECEIVED FROM GOVERNMENT

The Ministry of Finance (Department of Revenue) had accepted in principle the recommendations of the Mudaliar Committee (1962) for payment of both the rebate of Central Excise duty (on the finished product) and the drawback of Customs and Central Excise duties (on raw materials) on the export of excisable goods at one source. As a matter of fact a start has been made by extending this facility on containers etc. As it is not administratively possible to extend this facility to other products, *status-quo* is being maintained. It may however be added that the Ministry of Finance had not received any complaint in the past in this regard from the exporters/manufacturers.

[Ministry of Commerce O. M. No. parl. 9(1)/64, dated the 12th October 1965].

Recommendation (Serial No. 10) Para No. 23

The Committee suggest that vigorous and prompt efforts may be made to complete the comparative studies undertaken by the Freight Investigation Bureau as quickly as possible and necessary steps taken to seek reduction in freight rates particularly for sensitive commodities.

REPLY OF GOVERNMENT

Conclusions of the Estimates Committee are as under:

- (i) Vigorous and prompt efforts may be made to complete the comparative studies undertaken by the Freight Investigation Bureau as quickly as possible, and

- (ii) Necessary steps may be taken to seek reductions in freight rates particularly for sensitive commodities.

2. As regards (i) above, the Freight Investigation Bureau has collected a good number of freight schedules of the various Shipping Conferences/Rate Agreements/Shipping Lines serving various overseas trades of India in which India is concerned either as an exporting or importing country. It has, however, not been possible so far to obtain complete freight schedules of the Shipping Conferences/Rate Agreements/Shipping Lines serving various International trades.

3. The present position regarding the comparative studies so far undertaken by the Bureau, is as follows:

Before the introduction of United Tariff to the Middle East destinations by the India-Pakistan-Middle East Conference on the 1st October, 1963, the Bureau took the opportunity to make a thorough comparative study of the proposed freight rates from India to the Middle East *vis a vis* the freight rates prevailing from U. K. to the Middle East destinations. In the cases in which rates from India were higher and were likely to inhibit our exports the Conference was prevailed upon to remove the discrimination and this was done in most of the cases except where the Conference has since been able to furnish satisfactory reasons for lower rates from U. K.

4. Recently, the Bureau obtained from the High Commission for India in Ceylon a copy of the tariff showing the freight rates from Ceylon to U.K./Continent. Based on the comparative study of these rates with the rates prevailing from India to U. K./Continent certain additional information is now being collected from the trade interests concerned and also from the High Commission for India in Ceylon and U. K. to see if and how far the rates from India on any of the commodities are likely to adversely affect the exports of Indian goods.

5. It was recently observed that the freight rates from India to Far East, Africa and Persian Gulf on certain items were unfavourable as compared to the freight rates from U. K./Continent to these destinations. The High Commission for India in U. K. has, therefore, been requested to obtain from the Shipping Conferences/Rate Agreements/Shipping Lines operating from U. K. to these destinations a copy each of the freight schedules in respect of these trades. So also, the Embassy of India in Tokyo, has been requested to make available to the Bureau copies of freight schedules of the Conferences etc. operating from Japan to Africa, Persian Gulf and the Far East and these are yet awaited. A comparative study of the freight rates in these trades will be undertaken as soon as these tariffs are received.

6. As regards the suggestion at (ii) above, it may be stated that whenever the shippers/trade interests concerned establish with facts and figures that the export of any commodity is being adversely affected by existing freight rates or is likely to be so affected by any proposed increase in existing freight rates the Bureau promptly approaches the concerned shipping conferences etc. to reduce the freight rates or to exempt the commodity from the proposed increase, as the case may be.

7. The India/U. K. Continent Conference announced a general increase of 12-1½%. Later, after pressure was brought to bear and after the Conference had detailed discussion with Government and the Shippers the increase was reduced to 10%—certain sensitive commodities being exempted altogether.

8. Whenever any discrimination in the freight rates in any of the overseas trades of India is noticed by the Freight Investigation Bureau, the case is promptly taken up with the concerned shipping Conference/Rate Agreement/Shipping Line etc. Excepting the cases where the circumstances in the case of the item moving from the competing country are altogether different, the Bureau has generally been successful in prevailing upon the Shipping Conferences/etc. to reduce the freight rates.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 11) Para No. 24

The Committee consider that it would be worthwhile to undertake a study of the effect of heavy detention of ships at Calcutta port on c.i.f. value of exports. They would suggest that urgent measures may be taken to modernise the cargo handling facilities at the principal ports so that detention of ships, which has a direct bearing on freight rates, is reduced.

REPLY OF GOVERNMENT

The question of undertaking a study of the effect of heavy detention of ships at Calcutta is under examination.

2. Measures for speeding up the discharge of grain from the tankers at Bombay and Kandla are under active consideration. Measures for the mechanisation of the discharge of fertilisers, at the ports where they are imported in large quantities, are also under consideration. Government's general objective is to explore all possible methods of further mechanising the handling of every variety of cargo

at the Major Ports consistent with the Principle that employment opportunities of labour are not seriously affected and such labour, as may be rendered surplus in the process, is provided with alternative employment without being subjected to loss of emoluments or other disadvantages. The scope for mechanisation would, however, vary with the type and volume of cargo. Bulk commodities such as coal, ores, fertilisers, raw materials for fertiliser factories and food grains offer the best scope for increased mechanisation.

3. Facilities existing at present at the Ports and the measures contemplated for modernising the cargo handling facilities are explained below:

Calcutta:

Vessels using the Port of Calcutta suffer detention on account of the following principal factors:

- (i) Irregular presentation or bunching resulting in too many vessels trying at a time to make use of the facilities provided.
- (ii) Bores in the spring tide period when the use of the ten river-side jetties and forty-six moorings in the river is restricted leading to temporary shortage of berthing accommodation.
- (iii) Increase in the number of vessels visiting the port without a corresponding increase in the volume of Cargo handled.

4. After the Haldia dock comes into commission, traffic in coal, ore and oil will be diverted to Haldia and a number of additional berths will be available at Calcutta to handle the remaining traffic. To quicken the turn-round of vessels so that vessels stay at the berths for the minimum period necessary to unload and to load cargo and the same number of berths can handle larger traffic, various steps of mechanisation and modernisation have been and are being taken from time to time. In this respect the Port of Calcutta has made considerable headway as indicated below.

5. To quicken generally the handling operations at the transit sheds, mechanical handling appliances like mobile cranes, forklifts, trucks and trailers have been provided. In the Third Plan period, a number of high powered electric cranes have been installed at the berths in Dock No. 1, Kidderpore Docks which were hitherto served by outmoded hydraulic cranes. Complete mechanical handling is possible in the case of bulk cargoes like petroleum, coal, ore food-

grains, salt etc. In respect of Petroleum, discharge through pipe lines direct from tankers to storage tanks has been arranged at Budge Budge. In regard to foodgrains, the Food Department of the Government of India have already constructed a silo near a berth in Kidderpore Docks and a marine leg, with a conveyor belt, for direct discharge from ships is under construction. On the export side, coal and ores are the only bulk cargoes. For Coal, a mechanical loading plant has been provided at No. 18 Berth, Kidderpore Docks at a cost of Rs. 45 lakhs. Other berths in coal docks have not been mechanised in view of the impending diversion of the entire coal traffic to Haldia where a fast loading coal plant will be erected. As for Ores, the Commissioners, have set apart No. 5 Berth, King George's Dock which has been equipped with mechanical appliances. The ore traffic will also be diverted to Haldia where modern mechanical loading facilities will be provided.

6. To improve the output of shore labour, the Commissioners have introduced an incentive tonnage scheme providing higher wages for higher output. Introduction of a similar scheme for stevedore labour by the Dock Labour Board is now under consideration.

Bombay:

Except in regard to foodgrains, cargo handling operations at the Port of Bombay have been to a very large extent mechanised. The Port has 183 hydraulic quay Cranes, 34 Electric quay Cranes, 67 mobile Cranes, 5 Heavy Lift Shore Cranes, 2 Heavy Lift Floating Grand Cranes, 66 Tractors, 36 Fork Lifts and 24 Elevating Platform trucks. A number of items of the above mentioned equipment are proposed to be replaced, on account of age, during the Third Five Year Plan at an estimated cost of Rs. 38 lakhs under the I. D. A. Project. No detention to ships is being caused for lack of mechanical cargo handling equipment.

Foodgrains are not handled by the Port Trust Labour but by the Ministry of Food. The discharge of wheat is in bulk from tankers by machines. The other handling operations for foodgrains are carried out manually. The Food Ministry are importing additional machines but these will have to be augmented. Steps for this purpose are under consideration. It has not been possible so far to introduce fully mechanised handling of foodgrains due to the opposition of the labour. An 'incentive scheme' for foodgrain labour has been introduced to step up the output of labour and reduce detention to ships.

Madras:

The Madras Port has made satisfactory progress in modernising cargo handling facilities. The port has built two exclusive berths, one for handling ore and another for coal by mechanical operations.

The general berths have sufficient number of cranes to meet the requirement of the respective berths. Berths in the New Dock do not have any cranes at the moment but provision has been made in the Port's development programme for erection of sufficient number of cranes. The erection of cranes has already started and is in progress. Provision has also been made to increase the number of cranes at West Quays also.

Apart from the Shore Cranes, the Trust also now has adequate capacity for handling heavy lifts. Besides the 60 ton cranes at Centre Berth and the 50 ton Crane at South Quay I, the Port has recently acquired a 120 ton floating crane. This has become very handy for discharging heavy lifts at other berths too. The trust has a fleet of 31 mobile cranes and 28 forklifts. The clearance of cargo from the hatchway to the sheds or stacking place has been modernised by the use of pallets and forklifts. The use of forklifts and pallets has also been extended to bag cargo. This has resulted in better utilisation of the space on the one hand and better turn out of clearance on the other. For transfer of cargo also, the tractor and trailers are more commonly used than the old type wheel-barrow. The Port Trust has also acquired 2 wagon shunters and 6 locos.

In addition to the existing number of forklifts, the Port had placed orders for 14 more which have now been received in the Port workshop. The Port Trust has also submitted a proposal for the purchase of 14 more forklifts to cope with the increased traffic, particularly foodgrains. This is under consideration.

Cochin:

The Port does not have big ore or food shipments to handle. Coal is handled at the two jetties, which are somewhat inadequate, and the Port is considering the construction of a special berth with cranes for this commodity. Other bulk items like Sulphur, Phosphates, etc. are handled in stream. The Port has to provide mainly for general cargo which is handled at the wharf berths, and for heavy lifts.

The details of the facilities now available are furnished below:

A. Mattancherry Wharf:

12 Nos. electric level luffing travelling cranes of lifting capacity from $1\frac{1}{2}$ to 10 tons.

B. Ernakulam Wharf:

12 Nos. electric level luffing travelling cranes of lifting capacity from 3 to 10 tons.

C. Low Wharf:

- (1) 1 No. 10 tons hand crane.
- (2) 4 Nos. 10 tons hand derricks.

D. Fort Cochin Wharf:

- (1) 4 Nos. 2 ton travelling hand cranes.
- (2) 1 No. 5 ton fixed hand crane.

In addition to the above, the Port has 8 mobile cranes having a maximum lifting capacity of 10 tons, 12 forklifts trucks with capacity ranging from 4000 to 6000 lbs., 4 tractors with 6 trailers and a floating crane capable of lifting upto 30 tons. For handling packages above 30 tons, an order has been placed for a 60 ton floating crane with a jib capable of lifting 120 tons.

Vishakapatnam:

During the last one decade or so, this Port had undergone considerable modernisation with regard to cargo handling facilities. A number of cargo handling equipment like Mobile cranes, Trailers and tractors, Forklift Trucks, Electric Cranes etc. has been obtained for assisting in the handling of shore cargo. The shipment of ore at this Port is at present by a semi-mechanical system. The additional two berths, which are under construction, will be fully mechanised and equipped with conveyor belt system, for loading iron ore at high speeds.

Kandla:

The Port has been equipped with modern facilities for handling cargoes. The following equipment is provided:

At alongside berths:

21 electric Quay Cranes (of 3 to 10 ton capacity).

At Bunder Basin (Lightorage Wharf):

- 4 Electric Quay Cranes.
- 1 Sixty ton Capacity Gantry Crane.

Mobile Equipment:

4 Mobile Cranes.

4 Forklifts.

2 Auto Trucks and

4 Tractors with trailers.

The present equipment is adequate for handling the existing traffic and there has been no detention to shipping on this account.

Mormugao:

A scheme for installing additional wharf cranes is under urgent consideration. Besides, the preparation of a Project report for the mechanised handling of iron ore and for the general development of the port has been taken up.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 12) Para No. 26.

The Committee feel that the most effective method of bringing down the Conference Lines rates is to have sufficient tramp tonnage available. The Committee suggest that the tramps may be encouraged so that they can act as a corrective and a check to the Conference system. Government should also continue to pursue the question of reducing the freight rates with the Conference Lines wherever necessary.

REPLY OF GOVERNMENT

The Government of India have already recognised the importances of expanding Indian shipping in tramp trades as is evident from the following statement:

Tramp Tonnage as on	No. of Tramp Ships	G.R.T.
1-4-1961	14	99,616
1-7-1964	28	3,08,400
31-3-1966 (anticipated figures)	38	4,30,200

2. It will be seen from above that the tramp tonnage of Indian shipping Companies has increased three-fold during the last 3 years and is expected to rise four-fold during the entire Third Five Year Plan period.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 13) Para No. 27

The Committee find that Japan had introduced the system of compulsory preshipment inspection of goods as early as 1957 for maintaining and improving its reputation for supply of quality goods. The Committee would recommend that now that a comprehensive legislation on compulsory quality control and preshipment inspection has been passed, efforts should be intensified to extend quality control to exports particularly for engineering goods.

REPLY OF GOVERNMENT

The recommendations of the Estimates Committee are acceptable to Government. Government are, however, already making efforts in the direction of these recommendations.

2. The Export (Inspection and Quality Control) Act 1963 was brought into force from 1st January, 1964 and the Export Inspection Council was established under Section 4 of this Act for advising the Government in the work of quality control and pre-shipment Inspection. The Council recommended a phased programme for quality control. It has approved organisational structure for carrying out quality and preshipment inspection work and finalised the plan of work for making available adequate facilities for examination and testing of export commodities throughout the country so that the industry and trade may get their export commodities tested for quality without any delay. In accordance with the phased plan of quality control it has been decided to bring jute goods under compulsory pre-shipment inspection from 1st December, 1964. Schemes for compulsory quality control and pre-shipment inspection in respect of several agricultural commodities and mica have also been finalised and are expected to be put into effect very shortly.

3. As regards quality control and pre-shipment inspection of engineering goods, the report of the study group on quality control and pre-shipment inspection of export engineering products, was considered by the Export Inspection Council in its third meeting.

4. The Council decided that in order to carry out effectively the pre-shipment inspection of various items of engineering goods there should be regional committee at important centres of engineering products like Delhi, Calcutta, Madras, Bombay, Ludhiana. The Council also decided to appoint panel of experts to assist the regional committee at the various places. As regards the detailed plan of pre-shipment inspection work the Council accepted the principle that the I.S.I. certification mark should be the basis of pre-shipment certification for certain specified commodities.

In respect of other items of engineering goods the Council approved the plan that these should be inspected by specialised organisations like D.G.S. & D. or by the Council's Regional Committees assisted by technical panels.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 14) Para No. 28.

The Committee hope that speedier action would be taken to establish the Free Trade zone at Kandla so that it can make an effective contribution in increasing exports of manufactured goods and products during the current Plan period and act as a model for establishment of Free Trade Zones in other promising areas like Haldia.

REPLY OF GOVERNMENT

An Administrator has been appointed with effect from the 1st June, 1964 with head-quarters at Gandhidham. The estimates for the various major items of development works connected with the establishment of Free Trade Zone at Kandla were scrutinised and Administrative Approval for Rs. 63.46 lakhs has been given. An expenditure sanction for Rs. 33.50 lakhs (for development works alone) which is the anticipated expenditure during the current financial year 1964-65 has also been issued. The actual work connected with the development of the area is being executed by the Kandla Port Trust on agency basis on a mutually agreed Commission/departamental charges. The progress is being watched by the Administrator in consultation with the Chairman, Kandla Port Trust.

2. An Advisory Committee has been constituted under the Chairmanship of the Secretary (Commerce) in this Ministry with representatives of various Central Ministries, State Government Planning Commission and Chairman, Kandla Port Trust. The Committee will tender advice and recommend the procedure and principles to be followed for the speedier establishment of the Free Trade Zone at

Kandla. So far the Committee has met twice and further meetings of the Committee will be arranged as and when found necessary.

3. A publicity pamphlet has been brought out by this Ministry on the salient features of the Kandla Free Trade Zone Scheme. Copies of the pamphlet have been furnished to interested entrepreneurs/industrialists on request and have also been circulated to various Chambers of Commerce and Industry. Publicity is also given through leading Newspapers in the country inviting applications for setting up industries in the Free Trade Zone at Kandla.

4. Another Committee has been constituted recently in this Ministry under the Chairmanship of the Secretary (Commerce) for scrutinising applications for setting up industries in the Free Trade Zone at Kandla and allotment of plots etc. There has been a good response from Trade and Industry. So far 32 (Thirty-two) applicants have been approved for setting up industries in the zone. Expeditious action will continue to be taken to establish the F.T.Z. at Kandla.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 15) Para No. 33.

The Committee feel that as the scarce raw materials and other goods which are allowed to be imported under the export promotion schemes command high price in the internal market, there is need for continuous vigilance to ensure that the system does not result in abuse.

The Committee also feel that incentives should be given only to such commodities as would not find an export market on their own and where there is reasonable ground for belief that the exports would, after a time, become self-sustaining.

REPLY OF GOVERNMENT

The operation of Export Promotion Schemes is under constant review and suitable action is being taken from time to time to ensure that abuses do not occur. The Board of Trade has appointed a Committee on incentives, with Dr. P. S. Lokanathan, as Chairman, to undertake a periodic review of Export Promotion Schemes and to suggest ways for preventing abuses in the working of such schemes.

2. Incentives are granted only in the case of products which require assistance if they are to be successfully marketed abroad. The need for the continuance of these incentives will have to be judged from time to time depending upon the prevailing internal and international conditions.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 16) Para No. 34.

The Committee hope that the Marketing Development Fund would be utilised efficiently and fully to achieve expansion and diversification of India's export trade.

REPLY OF GOVERNMENT

The Committee's observations have been noted.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 17) Para No. 35.

The Committee hope that the Institute of Foreign Trade will adequately fulfil the objects for which it has been established.

REPLY OF GOVERNMENT

The Committee's observations have been noted.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 18) Para No. 36.

The Committee hope that the Government would render necessary assistance to Export Houses so that in course of time they may make substantial contribution to the export effort. The Committee, however, trust that the Government would keep adequate vigilance to see that the opportunities may not be abused.

REPLY OF GOVERNMENT

Government have noted the observation made by the Estimates Committee.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 19) Para No. 39.

The Committee suggest that Government may consult the leading chambers of trade and industry in the matter of selection of non-official members in the trade delegations sponsored by Government.

REPLY OF GOVERNMENT

Government takes note of the recommendation.

2. In the selection of non-official members of the trade delegations sponsored by Government, the usual practice is to consult the Export Promotion Councils, Commodity Boards and specialised associations of manufacturers or exporters of the commodity concerned. In

future, where necessary, the Federation of Indian Chambers of Commerce and Industry will also be consulted.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 20) Para No. 40

The Committee note with regret that in some cases, reports of the trade delegations were submitted to Government only after a lapse of several months e.g. reports submitted by delegations sponsored by (i) Cashew Export Promotion Council, (ii) Spices Export Promotion Council and (iii) Chemicals and Allied Products Export Promotion Council. The delay in submission of reports affects their utility. The Committee suggest that suitable steps may be taken to ensure that reports are submitted in time by the trade delegations. They would also stress that there should be adequate follow up action on the reports so as to make sure that all the useful suggestions made therein have been duly implemented. It would also be desirable to make an assessment of the practical results achieved by these delegations going abroad so that in the light thereof, necessary changes or improvements could be effected to achieve the maximum results.

REPLY OF GOVERNMENT

Action is being taken to ensure that maximum results are achieved from the experience gained by the trade delegations, and comprehensive instructions on various aspects of sending delegations including the questions of prompt preparation and circulation of reports are being drawn up.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 21) Para No. 48.

The Committee suggest that vigorous efforts may be made to prevail upon the industrial units in the country to become members of the Export Promotion Councils. In their view, the most effective method of attracting new members is to make the Export Promotion Councils demonstrably successful in their fields.

REPLY OF GOVERNMENT

Government agree with the observation of the Committee in order that greater export consciousness might be generated among

industry as a whole, Government are always considering ways and means of strengthening the hands of Export Promotion Councils so that they are able to attract larger membership.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 22) Para No. 49.

The Committee cannot too strongly stress the importance of furnishing complete data about the programme of work by the Export Promotion Councils to ensure proper scrutiny and timely approval by Government.

They would also suggest that the Ministry of International Trade may draw up in consultation with the Ministry of Finance, standing instructions about the manner in which the Export Promotion Councils should submit their estimates for the next year so that the necessity of making back references is obviated and the sanction is communicated in time.

REPLY OF GOVERNMENT

The Government agree with the observations of the Committee. The existing instructions on the subject of submission of budget and the programme of work by E. P. Councils will be reviewed and suitably modified/amplified.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated the 15th December, 1964].

Recommendation (Serial No. 23) Para No. 50.

The Committee suggest that Government may constitute a committee consisting of eminent persons from trade and industry to review the work at least of those Export Promotion Councils which have been in existence for three years or more. Such a review may be undertaken periodically, say once in three years.

REPLY OF GOVERNMENT

A Committee has been set up under the Chairmanship of Shri Prabhu V. Mehta to review the working of Export Promotion Councils.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 24) Para No. 54.

The Committee would stress that the proceedings of the Export-Import Advisory Council may be finalised and circulated to the members within two to three weeks of the date of the meeting.

In this connection, the Committee would like to commend the high standard followed in preparing the Agenda papers for the meetings of the Board of Trade and the prompt action taken to circulate the minutes. This could be emulated with advantage for preparing the papers for the Export-Import Advisory Council. They would also suggest that a statement showing action taken on the various suggestions made by the members at the last meeting may be circulated to them for information, as is being done already in the case of Board of Trade.

REPLY OF GOVERNMENT

Government have taken note of the suggestions of the Estimates Committee. Action is being taken to streamline the procedure for the circulation of Minutes, for communication of the decisions etc. in respect of the meetings of the Export Import Advisory Council. Every effort will also continue to be made to improve the standard of the Agenda papers for the meeting.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 25) Para No. 56.

Since the traditional items of exports continue to be the primary earners of foreign exchange, the Committee cannot too strongly stress the need for keeping a close watch on their performance. In fact, every effort should be made to increase the export of these commodities particularly to new markets so that export earnings are augmented.

REPLY OF GOVERNMENT

Government accepts the recommendation. Necessary action is being taken to increase the export of the traditional commodities particularly to new markets so that export earnings are augmented.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 26) Para No. 57.

The Committee are glad to note that exports of oil cakes, vegetable oils, etc. which had declined in the past few years have

recovered and touched the figure of Rs. 59·2 crores in 1963. They trust that no effort would be spared to increase the export of oil cakes and vegetable oils.

REPLY OF GOVERNMENT

Every effort will be made to promote the exports of oil cakes and vegetable oils.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 27) Para No. 58.

The Committee suggest that concerted efforts may be made by the Government and industry to increase the yield of jute. In this context, the Committee would stress the need for supply of good quality seeds at reasonable prices and adequate supply of fertilizers.

REPLY OF GOVERNMENT

A Model Scheme devised by the Ministry of Food and Agriculture which lays emphasis on the use of improved jute seeds, improved agricultural implements viz., wheel-hoes and seed drills fertiliser mixture etc. and the provision of improved retting facilities, has been sent to the State Governments for implementation. In addition, the State Governments have been asked to appoint a wholetime Joint Director to be in charge of jute development programmes. The State Governments in conjunction with the Government of India are giving subsidies to the cultivators in order to induce them to make maximum use of improved seeds and fertilizers and implements. Besides giving short term loans to the State Governments for supply of fertilizers to the jute growers, the Government of India make specific allocations of fertilizers for the use of jute crop.

2. A programme of intensive cultivation known as Package Programme has been introduced in five selected districts (3 of West Bengal and 2 of Bihar) where the yield per acre is very low and it is proposed to extend this programme to 8 more districts during the Fourth Plan period. In addition to the various subsidies etc. already available under the general jute development programme, the following facilities have been extended for the Package Programme on jute:

- (i) the extra cost of the fertilizer mixture to the extent of Rs. 50 per ton is being subsidised and the expenditure incurred on this account is being shared equally between the Central and State Governments.

- (ii) the expenditure incurred by the State Governments on the additional staff, to be provided for the Package Programme, is being shared equally by the Central and State Governments.
- (iii) A subsidy of Rs. 20 per maund is being allowed on the sale of improved seed and nucleus seeds are supplied by the Nucleus Jute Seed Multiplication Farm of the Indian Central Jute Committee. A Scheme for the production of certified jute seed has recently been prepared in the Ministry of Food and Agriculture. Under this scheme the nucleus seeds produced by the Jute Agricultural Research Institute, Barrackpore, will be supplied to the National Seed Corp. for the production of foundation seed. Further, multiplication of the seed will be arranged through registered growers in the States of Uttar Pradesh and Rajasthan.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 28) Para No. 59.

The Committee would stress the need for finalising studies about the cost of production of jute at an early date and devising suitable measures to reduce the cost of production so as to make Indian raw jute competitive in price with that of Pakistan.

REPLY OF GOVERNMENT

In so far as cost of production of jute is concerned, the Indian Central Jute Committee had previously set up ten Centres under its control in the States of West Bengal, Bihar, Assam and Orissa for collecting data on prices, costs, stocks despatches, arrivals, etc. (excluding those on cost of cultivation) on a regular basis according to ten sets of proformae. Later on, an Expert Sub-Committee under the Chairmanship of Dr. V. G. Panse, Statistical Adviser, ICAR, which was set up to go into the question of cost of jute cultivation, observed that no useful purpose was likely to be served by continuing the investigation on the cost of jute cultivation which had been carried on for several years by the Indian Central Jute Committee as it lacked representativeness and the method of collection of data was also defective. It, therefore, recommended that these investigations should be stopped and instead a Comprehensive Survey on a representative sample of adequate size should be conducted through the agency of whole time field investigators residing in the villages

selected for enquiry and recording data on the basis of day to day observations, supplemented by enquiry only to the extent necessary.

2. The Director, Economic Research, Indian Central Jute Committee prepared a Scheme on the lines of the recommendations of the sub-Committee spread over a period of four years and costing Rs. 11,92,818. The above scheme was sanctioned for implementation with effect from 1st April, 1962 for a period of two years. Since appreciable progress could not be made in the first year of the above scheme on account of organisational and recruitment difficulties, the scheme has been extended on the existing basis for a further period of one year i.e. upto 31st March, 1965. The object of the scheme is to undertake a comprehensive survey on a representative sample of adequate size through the agency of wholetime field investigators residing in the villages selected for enquiry and recording data on the basis of day-to-day observation, supplemented by enquiry only to the extent necessary.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 29) Para No. 60.

The Committee would stress that the Indian Central Jute Committee should draw up model schemes for providing retting facilities which are best suited to the requirements of different jute growing areas. There is also need for close follow up action to ensure that the funds earmarked for this purpose are put to effective use, as reports to the contrary have been received.

REPLY OF GOVERNMENT

The Indian Central Jute Committee has already drawn up a scheme for providing retting facilities to the Jute growers and the same was forwarded to the State Governments in March, 1963 for implementation with suitable modifications, wherever needed, in view of the local conditions. This scheme seeks to establish bigger tanks along canals, rivulets and tubewells, so that running water could be made available as far as possible. However, the State Governments could not implement the scheme because of lack of funds under the Minor irrigation and Rural Works Programmes.

In order to enable the State Governments to implement the scheme in right earnest, the Government of India have agreed to make available to the State Governments a sum of Rs. 3.00 crores by

way of medium-term loans during the remaining period of the Third Plan. According to the information so far received in the Ministry of Food and Agriculture, the State Governments are not enthusiastic about taking up this scheme on the basis of loans. Consequently no expenditure in this behalf was incurred during 1963-64 out of the budget provision of Rs. 50.00 lakhs which was surrendered in full. The reconstituted Central Supervisory Body for Jute considered this scheme at its second meeting held at Calcutta on 21st February, 1964 and recommended that the concerned State Governments should be asked to examine the economics and feasibility of implementing the scheme, in consultation with their Irrigation and Panchayat Deptt. The State Governments were accordingly addressed on 2nd March, 1964 by the Ministry of Food and Agriculture but no specific reply in this behalf has so far been received from any of the State Governments. The Chief Jute Development Officer of the Indian Central Jute Committee, has, however, discussed the scheme with the Government of Bihar and he is also likely to visit Orissa for the same purpose. The Government of West Bengal have been reminded in the matter. The whole scheme is proposed to be re-examined after the above information is received from the State Governments. In this connection it may be pointed out that one of the conditions attached to the grant of medium term loans out of the provision of Rs. 3.00 crores is that the Loan money will be earmarked specifically for the construction of retting tanks and provision of cement-concrete slabs.

It has been agreed that the provision of Rupees three crores will be made available to the States on a 25 per cent grant and 75 per cent loan basis. The possibility of a further liberalisation is being examined.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 30) Para No. 61.

The Committee consider that the full benefit of fixing the "floor" price of jute would reach the cultivators only if effective measures are taken to ensure that the derivative prices fixed for all secondary markets corresponding to the "floor" price at Calcutta are fully maintained in all secondary markets.

REPLY OF GOVERNMENT

Derivative prices corresponding to operational minimum price of Rs. 30 per maund for Assam Bottom at Calcutta have been fixed for as many as 85 secondary markets in the different jute growing States

for S. T. C.'s price support operations. A statement showing the fortnightly prices of jute ruling in certain selected secondary markets in the different jute growing States together with the corresponding prices at Calcutta since July, 1963 is attached. It will be seen therefrom that prices of jute in almost all the secondary markets have been well maintained and, in fact, ruled at or above the parity of the operational minimum price except in 4 secondary markets in U.P., 3 in Andhra Pradesh and 5 in Bihar. To ensure that the derivative prices fixed for all secondary markets are fully maintained, the following measures have been taken:

- (1) Suitable arrangements have been made so that the cooperative societies in all the secondary markets in the different jute growing States will readily buy all the jute that growers can offer at the minimum operational prices fixed by Government.
- (2) In order that financial bottlenecks are not allowed to hamper these price support purchases, S. T. C. placed at the disposal of the State Governments adequate funds to the extent of Rs. 1.55 crores in 1962-63 and Rs. 1.70 crores in 1963-64. These were initial limits upto which advances could be drawn by the State Governments with the further assurance that S. T. C. could consider providing additional financial assistance if and when required.
- (3) Administrative arrangements provided that whenever prices in secondary markets tended to sag, telegraphic intimation was received by the S. T. C. and other authorities of the State Governments concerned so that the arrangements kept in readiness for purchase operations in those areas could be activated through the cooperative and through other channels if such a course became necessary to maintain the minimum operational prices in the up-country areas.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Statement showing fortnightly prices of Jute in Certain Selected Mofussil Markets with the corresponding prices at Calcutta since July, 1963.

(Price per maund basis bottom grade)

Date (1)	Dinhata		Calcutta		Bongaon		Calcutta		Nowgong		Calcutta		Purnea		Calcutta		Murliagar		Calcutta		Danpur		Calcutta	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)												
	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.
Minimum operation-al price.	24.00* 24.00@	29.50	29.00* 27.63@	31.00	23.00* 23.00@	30.00	22.50* 22.50@	27.50	19.00* 20.29@	24.00 25.50@	25.00* 25.00@	32.00												
1-7-63	24.75	28.50	32.25	31.00	25.25	28.50	22.00	26.00	18.50	23.00	24.75	30.50												
15-7-63	23.74	27.50	29.00	30.50	24.50	28.00	22.00	25.50	18.50	22.00	24.75	30.00												
1-8-63	24.50	28.00	29.00	31.00	25.00	28.50	22.50	26.00	18.75	23.00	24.75	30.50												
16-8-63	26.50	29.50	30.50	32.00	26.50	30.00	24.00	27.60	20.50	24.00	26.50	31.50												
2-9-63	25.50	29.50	30.00	32.00	25.75	30.00	23.00	27.00	19.50	23.50	26.00	31.50												
16-9-63	26.00	29.00	30.50	32.00	26.00	29.50	23.50	27.00	19.50	23.50	26.00	31.50												
1-10-63	26.00	29.50	30.50	32.50	26.00	30.50	23.50	28.00	19.50	24.00	26.00	32.00												
15-10-63	25.00	29.00	29.50	31.50	25.50	29.50	23.00	27.00	18.50	23.00	25.50	31.00												
4-11-63	26.00	29.00	30.00	31.50	26.00	30.00	23.75	27.00	19.25	23.00	26.50	31.00												
16-11-63	26.25	29.50	20.25	32.00	26.75	30.50	24.00	27.50	19.50	24.00	26.75	31.50												

* Estimated upto 31st August, 1963.

@ Effective from 2nd September, 1963 as recommended by the Patel Committee and accepted by the Government for S.T.C. price support operations.

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2-12-63	25.75	29.00	29.75	32.00	26.25	30.00	23.50	27.00	19.00	23.50	26.25	31.00
6-12-63	25.25	28.00	29.50	31.00	25.75	29.00	23.00	26.00	18.25	23.00	25.50	30.50
2-1-64	25.50	29.00	30.50	32.00	26.50	30.00	23.75	27.00	19.00	23.50	26.25	31.00
15-1-64	25.50	29.50	30.50	32.00	26.50	30.00	23.75	27.50	19.00	24.00	26.25	32.00
1-2-64	26.00	29.50	31.25	33.00	27.50	30.50	24.25	27.50	19.50	24.00	27.50	32.00
14-2-64	26.00	29.50	31.25	33.00	27.50	30.50	24.25	27.50	19.50	23.50	27.50	32.00
2-3-64	25.25	29.00	30.25	32.50	26.75	30.00	23.75	27.00	19.00	23.50	26.75	31.00
16-3-64	25.50	30.00	31.50	33.00	27.00	31.00	24.50	28.00	20.50	24.00	27.00	31.00
1-4-64	26.50	31.00	32.50	33.50	28.00	32.00	25.00	29.00	21.50	25.00	28.00	32.50
15-4-64	26.00	30.00	31.50	33.00	27.50	31.00	25.50	28.50	21.00	24.50	27.50	32.00
1-5-64	26.00	30.50	31.50	33.00	27.50	31.50	25.00	28.50	21.00	24.50	27.50	32.50
15-5-64	26.00	30.50	31.50	33.00	27.50	31.50	25.00	28.50	21.00	24.50	27.50	32.00

Recommendation (Serial No. 31) Para No. 62.

The Committee suggest that Government may consider the question of introducing a system of revolving licences for importing jute so that the purchases can be made at the most opportune time from Pakistan.

REPLY OF GOVERNMENT

The question of allowing of high-grade long jute and cuttings for use in the manufacture of carpet-backing, bright hessian and other specialities more liberally as also the proposals for introducing a system of revolving licences is under active consideration of the Government of India. The Government have been allowing the import of jute from Pakistan from time to time when the situation so warranted.

2. It has since been decided that allocations of foreign exchange for import of raw jute will be made on an annual basis. Import Licences will be valid for a period of one year instead of for six months. This will enable the Mills to make purchases or enter into contracts at most favourable prices.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 33) Para No. 64.

The Committee understand that there are about 15 per cent of jute mills which are still not modernised. They would suggest that steps may be taken in conjunction with the jute industry to improve the working of these units.

REPLY OF GOVERNMENT

The details of the Mills which are still to be modernised together with their loomage are given in the enclosed statement. This constitute 15·6 per cent on total hessian and sacking looms.

2. The number of spindles on fine and coarse-side installed on 30th September, 1963 as mentioned in the Committee's report is correct. While expressing the extent of modernisation in percentage, a more correct picture would be as follows, inasmuch as the distribution of modern spindles is not uniformly spread within the industry. Taking this factor into account, the extent of modernisation for standard looms would be as follows:—

Fine side	78·9%
Coarse side	95·06%

3. 46·4 per cent of the industry on the fine side and 62·8 per cent on the coarse side are fully modernised. About 5 per cent of the fine side and 5·8 per cent in the coarse side are not modernised at all. In the remaining cases, modernisation has been in varying degrees. The number of installed broad looms was 2,600 and not 2,500. The present installed capacity of broad looms is 2,700.

4. In regard to the liberalisation in policy of spindle installation from 2-shift basis to 3-shift basis, the correct position is that according to the present policy the basis adopted is that spindles working two shifts should be able to feed looms on single-shift, as against the spindles having to work 3 shifts to feed looms on single shift obtaining earlier. In addition, a 20 per cent cushion on the 2-shift basis spindle figures is also allowed.

5. As regards the steps to enable modernisation of the jute mills which have not been modernised, import of jute mill machinery for the purpose is considered on priority basis. The facilities of loans by the established financing organisations like I. F. C., (long term loans) through scheduled banks (short term loans) can also be availed of provided the company's financial position entitles them to such loans.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Names with loomage of mills which have not yet been modernised.

Name of the Jute Mill	Total looms installed including others as on 31-12-63	As per- centage of Total
1	2	3
Clive	1009	15·6
Prabartak	119	
Reliance	1280	
Kedarnath	220	
Bhutoria	188	
Bharat	362	
Bengal	1040	
Sree Mahadeo	220	
Sree Ganesh	137	
Sree Krishna	136	
Sree Bajrang	120	
Sree Hurdotroy	534	

1	2	3
Sree Luchminarain	500	}
Kathar.	220	
Raigarh	220	
Victory	176	
Premchand	604	
Angus	1196	
Titagarh	1794	
Victoria	1331	
TOTAL	11406	
Total looms installed in the country	72916	

Recommendation (Serial No. 34) Para No. 67.

The Committee would stress the need for making concentrated and urgent efforts to expand the export of carpet backing, to evolve new uses for jute and to diversify its production so that Indian jute is able to meet effectively the challenge presented by substitutes. They would also suggest that the possibilities of manufacturing tufted carpets in the country which have considerable export potential, may be urgently investigated.

REPLY OF GOVERNMENT

Steps have been taken to develop the production and export of jute specialities.

2. In order to encourage the production of speciality goods, particularly carpet backing cloth, import of high grade jute not available in India and specialised machinery (high speed dressing machines, pre-beamers, etc.) are being allowed liberally. The IJMA is currently operating a voluntary quality control and inspection scheme in order to ensure that the goods exported conform to the standard specification or any specification agreed to between the buyers and the sellers.

3. The Association has also drawn up a comprehensive programme for research and diversification and submitted tentative proposals for the establishment of a Fibre Conversion Unit and Product Development Cell at the Association's Research Institute. Government have agreed in principle to give a grant to finance this project and it is hoped that research in this field will open up new outlets and uses for jute goods.

4. A few mills have already submitted proposals for the manufacture of woollen tufted carpets and letters of intent have been issued so far in 13 cases.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 35)

The Committee suggest that the advisability of continuing the practice of using a proportion of second-hand jute bags for packing of cement may be examined early by Government. They would also suggest that research efforts to improve the quality and durability of jute bags may be intensified (Paragraph No. 68).

REPLY OF GOVERNMENT

The use of second-hand bags for packing cement was discontinued in 1958 on the basis of the recommendations of the Tariff Commission, mainly due to the poor quality of the second-hand bags resulting in loss in handling and transit. Also the jute industry was then in a position to satisfy the requirements of bags for cement industry. However, in 1961 the ban imposed on the use of second-hand bags for packing cement was lifted as a temporary measure in view of the high prices and the difficult supply position. This concession has been extended from time to time upto December, 1964. While it is true that the availability of jute bags has since eased considerably it would appear yet inopportune to discontinue the use of second-hand jute bags in the cement industry. This matter has been recently reviewed in consultation with all concerned and it has been decided to continue the present policy. The main arguments in favour of the use of second-hand bags to the extent of 33½ per cent which weighed with the Government are as follows:

- (1) The Cement Manufacturer's Association are of the opinion that if the Government could be persuaded to assure that the policy of packing in new bags could be made operative for a reasonably adequate period of time and if reasonably stable prices for new packing could be obtained from the Indian Jute Manufacturers' Association the cement industry should have no objection to resort to packing of cement in new bags. The I.J.M.A. have not been able to make long term arrangements with cement producers for the supply of bags at prices which would not be affected by fluctuations in daily quotations. Government, therefore, are not yet in a position to assure the cement industry a stable price of bags.

- (2) The use of entirely new jute bags for cement would entail increase in the present level of packing charge by about Rs. 1·75 p. per tonne. It will be against the policy of holding the price line to the extent possible.
- (3) The cement producers have made long term arrangements for procuring serviceable second-hand jute bags and the present arrangement is working satisfactorily.
- (4) The loss of cement by way of seepage is not much as it depends upon the number of handlings involved in transit in each case. The producers are expected to use only serviceable second-hand bags.
- (5) The Government review the question of use of serviceable second-hand bags from time to time. The extent of such usage has now been restricted to one-third of the total bags used and this use is not compulsory. Government are not preventing the use of new bags to a larger extent than two thirds. All that the Government are doing is to allow a packing charge allowance on the assumption that second-hand bags are being used upto one-third.
- (6) The cement manufacturers are expected to seek economies through bulk transport and bulk delivery which is a technological development and is to be encouraged. So, in the long run, the need for jute packing will progressively diminish.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The action taken on the second part of the recommendation i.e. regarding intensification of research efforts to improve quality and durability of jute bags may kindly be stated.

[Lok Sabha Secretariat O.M. No. 4/3(1)/EC/64, dated 2nd September, 1965].

FURTHER REPLY RECEIVED FROM THE GOVERNMENT

Jute bags for packing of cement are at present covered by Indian Standard Specification No. IS-2580-1963. The question of revision of the Standard has been engaging the attention of the Jute Bags Sectional Committee, TDC-41, functioning under the Indian Standards Institution, and of the Indian Jute Mills Association Research Institute. It is now proposed to introduce a revised Standard which

would improve the quality of jute bags significantly. The comments of interests concerned were called for by the 28th September, 1965, before the Standard is finalised.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated the 12th October, 1965].

Recommendation (Serial No. 37) Para No. 70.

The Committee cannot over-emphasise the importance of carrying out market surveys on scientific lines for export of Indian jute goods.

REPLY OF GOVERNMENT

The general question of carrying out market surveys on scientific lines is being examined in consultation with the trade and industry.

2. The Indian Jute Mills Association has already engaged the services of a firm of industrial consultants (Fabric Research Laboratories) in the U.S.A. for a market research project on behalf of the jute industry. This work is now in progress. A similar research undertaking is also expected to be sponsored in West Europe.

3. Market Surveys in respect of certain selected items of jute manufactures such as carpet backing cloth are also proposed to be arranged in certain foreign markets with the assistance of Indian Commercial and Trade Representatives there.

4. Government have also in the recent past sent Delegations to (i) U.S.S.R. & East European Countries (ii) U.K. and West Europe and (iii) Africa for an on the spot study of the market for Indian jute goods. A similar delegation has visited Canada and U.S.A. recently.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 38) Para No. 71.

The Committee cannot too strongly emphasise the need for taking urgent and effective measures in conjunction with industry to meet the growing challenge by Pakistan Jute Mills in the export markets of the world.

REPLY OF GOVERNMENT

The Government are fully alive to the situation and the question of meeting the Pakistan competition effectively is already under consideration.

2. Government have also in the recent past sent delegation to (1) U.S.S.R. and East European countries, (2) U.K. and West Europe and (3) Africa with a view to build up goodwill in favour of Indian Jute goods.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 39) Para No. 72.

The Committee note that Government have imposed a ban on the export of mica on consignment basis w.e.f., 1st February, 1964. Government have also fixed minimum export prices of certain varieties of mica. The Committee feel that the above steps should have been taken much earlier to stop the undesirable practice of sale of mica on consignment basis which was against the larger national interests.

The Committee also suggest that the reasons for the decline in prices obtained for mica in 1962-63 specially in U.K. and East Germany may be carefully analysed and steps taken to see that mica exports fetch adequate prices in the export markets of the world.

REPLY OF GOVERNMENT

From the figures of exports below it will be observed that the exports of mica were more in 1962-63 than in 1961-62.

2. Export earnings per unit on individual grades of Mica exported to U.K. and East Germany were also greater (except in the case of Mica Splittings to East Germany).

3. The difference in the average price per unit of mica exported to U.K. and East Germany is explained by the fact that Mica Waste constitutes a much greater proportion of imports by U.K. as compared to East Germany.

4. It will also be observed from the following statistics that during 1962-63 there were more exports of Mica Waste both to U.K. and East Germany than in 1961-62. The price of Mica Waste is very low. Therefore, whereas, there were increases in the overall exports of Mica to U.K. and East Germany and also in the unit price for individual grades exported during 1962-63, the foreign exchange realisation has been lower per unit both in the case of U.K. and East Germany i.e., 1.9 in 1962-63 as against 3.5 in 1961-62 and 5.6 in 1962-63

as against 15.03 in 1961-62, respectively.

1961-62

Description	U.K.			East Germany		
	Qty. (Kgs.)	Value (Rs.).	Price per unit (Rs. per Kg.)	Qty. (Kg.)	Value (Rs.)	Price per unit (Rs. per Kg.)
1. Mica Block	4,94,044	77,44,643	15.7	55,284	22,99,642	41.5
2. Mica Splittings	11,21,163	82,54,437	7.3	1,05,910	16,39,261	15.4
3. Mica Waste	29,51,142	3,68,249	10	1,01,605	12,121	11
GRAND TOTAL	45,66,349	1,63,67,329	3.5	2,62,799	39,51,024	15.03

1962-63

Description	U.K.			East Germany		
	Qty. (Kgs.)	Value (Rs.)	Price per unit (Rs. per Kg.)	Qty. (Kgs.)	Value (Rs.)	Price per unit (Rs. per Kg.)
1. Mica Block	3,48,128	60,68,740	17.4	31,460	16,26,434	51.6
2. Mica Splittings	10,93,212	87,09,449	8	2,05,958	24,15,224	11.7
3. Mica Waste	67,43,292	8,07,548	12	4,92,525	58,891	11
GRAND TOTAL	81,84,632	1,55,85,737	1.9	7,29,943	41,00,549	5.6

5. Further it is apprehended that the foreign buyers are making more use of waste mica to replace import of mica splittings which are costlier items. Scrap Mica is also reported to be used by the importing countries for making Samica or reconstituted mica which is being used to some extent as a substitute for Indian mica splittings.

6. Price per unit of Mica Waste exported in 1961-62 and 1962-63 to U.K. works out to Rs. 100-120 per ton. In order to check this tendency on the part of importers to utilise mica waste and scrap in place of splittings, minimum price of mica scrap has been fixed

at Rs. 200 f.o.b. per ton; and factory cuttings exports of which specifically comes in the way of export of splittings has been banned for export. Moreover, minimum prices of known and identifiable varieties of Mica have been fixed.

7. It is hoped that the new pattern of export trade in Mica would help to earn more foreign exchange on exports of our Mica to all countries including U.K. and East Germany.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 40) Para No. 73.

The Committee would stress the necessity of evolving objective standards for mica in consultation with the industry at an early date. The standards to be evolved should be such as would command acceptance in the world markets. The Committee would like Government to consider the question of having quality control and pre-shipment inspection for mica as soon as suitable standards have been evolved.

REPLY OF GOVERNMENT

It may be mentioned in this connection that with a view to improve the exports and increase foreign exchange earnings, mica has been brought under compulsory pre-shipment inspection with effect from 1st August 1964. Mica Export Promotion Council, Calcutta has been appointed as the agency to carry out the pre-shipment inspection and issue the necessary certificate of export worthiness before export is allowed.

2. Steps are being taken to evolve mica standards in collaboration with the I.S.I. and the industry.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 41) Para No. 74

It is unfortunate that though India is the foremost country in the world so far as production and export of mica is concerned, adequate attention had not been paid in the past to the development of technology for processing of raw mica. The Committee would urge that priority may be given for development of technology and processing of mica. It is also essential that mica industry should be modernised in order to reduce the cost of production and to diversify the

fabrication of mica so that more foreign exchange can be earned through export of processed mica.

REPLY OF GOVERNMENT

It is true that India has been exporting mica in a semi-processed form from the beginning of the mica industry. Recently a few firms have started manufacture of fabricated mica i.e., Micanite, Condenser Cut Mica Plates and Silvered Mica Capacitors. A more vigorous research programme is under contemplation to find out more and diverse uses for mica.

2. An Export Incentive Scheme for Minerals and Mineral Ores has been set up. Under this Scheme import licences are granted for approved varieties of machinery, equipment and parts required for the mica processing factories and for the modernisation and machanisation of mines, spare parts, blasting materials tools and testing and other apparatus for the running and the maintenance of mines, all upto 10 per cent of the f.o.b. value of exports. Special chemicals if any, required by the Industry are also allowed to be imported upto 2½ per cent f.o.b. export value within the overall 10 per cent import entitlement.

Development of Technology

No systematic attempt has been made in India so far to evaluate the grades of mica for the various end uses and to make it readily available in graded and processed form to overseas consumers. The main difficulty of the Indian exporter is the existence of an abnormally large number of varieties of mica and the inter-mixed states in which it occurs. Some instruments have been developed for evaluating and grading of mica but they have not so far lent themselves for use in bulk grading, due to their being far too complicated, expensive and slow working. It is proposed to undertake a detailed study of the applicational and technological problems including effective utilisation of the lower grades of mica through the establishment of a Research Centre which could also look into the processing of mica for new applications.

Recently mica Research Project has been sponsored by the Mica Industry Association of U.S.A. aimed at the development of basic technical and scientific knowledge about the structure, physical properties and behaviour of mica and its potentialities; tackling of the problems involved in the work of processing of mica and evolving an organisation that would serve mica using industries in matters of technical data processing methods etc. This project has been accepted in principle so that it could achieve the following objectives.

- (a) Maintenance and intensification of the use of mica in existing processes and products.
- (b) Investigations conducted to find new outlets for mica or mica-based products.
- (c) Investigations for improving the quality of mica as well as for ensuring that the cost of mica and mica products remains competitive with that of possible substitutes.
- (d) Association of Indian scientific personnel at all levels with the Research Project in the USA with a view to each personnel continuing research on mica in India for objectives (a) to (c). above.

The expenditure on this project is likely to be financed from one of the United States AID Fund. The details regarding implementation of this project are being worked out.

Processing of raw mica, modernisation of the mica industry and diversification of mica production.

All these three aspects are inter-connected. While hitherto India has been content with exporting crude mica, it has now been realised both by the Indian exporters and the overseas exporters of Indian mica that it would be to their mutual advantage if the processing operations are done in India itself and mica is exported in finished form instead of crude forms. One of the reasons for this is the increasing cost of production of mica products in industrially advanced countries due to the increase in cost of living, increase in labour cost etc. A few overseas firms have of late been showing interest in the matter of setting up units in India for fabrication of mica. One such collaboration unit viz. Rao Insulating Company has already been set up in Bangalore this year. Proposals are also being examined for production of fabricated mica in India with U.S. and German collaboration.

[Ministry of Commerce O.M. No. Parl. 9(1) /64, dated 15th December, 1964]

Recommendation (Serial No. 42) Para No. 78

The Committee suggest that specific plans may be drawn up for the export of important engineering goods and actual performance should be reviewed, say once a quarter, by the Board of Trade and the Engineering Export Promotion Council to see whether any reme-

Additional measures are necessary not only to sustain the exports but to steadily increase them to earn foreign exchange.

REPLY OF GOVERNMENT

Annual Export plans with specific targets for different categories of engineering products are being drawn up, and a periodical review of actual performance will be undertaken. The Board of Trade will also review exports of engineering products from time to time.

[Ministry of Commerce O.M. No. Parl. 9(1) /64, dated 15th December, 1964]

Recommendation (Serial No. 43) Para No. 79.

The Committee suggest that the possibilities of supply of simple engineering components and products to meet the requirements of engineering industries in Europe and U.S.A. may be investigated and widely publicised by the Engineering Export Promotion Council so that full advantage is taken of these openings to earn foreign exchange.

REPLY OF GOVERNMENT

The Engineering Export Promotion Council have been requested to make an intensive study of the possibilities of the export of engineering components and products in the U.S.A. and Europe and to widely publicise the possibilities to individual exporters.

[Ministry of Commerce O.M. No. Parl. 9(1) /64, dated the 15th December, 1964]

Recommendation (Serial No. 44) Para No. 81

The Committee suggest that the problem of under-utilisation of capacity, especially of industries with export potential, should be carefully investigated and suitable remedial measures taken.

REPLY OF GOVERNMENT

The Government have taken note of the Committee's observation. In this connection, a list of engineering industries with export potential, which are at present under-utilised, received from the Director

General of Technical Development, is also forwarded herewith (given below).

Industries with export potential and the extent to which they are under-utilized

Sl. No.	Name of Industry	Extent of under-utilization	Remarks
1.	Razor Blades	30%	
2.	Utensils	50%	
3.	Crown Corks	14%	
4.	Expanded Metal	65%	
5.	Wood Screws	30%	
6.	Bicycles	24%	
7.	Sewing Machines	8%	
8.	Duplicators	34%	
9.	Typewriters	22%	
10.	Steel tanks	**	**The industry is mainly connected in the small-scale section
11.	Hurricane lanterns	30%	
12.	Sanitary Cans	30%	
13.	Aluminium Sheets	25%	
14.	Aluminium foils	14%	
15.	Brass and Copper sheets, circle and strips	40%	
16.	Sugar mill machinery	} Nil	It may be pointed out that machinery manufacturing industries are by and large substantially loaded and production is steadily rising except the few individual cases, whole industries have, as a result, idle capacity. This is more the case of export potential (e.g. some processing machinery, sugar machinery, weighing machinery etc.) due to the fact that such industries are well established and they do not suffer from consumer's prejudice. In many of these cases, their
17.	Tea processing machinery		
18.	Solvent extraction plants		
19.	Weighing machinery		
20.	Oil mill machinery		
21.	Rice mill machinery		

Sl. No.	Name of Industry	Extent of under-utilization	Remarks
			capacities are also interchangeable and consequently quite often they produce more of a particular item at the cost of some other items, depending on orders and the margin of profit.
22.	Diesel Engines . . .	Nil	
23.	Air Compressors . . .	50%	At present air compressors are not being exported and the production has been limited due to non-availability of adequate foreign exchange. However, the industry is progressing further towards reducing the import content. When the indigenous content increases further, the industry will be able to raise its production, & allocation to foreign exchange scale of operation economical. It will take considerable time before it is developed in this field.
24.	Industrial fans and blowers . . .	10%	Even in this industry no export has been developed and the idle capacity is again due to the limited resources of foreign exchange. As in the case of compressors, the percentage of imported content is being gradually reduced and with the given foreign exchange the idle capacity is likely to disappear.
	Welding electrodes	10%	
26.	Steel pipes and tubes	10%	
27.	Railway wagons .	40%	
28.	Incandescent lamp filament	12%	

Sl. No.	Name of Industry	Extent of Under-utilization	Remarks
29.	Flourescent lamps	4%	
30.	Aluminium conductors	10%	
31.	Bare Copper conductors	73%	
32.	VIR & PVC cables	25%	
33.	Electric Motors	13%	
34.	House Service metres	8%	
35.	Room air-conditioners	34%	
36.	Storage batteries	14%	
37.	Cast Iron non-pressure pipes	51%	
38.	Cast Iron pressure pipes	7%	
39.	Malleable iron pipe fittings	59%	
40.	L. P. Gas Cylinders	Nil	
41.	Wire Nails and panel pins	50%	
42.	Railway track fitting fasteners and accessories	50%	
43.	Bolts, nuts, rivets and Washers.	50%	
44.	Builders hardware	35%	
45.	Pressure Lamps and stoves	33%	
46.	Umbrella ribs and fittings	33%	
47.	Centrifugal and turbine pumps	†††	Very little idle capacity.
48.	Electric fans all types	Nil.	

Sl. No.	Name of Industry	Extent of Under-utilization	Remarks
49.	Dry batteries	Nil.	
50.	Electric motors, transformers and switchgears.	30 to 35%	
51.	Data processing machines.	†††There is no under-utilisation in this industry. Production started late in 1963.	

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 45) Para No. 82

The Committee feel that as Indian handicrafts come to be better publicised there is bound to be growing demand of them. They would stress the need for continuous research in the chief consuming markets so that the design of goods such as carpets, hand-printed textiles, jewellery, silk fabrics etc. can be modified to suit taste and requirements of those countries. The Committee trust that all efforts would be made to achieve the export target of Rs. 35 crores for handicrafts in 1965-66.

REPLY OF GOVERNMENT

Exports of handicrafts during 1963-64 have increased to Rs. 30.7 crores from Rs. 21.53 crores in 1962-63. Export target during 1965-66 has been fixed at Rs. 32.5 crores. Efforts that are being made to achieve this export target include market surveys, export publicity, exhibitions, bulk purchase and distribution of raw materials, dissemination of technical know-how, improvement in designing, credit and warehousing facilities, pre-shipment inspection, training of artisans, improvement in technique of production and in packaging etc.

2. The need for continuous research in consuming markets with regard to designs has been impressed upon the Handicrafts and Handlooms Export Corporation.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 46) Para No. 84

The Committee would stress that Government should make sustained efforts to encourage development of tanning industry in the

country. Encouragement should also be given to the export of leather goods in finished form rather than as raw hides and skins so as to earn maximum of foreign exchange.

REPLY OF GOVERNMENT

Government agree that there should progressively be a shift from export of raw and semi-processed forms to exports of further processed and finished products of leather. The various measures taken to encourage this process are set out below:—

- (i) The export of raw hides has been totally banned.
- (ii) Exports of raw sheep skins are not allowed except papras which form less than 1 per cent of the total production of sheep skins in the country.
- (iii) The exports of raw goat skins has been restricted Raw and semi-finished goat skins are further processed and finished for exports.
- (iv) The import policy for raw hides and skins has been liberalised.
- (v) A liberal import policy has been followed in the case of main tanning materials—wattle barks and wattle extracts.
- (vi) To augment the supply of tanning materials in the country, large scale plantations of wattle trees are undertaken in the country.
- (vii) One unit for the manufacture of wattle extract from indigenously available wattle bark has been licensed.
- (viii) Research and training of technical persons for the leather industry are conducted by a number of institutes in the country.
- (ix) Technical financial and marketing assistance is provided by the various agencies of the Government as in the case of other small scale industries.

2. The following measures have been taken to promote the exports of leather products:—

- (i) A separate Export Promotion Council has been established recently at Kanpur.
- (ii) A Special Export Promotion Scheme for Leather Manufactures is in operation. Under this scheme besides the

large number of items of raw materials and chemicals, import of machinery and spare parts of machinery, tools etc. is allowed against exports of leather products.

- (iii) The export of leather goods has been completely de-controlled.
- (iv) In bi-lateral trade agreements, leather goods are included among items meant for export.
- (v) A Development Council for Leather and Leather Goods Industries has been set up to study the problems of these industries and to make suitable recommendations to the Government.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 47) Para No. 85

The Committee suggest that concentrated efforts may be made by the chemical industry to step up exports of chemical and allied products to countries in Asia and Africa which offer promising markets. The Committee consider that as drugs and pharmaceutical industries have made rapid progress in the country, it should be possible for the well established units, particularly in the Public Sector, to increase their exports.

REPLY OF GOVERNMENT

Efforts are already being made to increase exports of drugs and pharmaceuticals to various countries including Asia and Africa. However, a particular note of this recommendation has been made and the Chemical Councils at Calcutta and Bombay have been specifically requested to make concerted efforts in this behalf. The Administrative Ministries concerned have been requested to persuade the established units in the public Sector manufacturing drugs and pharmaceuticals to increase their exports.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 48) Para No. 86

The Committee suggest that Government may consider the advisability of allowing a higher percentage of import entitlement to the chemical industry for importing machinery and spares for the purposes of replacement and modernisation.

REPLY OF GOVERNMENT

It has been decided that the exporter may be allowed to utilise, if necessary, his entire import entitlement for equipment and spares required for any authorised expansion, provided no increase is allowed in his Actual Users Quota of imported raw materials on this account.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 49) Para No. 88

The Committee hope that suitable measures will be taken in the light of the findings of the ad-hoc Committee constituted in the Indian Council of Agricultural Research to stimulate exports of the medicinal herbs and crude drugs. It would obviously be to the advantage of the country if medicinal herbs and drugs are exported after processing instead of in raw form so as to command higher per unit value.

REPLY OF GOVERNMENT

Necessary measures to stimulate the exports of medicinal herbs and crude drugs after processing, will be taken. Steps have already been taken to promote the exports of manufactures of nux vomica seeds in preference to nux vomica seeds.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 50) Para No. 91

As in the case of crude drugs and medicines the Committee would suggest that an ad hoc committee may be constituted by Government with representatives of various interests concerned to go into the subject of export of forest products with special reference to Myrabolans, walnuts and mushrooms so that concerted measures may be taken to increase their export.

REPLY OF GOVERNMENT

Government accepts the recommendation for the constitution of an ad-hoc Committee consisting of representatives of various interests concerned to go into the subject of export of forest products. The ad-hoc Committee has since been constituted under the auspices of the Ministry of Food and Agriculture.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 51) Para No. 92

The Committee would suggest that stringent quality control should be maintained over shipped seedlac in order to avoid unfair competition through sub-standard shipment. Quality Control would also ensure that the reputation built by India for superior quality of Indian seedlac as compared to Thailand would be maintained. They would also suggest that Government should vigorously explore possibilities of diversifying the export trade by instituting research and other suitable measures.

REPLY OF GOVERNMENT

Stringent quality control is being maintained in respect of shipments of seedlac. An elaborate procedure has been prescribed for the purpose and is being implemented rigorously by the Indian Lac Exporters Association. As regards the suggestion that Government should vigorously explore possibilities of diversifying the export trade by instituting research and other suitable measures, continuous effort is being made for finding new uses for lac. A proposal for research on a large scale is being formulated.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The latest position in the matter may be intimated.

[Lok Sabha Secretariat O.M. No. 4/3(1)/EC/64, dated 2nd September, 1964].

FURTHER REPLY RECEIVED FROM GOVERNMENT

After discussions, it has been decided by the various institutions concerned with lac research that certain specific research work should be done by each of the institutions, with a view to avoid duplication.

The various research institutions are also looking into the possibilities of extending the uses of lac products, such as use as plasticiser for P.V.C. in the manufacture of containers for storage batteries, in the manufacture of Chip Board and Plywood and in its application for leather finish and water-proofing.

In regard to research abroad, the Shellac Export Promotion Council are still formulating plans in the light of the overall requirements and the diversification of the lac Export Trade.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 12th October, 1965].

Recommendation (Serial No. 52) Para No. 93

The Committee would like to bring to the notice of Government some of the important suggestions made by the Tobacco Delegation 1962 such as obtaining of foreign technical assistance for diversified development of tobacco, need for developing production of thin cigar filler tobacco with low nicotine content specially for export, assisting the exporters in increasing re-drying capacity, and the need for intensifying foreign publicity programme.

The Committee hope that Government would take early action on these recommendations and draw up an integrated programme for the development and export of tobacco.

REPLY OF GOVERNMENT

The Estimates Committee's suggestion that foreign technical assistance should be obtained for diversified development of tobacco and that production of thin filler tobacco with low nicotine content should be developed (as recommended by the Tobacco Delegation of 1962) has been forwarded to the Ministry of Food and Agriculture, who are responsible for this aspect of the recommendation.

2. As regards assistance being rendered to the exports in the matter of increasing re-drying capacity, the recommendation is accepted. Action has already been initiated. Import licences for additional re-drying plants are being issued.

3. The suggestion regarding intensifying of foreign publicity programme has been noted, and steps in this direction have been initiated.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 53) Para No. 94

The Committee suggest that the reasons for the sharp decline in the export of synthetic stones may be carefully analysed and concerted steps taken to remedy the position and improve their export earnings.

REPLY OF GOVERNMENT

The Government accept the suggestion of the Committee.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 54) Para No. 95

The Committee suggest that the Ministry of International Trade may pursue the question of opening of a foreign post office at Jaipur for handling incoming and outgoing postal traffic in jewellery and precious stones and the appointment of a Customs Postal Appraiser at Jaipur to facilitate the export of these articles with the concerned Ministry/Department vigorously so that the difficulties experienced by the trade in the absence of these arrangements are removed and the export of precious stones and jewellery is facilitated.

REPLY OF GOVERNMENT

The suggestion regarding the foreign post office has been noted and is being pursued with the concerned Ministry.

[Ministry of Commerce O.M. No. Parl. 19(1)/64, dated the 15th December, 1964].

Recommendation (Serial No. 55) Para No. 96

The Committee suggest the decision on the proposal of authorising the Principal Postal Appraiser to conduct the appraisal of re-imported jewellery consignments without reference to Assistant Controller of Customs may be expedited.

REPLY OF GOVERNMENT

The Principal Postal Appraiser has since been vested with the powers of an Assistant Collector of Customs for appraisal of the re-imported consignments of jewellery.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 56) Para No. 99

While the improvement in the volume of India's Exports to East European Countries is no doubt significant, the Committee are somewhat concerned to note that India has been facing an unfavourable trade balance vis-a-vis these countries for the last two years especially as the bilateral agreements were supposed to ensure automatic balancing of India's exports to and imports from each of the countries concerned. India's adverse balance of trade with East European Countries during 1961-62 and 1962-63 amounted to Rs. 23.81 crores and Rs. 12.95 crores, respectively.

REPLY OF GOVERNMENT

It is agreed that although our trade with East European countries is planned on balanced basis annually, the total trade has in the recent years shown some adverse balance from India's side. The chief reason for developing such adverse trend in our trade from time to time is because of our accepting credits from some of these countries who are helping us in our economy. Thus apart from normal export import trade as per existing Trade and Payments Agreements, additional imports under credit arrangements have been for some years taking place in increasing quantum. In years to come these additional imports will no doubt have to be paid back in terms of corresponding additional exports.

2. Another reason for adverse balance of trade is attributable to shifting of imports from non-rupee areas to rupee countries to save free foreign exchange. This also may at times bring adverse balance of trade to India, upsetting the trade arrangements made with each of the East European Countries, to balance trade for each calendar-year.

However, every step is taken at the time of each annual negotiation to ensure that the trade is balanced, taking into consideration the above two points, as far as they can be envisaged.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 57) Para No. 101

The Committee suggest that suitable measures may be devised to discourage re-export if there is any, of Indian goods by East European Countries and their sale in other countries at a discount.

REPLY OF GOVERNMENT

Under the current Trade and Payments Agreement, the understanding between India and each of the East European Countries is that goods exported will not be re-exported by the importing country. The spirit of this understanding is being followed by both the parties although some cases of re-export and resale at discount by some of East European countries were brought to our notice and after due investigation, no positive evidence could be obtained. However, strict vigil is being maintained both at the time of export of India's commodities from Indian ports and at the time of their arrivals in third country ports, through the port licensing offices and customs authorities in India and Indian Embassies/Consulates abroad to

ensure that resale at discount does not take place in third country markets.

2. The question of devising a suitable fool-proof machinery to promptly detect such cases if any, is presently engaging the attention of this Ministry.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 58) Para No. 102

The Committee would stress the vital importance of collecting and comparing the price data of goods imported from rupee payment countries as well as other centres of supply so as to ensure that no unfair prices are charged for imports by these countries. They suggest that the scope for the studies by the Market Research Cell may be extended so as to cover a large number of representative imported items. They would also suggest that the result of such studies should be suitably publicised for the information and guidance of all concerned.

REPLY OF GOVERNMENT

The general question involved in the recommendation *prima facie* pertains to the D.G.S. & D. who conduct Research studies in prices and control the function of the Market Research Cell. A copy of the recommendation has been sent to the D. G. S. & D. for implementation.

2. So far as the question of charging unfair prices against imports from East European countries is concerned our bilateral trade agreements adequately protect this eventuality by making all imports subject to prices being internationally competitive and on the basis of contracts between buyers and sellers.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY COMMITTEE

The action taken by the D.G.S. & D. on this recommendation may kindly be ascertained and intimated.

[Lok Sabha Secretariat O.M. No. 43(1)/EC/64, dated 2nd September, 1965].

FURTHER REPLY RECEIVED FROM GOVERNMENT

The recommendation of the Estimates Committee has been accepted and D.G.S. & D. are making necessary arrangements to enlarge the scope of work in the Market Research Cell.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated the 15th January, 1966].

Recommendation (Serial No. 59) Para No. 103

The Committee suggest that Government may consider the advisability of allowing imports of a limited number of items which are normally imported from East European countries under Rupee Payment Agreements from general currency areas in order to enable the industry and trade to have a fair idea of their comparative price and performance.

REPLY OF GOVERNMENT

Items that are usually imported from East European countries are also importable from General Currency Area. Hence this recommendation can be implemented and is already being implemented as comparative prices are known to all quarters.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 60) Para No. 104

The Committee are glad to note that in the recent agreements, concluded with Hungary and Czechoslovakia, specific provision has been made about the export of manufactured and semi-manufactured goods. The Committee would suggest that specific provision for export of manufactured and semi-manufactured goods may be made in trade agreements, particularly with rupee payment countries. The Committee would also stress that suitable steps should be taken to show and publicise the Indian manufactured goods in the countries with whom we have bilateral trade agreements so that larger orders for export of manufactured goods can be obtained.

REPLY OF GOVERNMENT

During annual trade negotiations, foreign governments are persuaded to agree to buy on annual basis a substantial portion of engi-

neering and other manufactured goods including consumer articles from India, apart from their usual purchase of traditional goods, to diversify their pattern of purchase in India. These countries are supplied with exhaustive lists of manufactured goods for which India has potentiality for export. Delegations of Indian manufacturing firms are sponsored by the Engineering and other Export Promotion Councils to locate markets in these countries for specific items and conclude contracts. Exhibitions are also held abroad to physically display India's Engineering potentiality in this direction. Availing of every opportunity, the foreign Governments of the East European Countries are pressed to the effect that they should buy from us increasingly their requirements for light engineering products and other manufactured consuming goods as against our purchase of heavy machinery, plants etc.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 61) Para No. 105.

While it may not be possible for the Government to associate the representatives of trade and industry in the negotiations of trade agreements, the Committee feel that it might be possible for Government to invite suggestions from important chambers of commerce and industry so that all the cogent suggestions are duly considered and necessary provisions are made in trade agreement.

REPLY OF GOVERNMENT

Government accept the recommendation. Suggestions received from Chambers of Commerce/Associations/traders are usually taken into account during negotiations for concluding trade agreements. In future as recommended, suggestions from important chambers of commerce and industry will also be invited.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated the 15th December, 1964].

Recommendation (Serial No. 62) Para No. 106

The Committee consider that vigorous efforts are called for to sustain Indian exports to neighbouring countries like Ceylon, Burma and Nepal. They suggest that a detailed study of exports to these countries from India and China may be made with a view to evolve effective measures to meet the Chinese challenge in these natural markets for India's exports.

REPLY OF GOVERNMENT

In so far as Ceylon is concerned, India's balance of trade is reflected in the following statistics:—

(Rupees lakhs)

	Imports into India	Exports to Ceylon	Balance of trade
1960-61	413	1835	(+)1422
1961-62	450	1698	(+)1248
1962-63	818	1336	(+)518
1963-64	601	1915	(+)1314

The above figures show that the balance of trade is heavily in favour of India. They also show that while the exports declined appreciably during 1962-63, compared to 1960-61, we have been able in 1963-64 to regain the lost ground and in fact improve upon the performance in 1960-61 despite Chinese entry in that market. This improvement has been accounted for essentially by higher exports of fruits and vegetables, spices, cotton piecegoods, cotton twist and yarn and bidi leaves. It may also be added that steep fall in our performance in 1962-63 was due on the one hand to the restrictions imposed by Ceylon due to her difficult foreign exchange position and on the other disruption of trade in fish and fish preparations with this sector of trade being transferred to a State Monopoly. Since then, the State organisation has established itself and with better distribution and storage facilities our exports of fish in 1963-64 have considerably improved. In the current year, the position in respect of fish exports is expected to improve further.

2. The statistics of China's exports to Ceylon according to Ceylon Government's published statistics were as follows:—

	Rs. lakhs
1961	349
1962	410
1963	1381

These figures clearly show that China has entered the Ceylon market in a big way. This very high performance in 1963 is attributable to the Agreement concluded by Ceylon with China which essentially entailed exchange of rubber for rice. The spurt in the Chinese exports in 1963 was essentially due to very heavy imports of rice from that country. The exports amounted to Rs. 773 lakhs compared to 130 lakhs in the previous year. This increase is not at the expense of India since we are not in this field. Another major item of export by China to Ceylon was railway and tramway passenger cars. In 1963, the exports of this item were to the value of Rs. 108 lakhs whereas in 1962 they were to the value of Rs. 17.5 lakhs, China being the sole supplier. China has also been increasing her exports of cement and tyres and tubes. In the latter item, we are new in the field whereas in the former item our exportable surplus is limited. China has also been consolidating her position in so far as textiles are concerned, in which field we are interested. So far, however, no adverse effects have been felt since, as against our exports of Rs. 168 lakhs in 1962-63; they rose to Rs. 391 lakhs in 1963-64.

3. Government has kept under constant review the position of our trade with Ceylon *vis-a-vis* competition not only from China but any other source in respect of both the traditional and new items which India is in a position to offer. To further ensure that not only the level of trade with Ceylon is maintained but improved, several measures have been taken; the more important ones are recounted below:—

- (1) There is a Trade Agreement between the two countries. In addition, trade talks are held annually for deciding upon the exchange of specified goods of interest to both countries.
- (2) A show-room is maintained as a part of the Commercial Section of the Indian High Commission in Colombo for giving publicity to the wide range of goods of quality which India is in a position to supply. A wholly Indian exhibition is also planned to be organised in early 1965.
- (3) With a view to encouraging export of capital goods to Ceylon, India has agreed to deferred payment facilities being extended upto 7 years for a total value of Rs. 5 crores.
- (4) As a result of the encouragement given to Industry in India, collaboration arrangements have been concluded by

Indian parties with firms in Ceylon for the manufacture of bicycles, sewing machines and electric fans. Negotiations by other Indian parties are in progress for similarly setting up other industries in Ceylon.

4. In so far as NEPAL is concerned, India's balance of trade is reflected in the following statistics:—

(Rupees lakhs)

	Imports into India	Exports to Nepal	Balance of trade
1960-61	467	1020	(+)553
1961-62	359	916	(+)557
1962-63	264	437	(+)173
1963-64	541	1167	(+)626

It may be mentioned that the above statistics for the years 1960-61 and 1961-62 are based on those compiled by the Customs whereas the statistics for 1962-63 were compiled by the Economic Adviser. From April, 1963 onwards, the D.G.C.I. & S. is compiling the figures of Indo-Nepal trade. The above statistics show that the balance of trade is heavily in favour of India. They also show that while our export steadily declined from 1960-61 to a low level of Rs. 437 lakhs in 1962-63, there has been a significantly marked improvement in 1963-64. This improvement may be attributed to the concerted efforts made by Government to cultivate this important neighbouring market. Some of the more important measures contributing to this trend are listed below:—

- (1) An Indian Salt Delegation visited Nepal in June, 1963 to discuss the increased off take of salt by Nepal. Thereafter, a Nepalese delegation visited India during November, 1963 and concluded a contract with the State Trading Corporation for the purchase of 55,000 tons of Indian salt.
- (2) It has been decided to organise a wholly Indian exhibition in Nepal in November, 1964 to acquaint the trading and consumer circles there about the wide range of goods and

equipment India is in a position to supply. The Govt. of India have also agreed to extend a loan of Rs. 10 million to Nepal to utilise for buying capital goods in India as also for investment in and loans to industrial ventures.

- (3) A Delegation sponsored by the Federation of Indian Chambers of Commerce and Industry visited Nepal during September, 1963. It held discussions with the Industrial and trading circles as also with officials of HMG Nepal regarding schemes of joint ventures in that country and expansion of Indo-Nepalese trade. As a result of this, it is expected that more and more industries will be set up by Indian parties in collaboration with Nepalese firms. Collaboration ventures covering a woollen mill and a katha factory are expected to go into production in the near future. The negotiations of Birla Brothers for setting up a textile mill are in an advanced stage. There are also some negotiations understood to be under way for the setting up of a sugar plant.
- (4) The Treaty of trade and transit entered into by India with Nepal in 1960 and valid for 5 years initially has as its objective the development of the economies of the two countries towards the goal of a common market. Further subject to such exceptions as may be mutually agreed upon, goods originating in either country and intended for consumption in the territory of the other are exempt from Customs duties and other equivalent charges as well as from quantitative restrictions. It was also decided during July, 1963 when the Nepalese Trade Delegation visited India for discussing various subjects having a bearing on the Treaty that periodic reviews would be held. As a follow up of this, an Indian trade delegation visited Nepal during October, 1963 and a Nepalese delegation visited India during January, 1964. The Minister of Commerce during his visit to Nepal early this year also discussed matters concerning promotion of trade between the two countries.

5. The above measures have helped to ensure against our exports being adversely affected and also improve our overall trade position. Despite this, Government has under constant review the competition from China and other sources to our traditional as well as non-traditional exports. So far, however, China's exports have not been on any substantial scale. Such exports as far as information is avail-

able have been essentially of consumer goods, such as sewing machines, radios, watches, newsprint, cement, woollen goods, cotton textiles, stationery etc. These supplies are made against AID to Nepal given by China. The sale proceeds of the goods are utilised for meeting the local cost of Chinese aided projects.

6. Of Nepal's total volume of imports and exports trade with India accounts for around 99 per cent and 94 per cent, respectively. It is Nepal's desire to diversify her trade. As a sovereign country, she is free to enter into trading relations with other countries she chooses. However, every effort is made by the Government of India to meet as far as possible, all the requirements of Nepal and accommodate her in selling her available surplus to India. To meet Nepal's requirements in connection with the developments taken place in that Kingdom, India has agreed to increase the supplies of POL products, steel goods, sugar and pig iron despite shortages in India. On the imports side again, any hindrances to free flow of imports from Nepal are as far as feasible removed.

7. The cumulative effect of all these measures should certainly help not only to maintain the present level of trade but also to improve it.

8. In so far as Burma is concerned, India's balance of trade with this country has been as follows:—

(Value in lakhs of Rs.)

Year	Imports	Exports	Balance of Trade
1960-61	1365	652	(—)713
1961-62	1124	513	(—)611
1962-63	909	501	(—)408
1963-64	899	631	(—)268

9. It will be noticed that India's balance of trade which was unfavourable to the extent of Rs. 713 lakhs in 1960-61 has been steadily improving and in the year 1963-64 India was left with an unfavourable balance of trade of Rs. 268 lakhs only. Two statements showing commodity-wise imports from and exports to Burma are enclosed as Appendices (I) and (II).

10. Our exports in 1963-64 have picked up and come almost to the level of exports in 1960-61, after suffering a decline in the years 1961-

62 and 1962-63. Our imports during these years have also been falling, the value having come down from Rs. 1365 lakhs in 1960-61 to Rs. 899 lakhs in 1963-64, the two main items responsible for the fall being rice and teak and timber. While in the case of rice, our imports have again increased, our requirements of teak and timber are now being increasingly met from indigenous sources though some imports are continuing.

11. The main items of exports to Burma are cotton and jute manufactures, dried prawns and coir manufactures. The fall in our exports of these and other items is due largely to Burma's increased imports from Japan in the shape of reparations and from China either as aid or out of the loan of £ 30 million. The barter agreement with China has also cut into our exports to Burma. It is understood that China had supplied nearly 60% of Burma's cotton textiles imports in 1961-62. Imports of Jute manufactures from India which had been falling for some time registered a sharp decline in 1963-64, the requirements being now met in increasingly larger measures by Pakistan, on lower prices with the help of their bonus voucher scheme. Exports of coir products were also affected because Burma had restricted the source of supply to Ceylon. However, this restriction has since been lifted as a result of efforts made by the Government of India.

12. Another factor which adversely affected trade with Burma is the recent nationalisation of Burma's import/export trade. Formerly Burma's import trade used to be in private hands. But this pattern has since changed. At present, there is one main importing agency, that is the People's Stores Corporation, Rangoon. All purchases are made by this Corporation through Global tenders on the basis of competitive tender prices. Negotiations are rarely resorted to except in very large Government to Government contracts or where the Executive Committee of the Corporation makes lower counter offers to cut down prices. It has been the policy of the Revolutionary Government of the Union of Burma to concentrate the entire import and export trade and local wholesale and retail distribution business in Government Corporations and Boards.

13. In order to maintain and increase our exports the following steps have been taken:—

- (1) A Trade Agreement valid for 3 years envisaging expansion of trade between India and Burma was signed in December, 1962. The progress in trade either way as a result of

this Agreement is likely to be reviewed soon subject to the concurrence of the Government of Burma.

- (2) An exclusive Agreement for rice was also signed in December, 1962. This Agreement stipulates import of a minimum of 1,50,000 tons of rice per annum from Burma and is also valid for three years. Our actual imports of rice from Burma during the years 1962-63 and 1963-64 have amounted to 1,38,800 tons and 1,50,700 tons, respectively and are valued at about Rs. 558.8 lakhs and Rs. 698.1 lakhs.
- (3) A number of business delegations have been sent to Burma for studying the market, for booking orders and offering tenders. The two main items for which tenders were offered were textile machinery and sugar mill machinery. Unfortunately, while the sugar mill machinery tender is still said to be under consideration, the order regarding textile machinery seems to have been given to China and Japan with the stipulation that supplies will be made out of the loans and Reparations.
- (4) The Export Promotion Councils concerned have been brought actively into the picture and an attempt is being made with the assistance of our Embassy to supply as much of Burmese requirements as possible. Mention may be made in this connection of cotton yarn, cotton textiles and coal. With the assistance of the Burma Committee of the Texprocil, the Textile Commissioner and the Indian Cotton Mills Federation, orders were secured for various varieties of textiles, such as shirting poplin, voils, netting, flannel bedticking, coating etc. worth about Rs. 2 crores. This had been possible only through additional incentives and an all our effort as otherwise our prices would not compete with other countries' prices. An order for supply of coal worth about Rs. 1.33 crores per year for a period of 3 years has also been secured and supplies for the first year are about to be completed.

14. It may be mentioned that our exports to Burma have caught up again, having gone up to Rs. 631 lakhs during 1963-64 as compared to Rs. 501 lakhs in 1962-63 and Rs. 513 lakhs in 1961-62. Exports to Burma during the first quarter of 1964-65 (April-June, 1964) were of the value of Rs. 131 lakhs as compared to Rs. 95 lakhs in the corresponding period of 1963-64. It is hoped that with the intensive efforts being made to recapture the Burmese market and diversify

our exports, we will be able to make progress, within the obvious limitations operating in regard to Indo-Burmese trade.

Appendix I.—Statement showing imports into India from Burma for the years 1960-61 to 1963-64.

(Value in lakhs of Rs.)

	1960-61	1961-62	1962-63	1963-64
1. Rice	*945	*755	*554	*698
2. Saw logs & Veneer logs (Non-conifer hard wood)	94	95	72	36
3. Wood shaped or simply worked	76	33	101	Neg.
4. Plants and parts of plants for use in dyeing and tanning whether ground or not	1	Neg.		
5. Lead	128	122	119	135
6. Tin	..	2	..	
7. Parts of aircraft engines		Neg.
8. Vegetables fresh and dry, roots and tubers, not including artificially dehydrated	10	9	8	10
9. Parts of air-Crafts heavier than air (not including rubber tyres, engines, and electric parts)	2	13	Neg.	Neg.
TOTAL (incl. others):—	1278	1064	871	899
REVISED TOTAL	(1365)	(1124)	(909)	..

*Provisional
(Source C.C.I.&E.)

New Delhi, the 21st August, 1964

Appendix II.—Statement showing commodity-wise exports to Burma during the years 1960-61 to 1963-64

(Value in Lakhs of Rs.)

Commodity	1960-61	1961-62	1962-63	1963-64
Fish and Fish preparations	71	96	54	54
Sugar	2	24
Animal & Vegetable oil (not essential) fats Greases & derivatives	15	5	47	305
Medicinal & Pharmaceutical products	11	14	11	4
Cotton piece goods	159	72	91	81
Cotton Yarn & Thread	101	8	23	18
Jute Manufactures	87	135	119	34
Manufactures of Metals	9	15	11	9
Net and Neetings	17	4	23	6
Machinery other than electric	10	10	19	8
Machinery, Apparatus and appliances	11	14	2	1
Coir Manufactures	39	52	47	40
Miscellaneous Manufactured articles n.e.s.	25	23	19	31
Other Items	84	55	47	38
TOTAL	641	527	513	629
REVISED TOTAL	652	513	501	631

(Source : C.C.I. & B.)

New Delhi, the 21st August, 1964.

[Ministry of Commerce O.M.No. Parl. 9(1)/64 dated 15th December 1964]

Recommendation (Serial No. 63) Para No. 108

The Committee suggest that Government may explore the possibilities of entering into agreements with the newly liberated countries in Africa for the import of essential minerals and raw materials from them in exchange of Indian manufactured goods and products.

REPLY OF GOVERNMENT

Government accepts the recommendation.

2. The possibilities of entering into trade agreements with the newly liberated African countries are already being explored vigorously and agreements are in the process of being concluded with some of these countries e.g. Algeria, Cameroons, Uganda, Malagasay, Congo and Sudan.

[Ministry of Commerce O. M. No. Parl. 9 (1) /64, dated 15th December, 1964].

Recommendation (Serial No. 64) Para No. 109

There is great scope for Industrialisation in the African and Asian countries which have won freedom recently, India, which has already got valuable experience in the field of industrialisation, should be able to play an effective role in helping to set up new industries in these countries. The Committee are glad that the Government have taken some initiative in the matter. They would suggest that efforts in this behalf should be intensified so that full advantage is taken of the opportunities presented to enter into collaboration arrangements with entrepreneurs in these countries.

REPLY OF GOVERNMENT

Government accepts the recommendation.

2. At the suggestion of Government the Federation of Indian Chambers of Commerce and Industry sent a high powered industrialists Goodwill Delegation to visit Central and East African countries to explore the possibilities of industrial collaboration. Another such Delegation is likely to leave for west Asia soon. Government have already approved of a number of joint venture proposals for establishment of Industries in African and Asian Countries.

[Ministry of Commerce O. M. No. Parl. 9 (1) /64, dated 15th December, 1964]

Recommendation (Serial No. 65) Para No. 110

The Committee suggest that special efforts may be made to step up exports of Indian goods to Fiji and Trinidad which offer good scope for export of Indian goods.

REPLY OF GOVERNMENT

Government takes note of the recommendation.

2. The possibilities of stepping up our exports to these islands will be explored.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964]

Recommendation (Serial No. 66) Para No. 111

The Committee suggest that the decision on the proposal scheme whereby only selected exporters either in arrangement with the industry itself or through some mechanism would be encouraged, may be expedited.

REPLY OF GOVERNMENT

Efforts are continuing to achieve some form of selectivity in regard to the export of various goods to West Europe. For example, in cotton textiles, a Consortium of mills, their agents and exporters has been formed with the express purpose of making strenuous effort to promote the export of cotton yarn, Cotton textiles and readymade garments to the European Economic Community, Austria and Switzerland. In regard to handloom cloth and carpets, a certain amount of selectivity has already been achieved by the Handicrafts and Handloom Export Corporation which, in cooperation with its business associates, is undertaking a comprehensive programme of market surveys, publicity etc. in West Europe. The Coir Board has been able to suggest names of certain firms which are willing to devote their special attention to the West European market and are prepared to undertake targets of export to this market. Similar efforts are being made in respect of other goods.

[Ministry of Commerce O. M. No. Parl. 9(1)/64, dated 15th December, 1964]

Recommendation (Serial No. 67) Para No. 112

The Committee suggest that opportunity may be taken at the forthcoming meeting of GATT to secure relaxation of import restric-

tions on textiles which have for long been one of the chief items of Indian exports to the developed countries.

REPLY OF GOVERNMENT

One of the main provisions of the Long-term Cotton Textiles Arrangement is that the participating countries applying import restrictions in respect of cotton textiles from other participating countries should double the import quotas opened by them for 1962 by the end of the five year period of the arrangement, by annual increases in quotas corresponding to 20% of the 1962 quotas. This arrangement is in force for a period of five years from the 1st October, 1962. The West European countries, namely, West Germany, France, Austria, Norway and Sweden maintaining import restrictions of Indian cotton textiles are members of the L. T. A. In accordance with the provisions of the Arrangement, these countries are expected to allot quotas for Indian cotton textiles increased by 20% of the 1962 quotas every year.

2. The difficulties experienced by less-developed countries because of the method of application of the quotas granted to them by some participating countries have been brought to the notice of the GATT and the importing countries have been requested to examine the question of simplifying the relevant procedures in consultation with the exporting countries. Continued efforts through such discussions are being made to secure progressive relaxation of restrictions and obtain increased quotas for Indian cotton textiles.

3. India and other exporting countries have been pressing for the acceptance of the fact that the problem of the textile industries in the industrially advanced countries might be traced to costs and could not be ascribed to the alleged unfair competition from low-wage producers. It was, therefore, unfair that they should be made to accept the unilateral decision of an importing country regarding the existence of a situation calling for a restraint on exports. As a result of these efforts it has been agreed that:

- (1) There will be continuous discussions between the individual importing and individual exporting countries and this will provide for a pre-view of the developing 'market disruption'. These discussions should be distinct from the consultations provided for in Articles 2 and 3 of the L. T. A.
- (2) The domestic production, price and other relevant factors will be taken into account in the determination of market disruption.

- (3) Importing countries will endeavour to review restraints already placed under Article 3 of the L. T. A.
- (4) EEC countries will examine in bilateral discussions the method of administration of their quotas with the aim of improving the market opportunities for countries like India.
- (5) In fixing restraint levels the performance over a period preceding LTA as also future potentialities will be taken into account.
- (6) The LTA does not apply to handloom fabrics.

4. A further point on which India has laid stress is that cotton textiles should not be excluded from the scope of the linear tariff reduction exercised by the industrialised countries participating in the GATT Kennedy Round of trade Negotiations.

[Ministry of Commerce O. M. No. Parl. 9(1) /64. dated 15th December, 1964].

Recommendation (Serial No. 68) Para No. 115

With the growth of industries in India and the greater need and opportunity of exporting manufactured products including consumer goods, the Committee feel that necessity of publicity has not only increased in scope but has radically changed in character. The Committee would like the export promotion organisations to make greater use of press, film, radio and television media to make an impression on the prospective markets and create a favourable atmosphere for the export of Indian goods and products.

REPLY OF GOVERNMENT

In addition to the monthly journals, namely 'The Journal of Industry and Trade' and 'Journal of Foreign Trade of India', the Directorate of Commercial Publicity, is starting a new quarterly journal for publicity projections to departmental stores, in consumer organisations etc. This quarterly journal will carry a very large number of advertisements of brand goods. It is also proposed to issue a Weekly Export Service Bulletin containing import regulations abroad, tariff changes, market surveys, etc., for the use of exporters in India. For helping exporters in getting over the problems which they encounter, Commercial Information Cell at Delhi and Bombay are being set up. It will also be bringing out a brochure entitled, "Made in India" which will contain photographs in black and white as well as in

colour of various Indian products which are being exported or which have an export potential.

2. The Export Promotion Councils and Commodity Boards issue journals, pamphlets, etc., for publicity of specific groups of commodities. Steps have been taken to improve standards of production of publicity literature put out by these bodies. They also participate in various international exhibitions. To step up export publicity efforts of these Export Promotion Councils and Commodity Boards, Rs. 15 lakhs have been sanctioned from Marketing Development Fund.

3. The Councils and Boards are being persuaded to issue pamphlets for publicity abroad with the assistance of the Directorate of Commercial Publicity. Pamphlets on 'Shellac', 'Coffee', 'Readymade Garments', 'Mica', and 'Paints and Varnishes' are in the course of preparation. The Export Promotion Councils and Commodity Boards have also been persuaded to get documentaries made with the assistance of the Directorate of Commercial Publicity. Five documentaries on behalf of these Councils are expected to be produced in 1964-65.

[Ministry of Commerce O. M. No. Parl. 9(1), 64 dated 15th December, 1964]

Recommendation (Serial No. 69) Para No. 116

In Committee's view, publicity of Indian exportable products in the developing countries of Asia and Africa needs special attention. They would suggest that export publicity efforts in these countries should be intensified. The Indian products should be published in these countries not only in English but also in other languages in vogue e.g., Arabic, Malayan, French, etc.

REPLY OF GOVERNMENT

The need to intensify publicity of Indian exportable products in the developing countries of Asia and Africa has been recognised. Special issues of the Foreign Trade of India on trade with countries in Asia and Africa have been planned. A number of Export Promotion Councils and Commodity Boards have opened their offices in some of these countries to publicise products with which they are concerned.

Recently, the Export Promotion Council for Shellac has issued a bulletin in French for circulation in areas where French is used for Commercial purposes. The question of similar publications by other councils has also been taken up. The All India Radio to whom the

Directorate of Commercial Publicity furnish background material broadcasts in 17 foreign languages such as French, Indonesian, Burmese, Arabic, Persian, Pushto and Swahili, etc., on some of India's export products twice a month.

At the instance of the Director, Commercial Publicity, the Films Division have now agreed to make arrangements for dubbing of films in Arabic, French and two other languages. Prints of the documentaries dubbed in these languages will be sent to our trade posts abroad for exhibition in these areas.

The main difficulty in developing publicity in languages other than English is due to paucity of the facilities like printing, good translators, etc. On this account progress in this direction has been slow.

[Ministry of Commerce O. M. No. Parl. 9(1) 64, dated 15th December, 1964].

Recommendation (Serial No. 70) Para No. 117

The Committee hope that a careful check to avoid duplication of activities between the Indian Council of Trade Fairs and Exhibitions and the Directorate of Exhibitions would be exercised by the Ministry and the position reviewed in the light of experience after a year or two.

REPLY OF GOVERNMENT

The Committee is aware that the programme of exhibitions abroad for a year is finalised on the recommendations of an Advisory Committee for Exhibitions and Fairs abroad convened annually. The Indian Council of Trade Fairs and Exhibitions will also be represented on this Committee in future from this year. At this meeting specific exhibitions and showrooms will be assigned by consent to the Indian Council of Trade Fairs and Exhibitions and these events will be omitted from the programme of exhibitions and fairs to be organised directly by the Ministry.

2. There is also another important check against duplication of work by the two Bodies. It is that the budget which governs the programme of activities of the Indian Council of Trade Fairs and Exhibitions is subject to approval by Government. Moreover, Government is adequately represented on the Governing Body of the Council and the Director of Exhibitions, in the Ministry, himself is the first Vice Chairman of the Governing Body of the Council. Thus, there

will be close liaison between the Council and the Government and duplication of the activities between the Government and the Indian Council of Trade Fairs and Exhibitions will be avoided. As suggested by the Committee the position will also be periodically reviewed.

[Ministry of Commerce O. M. No. parl. 9(1) 64, dated 15th December, 1964]

Recommendation (Serial No. 71) Para No. 120.

The Committee would emphasise the vital need for the Indian participants in the exhibitions/fairs which are held abroad to depute competent representatives to such exhibitions to book orders and otherwise promote export business. They would suggest that the reasons for the inadequate response from the participants in this behalf may be carefully analysed by Government and suitable steps taken to improve the position.

REPLY OF GOVERNMENT

The returns for the risks and efforts and uncertainties involved in the export trade do not compare at all with the good yields assured in the home market. The improvement in India's export trade is, therefore, largely attributable to the efforts of the Government and the policies and measures for incentives and services that are provided by Government.

2. In the letters inviting trade and industry to participate in fairs and exhibitions abroad organised by government, the participants are, always advised to send their representatives to demonstrate their wares, canvass and book orders. Further, government to release foreign exchange to representatives of the participants attending the fairs and exhibitions without any procedural difficulties. They are also placed in contact with the businessmen and other personalities in the foreign countries involved in foreign trade. Recently, it has also been clarified that the expenditure of revenue nature incurred by business concerns participating in foreign trade fairs and exhibitions, being of the nature of advertisement expenditure, will be allowed as deductions under and subject to provisions of the Income-Tax Act.

3. Participating firms and business houses choose to send their representative to fairs in only such countries where there is more or less assured business. They are reluctant to spend money in sending representatives to fairs in countries which are not familiar to them or are difficult markets. Further, the smaller industrial and trading organisations are unable to send their representatives

to fairs and exhibitions abroad for lack of resources. In such cases participants depend upon the Govt. to give commercial publicity to their products and pass on the trade enquiries to them to be followed up by them by correspondence.

4. However, there has been steady increase in the number of participants who send their representatives to visit fairs and exhibitions abroad, demonstrate their wares, canvass business and book orders, which is an encouraging sign. More and more business concerned in India may be expected to take advantage of the facilities, incentives and services afforded by Government for promotion of export trade and participate to greater extent in exhibitions and fairs abroad and also send their representatives for doing on the spot trade.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1966].

Recommendation (Serial No. 72) Para No. 121.

The Committee are glad to note the success achieved by the Indian Exhibition in Moscow and would commend that such exclusive Indian exhibitions, where justified by the export potentialities of a region, may be organised in consultation with trade and industry.

REPLY OF GOVERNMENT

Government is grateful for the appreciation of their effort in respect of the Moscow Exhibition. The suggestion that similar exclusive Indian Exhibitions, where justified by the export potentialities of the region, may be organised, in consultation with the trade and industry is carefully noted for implementation when suitable opportunities arise. We have already organised an exclusively Indian Exhibition of considerable magnitude in Kuwait in March of this year. Another exhibition of about equal size has been programmed to be held in Kathmandu towards the end of this year. A special wholly Indian Exhibition at London almost on the scale of Moscow Exhibition on the advice of our Mission in the U.K. is now under consideration. It may be mentioned that Government's programme of exhibitions any year generally includes one or two wholly Indian Exhibitions abroad, the expenditure on which is borne entirely by Government.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1966].

Recommendation (Serial No. 73) Para No. 122

The Committee suggest that the advisability of sending a mobile exhibition of Indian products to potential markets specially to African and Asian countries offering promising potentialities for export may be considered.

REPLY OF GOVERNMENT

The suggestion is noted for implementation when suitable opportunity arises.

Government would, however, like to bring it to the notice of the Committee that mobile exhibitions to be organised in different countries in Africa and Asia are beset with serious transport problems overland. We are also not adequately equipped at this stage to organise a Floating Fair of a standard anywhere near that of the Japanese.

2. In this context it may be stated that in the programme of exhibitions for 1964-65, the following events in Africa and Asia are included:—

1. Royal Agricultural Show at Nairobi (East Africa);
2. Uganda Fair at Kampala (also in East Africa);
- *3. Ghana International Fair, Accra, Ghana (West Africa);
- *4. Participation in the Thailand International Fair, Bangkok;
5. Participation in the Ceylon Industrial Exhibition at Colombo;
6. Participation in the Izmir International Trade Fair, Izmir (Turkey).

3. In addition, an exclusive Indian Exhibition at Khatmandu (Nepal) is also being planned towards the end of 1964-65.

*To be organised by the Indian Council of Trade Fairs and Exhibitions.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 74) Para No. 123

The Committee consider that if full participation of industry and trade in the International Exhibitions/Fairs is to be secured, it is imperative that adequate notice of time should be given to them.

REPLY OF GOVERNMENT

The advantage programme of exhibitions for each year as soon as it is approved by Government, is circulated to the Indian Trade and Industry directly and also through the various Export Promotion Councils and bodies. The participants thus have sufficient notice of the annual programme of events.

2. Demand for exhibits and samples and detailed instructions are sent out as soon as the scope of each exhibition is finalised and space booking is confirmed. These also generally contain information about the port, the shipping agents, and last date of delivery of goods to the forwarding and shipping agents. The Ministry takes note of the observations of the Estimates Committee that in two cases, the notice given to the participants was less than a month and it was necessary to give adequate notice of time to the participants.

3. It may, however, be submitted that it is our experience that even in cases where sufficiently long notice was given to the parties, the response from the Industry and Trade is tardy and hesitant for the reasons stated in reply to Recommendation No. 71, till near the last dates prescribed for obtaining Government's approval and for delivery of goods to the shipping agents. It is our experience that prior notice has invariably to be supplemented by last minute efforts, persuasion and approaches at personal levels by the officers of the Exhibition Branch in order to obtain the optimum quantity of goods for most exhibitions.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 75) Para No. 124

The Committee suggest that the whole procedure regarding the receipt and return of exhibits offered for display in International Exhibitions/Fairs may be carefully examined and suitable measures taken to reduce the loss of exhibits in transit.

REPLY OF GOVERNMENT

Every reasonable care is being taken in regard to the receipt and return of exhibit, offered by participants. Government arranges comprehensive insurance cover against all risks during transit, storage and display period in respect of all exhibits of commercial value. The exhibition area is customs bonded area. Therefore, the host country also provides security arrangements by attaching detachments of revenue officers (customs officers), police and other security organisations. In most countries, the fair authorities also have their own security arrangements. To supplement all this, in

the Indian Pavilion also employees are engaged locally to man the stalls and to work as watchmen in addition to the India based officers who are in supervisory control of the pavilion.

2. The goods are delivered by the participants in their own packing direct to the shipping agents. The general complaint about the shoddy and indifferent packaging applies to these goods. Therefore, what with the opening and reclosing of cases during customs examination prior to export and the rough handling at various stages it is not unusual that the cases get damaged. Also because of the damages to the packing, pilferages in the ports, dock areas and intermediate storage places are made easy. Damages to machinery items, fragile were like plastics, instruments etc. are therefore, usual. Consumer articles, specially consumable goods like foodstuffs, tobacco, handicraft items are particularly liable to pilferage. The packing of goods in the country particularly for overseas transport requires considerable improvement. Government have now a special scheme in order to improve packaging of goods. However, in spite of all the precautions and security arrangements mentioned in previous para some pilferages occur especially on crowded days during the exhibition also.

3. After the exhibition, the containers are re-conditioned for re-packing of the goods for return to India. Cost of making fresh containers in foreign countries is prohibitive. For reasons of economy, therefore, boxes are re-conditioned and new ones are made only in cases where re-conditioning of the old boxes will be very costly. Here again, some losses and damages in return transit do take place in spite of the best care taken.

4. We have also taken a decision recently to sell or otherwise dispose of the maximum quantity of Government goods at the end of an exhibition instead of bringing them back to India, provided the Fair regulations where the exhibitions are held do not insist on the re-export of exhibition goods.

5. The Ministry would no doubt bear in mind the recommendations of the Estimates Committee and examine if any improvement in the procedure and practice could be achieved without much additional cost to Government.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 76) Para No. 125.

The Committee consider that it is essential to ensure that for every product exhibited, relevant data regarding response from

visitors is collected and is passed on to the participant concerned. Remarks pertaining to reaction to quality, packing price etc. are very important especially for items of mass consumption. Unless these reactions are conveyed, to the manufacturers concerned, the item and money spent in holding such exhibitions may not be fully justified.

REPLY OF GOVERNMENT

In any exhibition in which India participates, the theme is intended to show a complete range of India's exportable goods. Emphasis is generally on new items available or which would become available for export in the near future. At the same time, goods of traditional exports are also displayed for reasons of association of idea and for sustained publicity. Thus, thousands of different items are on display in the India Pavilion.

2. There is always an information counter in the India Pavilion where trade information to the extent made available by the participants, is given to any visitor who is interested. In every booth in the Pavilion also is maintained a trade enquiry form which foreign businessmen or anybody interested in the item of display in a commercial way is asked to fill up. Any special requirement—technical or packaging—is also indicated in the enquiry form by the person filling up the form. These enquiries are forwarded to the particular manufacturer or supplier (if the enquiry is for specific item from a particular supplier or manufacturer) or to all the participants in a particular line (if it is general enquiry for a product or a commodity), the concerned Export Promotion Councils or Commodity Boards, the Director General, Commercial Intelligence and Statistics and to the concerned Branches in the Ministry.

3. Based on the advice of the Committee, the Trade Enquiry form will be suitably expanded and requirements invited from visitors to the India Pavilion regarding quality, packing, price etc. of the products in which they are interested.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 77) Para No. 126

The Committee hope that permanent exhibitions showing export products would be established before long in the country.

REPLY OF GOVERNMENT

Cabinet approved in June, 1961, the setting up of a Permanent Exhibition in Delhi in the Exhibition Grounds at Mathura Road. This Exhibition was to be in two parts, viz., one part for display of complete range of exportable commodities and manufactured goods and the second part for giving publicity to the country's economic and cultural progress in the different sectors from the beginning of the First Five Year Plan.

2. In pursuance of the above decision an Export Products Pavilion in a building called the "M, PAVILION" in the Exhibition Ground was set up as a nucleus round which the Permanent Exhibition was to be developed. Action was also initiated to allot sites and pavilions to the various Ministries and Departments of the Central Government, the State Governments, and the Undertakings in the Public Sector to begin with. It was proposed to open this Permanent Exhibition early in January, 1963. However, on the declaration of the National Emergency in October, 1962, as an economy measure, this scheme for setting up the permanent Exhibition was deferred. The Export Products Pavilion was also wound up. The Exhibition Grounds with the standing structures were handed over to the late Ministry of Works Housing and Rehabilitation to meet urgent demands for accommodation.

3. Since October, 1963, this Ministry has again taken up the question of setting up the Permanent Exhibition at Delhi initially. As an immediate requirement for this purpose, the release of a suitable pavilion in the Exhibition Grounds at Mathura Road is being considered in consultation with the Ministry of Works and Housing. As a long term measure, the allotment of a suitable site has also been mooted. The Ministry is also exploring the possibilities of S. T. C. providing suitable accommodation for a Permanent Exhibition in the building which they are contemplating to put up at Delhi.

4. The question of setting up small permanent exhibitions of Indian engineering, chemical goods and other manufactured products in important industrial cities in India to acquaint foreign buyers of the export potential of the country is also under consideration.

5. The Ministry is also considering setting up of design houses in India to display latest designs of foreign consumer products, as suggested in the Committee's recommendations.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 78) Para No. 129

The Committee find that out of the total of 44 Commercial Representatives posted abroad, only 13 of them know the language of the country to which they are accredited. Out of these 13 Commercial Representatives, only 3 are working in Non-English speaking countries. It would be a distinct advantage if the Indian Commercial Representative knows the language of the country in which he has to function. The Committee suggest that necessary steps may be taken in this direction without delay.

REPLY OF GOVERNMENT

The Indian Foreign Service Officers specialize in one or two foreign languages allotted to them either as compulsory or optional language. The recommendations of the Estimates Committee have been noted and have also been brought to the notice of the Ministry of External Affairs so that the Foreign Service Board which decides the posting of the Commercial Officers abroad may give due consideration of the foreign languages known by them.

[Ministry of Commerce O.M. No. Parl. 9(1)64, dated 15th December, 1964].

Recommendation (Serial No. 79) Para No. 131

The Committee would stress that as export and trade are of basic importance to the country, care should be taken to see that officers who show special aptitude for the work and have adequate knowledge and background are only posted as commercial representatives. The Committee would stress that orientation and refresher courses in International Trade should be given to the I.F.S. Officers so that they are well-equipped to discharge fully their responsibilities.

REPLY OF GOVERNMENT

Recommendation have been noted.

2. The recommendations of the Committee in this regard have also been brought to the notice of the Ministry of External Affairs so that the Foreign Service Board might give due consideration to them at the time of selection of officers for appointment at Commercial Representatives abroad.

3. It is the intention of the Government that Officers selected for appointment as Commercial Representatives abroad should be sent to the Institute a Foreign Trade for short periods, as soon as the Institute has started the refresher and orientation courses in International Trade, in addition to the briefing given in the Ministry of Commerce and the discussions the Commercial Representatives hold

with trade and Industry before their posting abroad.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 80) Para 132

The importance and utility of upto-date and comprehensive market surveys in the promotion of international trade needs no stress. The Committee feel that a survey to be purposeful should contain not only upto-date and reliable information but bring out pointedly the prospects for Indian exports. They would stress that the staff of the Commercial Sections of the Indian Embassies abroad should be well versed in the technicalities of market research so that they can produce reports which would be of practical value to the Indian industry and trade.

REPLY OF GOVERNMENT

The recommendation of the Committee has been brought to the notice of the Commercial Representatives abroad.

2. The market surveys are conducted either by our Commercial Representatives or with the assistance of specialised agencies wherever possible or necessary. Suitable instructions for conducting the market survey are contained in Chapter 7 of the Manual of Instructions to the Commercial Representatives abroad. A copy of the relevant chapter is enclosed. (PP 73—76).

3. The Ministry of Commerce has again emphasised the importance of market surveys to be conducted by our Commercial Representatives and also by our Missions where there are no Commercial Sections. In this connection a circular letter No. 6/1/64-FT(Coord) dated 3-6-1964 explaining the need to conduct market surveys and the manner in which they should be conducted to make them useful was issued to all our Missions and Commercial Representatives abroad. Copy of the circular letter along with the commodities selected for market surveys during 1964-65 in various countries is enclosed (given below).

S. Than,

No. 6/1/64-FT(Coord)

Director (Foreign Trade)

GOVERNMENT OF INDIA

MINISTRY OF INTERNATIONAL TRADE

Dated New Delhi, the 3rd June, 1964.

SUBJECT:—Commodities selected for market surveys for the year 1964-65.

My dear....

I am enclosing a list of the commodities for which market surveys are desired to be conducted in your area during 1964-65. The

commodities have been selected after taking into account the suggestions received from our Commercial Representatives wherever possible and in consultation with the Territorial and Commodity Officers of this Ministry.

2. We are aware that our Missions abroad, including our Commercial Sections, are short staffed and that in some of our Missions there are no Commercial Sections at all. Nevertheless, both the Ministry of External Affairs and this Ministry attach the greatest importance to our export promotion drive. It is, therefore, felt that, with the available staff, every Mission should undertake to conduct at least two market surveys every year. This would help our officers also to acquire greater experience in commercial and economic matters which are acquiring a growing importance in our activities abroad.

3. It is, therefore, requested that the Commercial Representative, the political/or Consular Officer may conduct market surveys on the allotted commodities with the resources at his disposal. Chapter 7 of the Manual of Indutructions to Commercial Representatives (Copy enclosed) indicates the information required in a market survey report. It is not expected that the survey will be undertaken as a whole-time job. The work can be phased over a period and completed by a target date set for it. It is suggested that some time be set apart every week for collecting the information required under each heading in the enclosed instructions. Thus, at the end of 2 or 3 months, enough data should be available for preparing the market survey report on the selected commodity.

4. The Ministry expects the Commercial Representative in each area to conduct at least 3 surveys every year; and in Missions, where there are no Commercial Representatives, 2 surveys are requested.

5. Some of our Commercial Representatives have funds allotted to them for conducting market surveys on the basis of the requirements indicated in their budget estimates. The practice has been to engage a local agency and to leave the market survey work entirely to it. The Commercial Representative and his staff do not, therefore, gain any experience of this work. It is essential that he and his staff should be associated very actively with the work even if it is done by a specialised agency. This is all the more necessary because sometime the reports prepared by specialised agencies, without intimate knowledge of the kind of goods produced in India, do not always meet our requirements. By participating in the

surveys, the Commercial Representatives would be able to guide the specialised agencies with regard to our special requirements.

6. It is requested that six copies of the market survey reports may be sent to this Ministry. In forwarding the reports, it may be indicated as to whether the reports have been sent direct to the Director General Commercial Intelligence and Statistics, Calcutta, the concerned Export Promotion Councils and the Commodity Boards.

7. An effort is being made to send samples of the goods allotted to you for market survey. The commencement of the survey should not be postponed until the samples reach you. You should start collecting the material straightaway to save time.

The receipt of this letter may please be acknowledged.

Yours sincerely,
Sd/- S. THAN.

Copy forwarded to :—

1. J. S. (EP) Shri H. D. Shourie.
2. All Foreign Trade/Commodity Sections.
3. Director General Commercial Intelligence and Statistics, Calcutta/Directorate Commercial Publicity.
4. Export Promotion (Coord) Section. Please intimate to this section immediately if Export Promotion Council has conducted a market survey in the past on any of these items so that the action may be taken to delete those items from the programme of the Commercial Representative.
5. Deputy Director (Export Promotion) Shri P. B. Satagopan. Please intimate the names of few firms which can be asked to supply samples and or some literature which can help the Commercial Representatives in conducting market surveys on the commodity concerned.

WEST ASIAN AND AFRICAN COUNTRIES

Commodities selected for market surveys in 1964-65.

Aden	<ol style="list-style-type: none"> 1. Footwea 2. Steel furniture 3. Woollen/Cotton Carpets
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Baghdad	<ol style="list-style-type: none"> 1. Textiles for clothing (Poplin Dress materials drill & gaberdine). 2. Storage Batteries 3. Diesel engines.
Kuwait	<ol style="list-style-type: none"> 1. Fruit Juices 2. Tinned fruits 3. Chappals 4. Hydrogenated vegetable oil
Jeddah	<ol style="list-style-type: none"> 1. Man's Shoes-Leather & Canvas 2. Leather (Travel Accessories) 3. Ready made garments
Beirut	<ol style="list-style-type: none"> 1. Edible Vegetable Oils 2. Paper Cartons 3. C. I. Pipes
Tunisia	<ol style="list-style-type: none"> 1. Fans (including exhaust fans) 2. Steel furniture 3. Pharmaceuticals 4. Telephone Equipment 5. Furnishing fabrics
Kartoum	<ol style="list-style-type: none"> 1. Telephone Equipment 2. P.V.C. Cables 3. Canvas Shoes with Rubber Soles
Damascus	<ol style="list-style-type: none"> 1. Jute manufactures 2. Pharmaceuticals 3. Surgical Instruments
Morocco	<ol style="list-style-type: none"> 1. Bicycles & Bicycle parts 2. Builders Hardware 3. Linoleum
Algeria	<ol style="list-style-type: none"> 1. Jute manufactures 2. Coir manufactures 3. Fans
Nairobi	<ol style="list-style-type: none"> 1. Bicycles and Bicycle parts 2. Agricultural tools and implements 3. Electrical accessories particularly lighting fixtures and fittings

Dar-es-Salam	<ol style="list-style-type: none"> 1. Steel furniture 2. Electric fans 3. Crown cork
Kampala	<ol style="list-style-type: none"> 1. Enamelware 2. Cast iron products (Manhole covers, cast iron pipes) (Soil Pipes).
Tananarive	<ol style="list-style-type: none"> 1. Rice Mill Machinery 2. Sugar Mill Machinery 3. Paper Mill Machinery
Port Louis	<ol style="list-style-type: none"> 1. Sugar Mill Machinery 2. Paper Mill Machinery
Addis Ababa	<ol style="list-style-type: none"> 1. Tyres and tubes 2. Small Tools 3. Saw Mill Machinery
Accra	<ol style="list-style-type: none"> 1. Radio receivers 2. Concrete & asphalt mixers 3. Surgical instruments
Leopoldville	<ol style="list-style-type: none"> 1. Electric fans 2. Agricultural implements 3. Small tools
Dakar	<ol style="list-style-type: none"> 1. Diesel engines 2. Electric fans
Lagos	<ol style="list-style-type: none"> 1. Diesel engines 2. Batteries 3. Surgical instruments

COUNTRIES IN WEST EUROPE AND AMERICA

Commodities selected for market surveys in 1964-65

Berne	<ol style="list-style-type: none"> 1. Dehydrated onions and potatoes 2. Mushrooms 3. Marine Products like Prawns and frog legs. 4. Oranges
Brussels	<ol style="list-style-type: none"> 1. Animal feed including deoiled oil cakes 2. Cotton Greys 3. Sports goods

Frankfurt	<ol style="list-style-type: none"> 1. Clothings : <ol style="list-style-type: none"> (a) Children's clothing (b) Workmen's clothing (c) Household aprons (d) Hospitals clothes 2. Leather Cloth-Rexine 3. H.P.S. Groundnut Kernel 4. Spices 5. Animal casings
Paris	<ol style="list-style-type: none"> 1. Tea 2. Animal casings 3. Carpets 4. Fruit juices 5. Chappals for man and ladies
Rome	<ol style="list-style-type: none"> 1. Edible nuts including Cashewnuts 2. Sports goods 3. Pickles and Chutneys 4. Revision of Sann hemp fibre market Survey Report
Stockholm	<ol style="list-style-type: none"> 1. Furnishing fabrics including curtains and upholstery 2. Woollen carpets 3. Coir products mats and mattings
London	<ol style="list-style-type: none"> 1. Builder's hardware 2. Cattle feed 3. H.P.S. Groundnut Kernel
New York	<ol style="list-style-type: none"> 1. Sewing machines 2. Calf hides 3. Carpet backing cloth
Ottawa	<ol style="list-style-type: none"> 1. Sewing machines 2. Coir products 3. Spices

SOUTH AND EAST ASIAN COUNTRIES

Commodities selected for market surveys in 1964-65

Colombo	<ol style="list-style-type: none"> 1. Paints and Varnishes 2. Drugs and Pharmaceuticals 3. Glassware 4. Steel tubes and pipes 5. Plywood and hardboard
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Tehran	<ol style="list-style-type: none"> 1. Surgical instruments 2. Electrical fans 3. Electric appliances like heaters, kettles etc. 4. Electric lamps, bulbs and fluorescent tubes. 5. Radio receivers
Kabul	<ol style="list-style-type: none"> 1. Tyres and tubes 2. Drugs and pharmaceuticals. 3. Radio Receivers
Bangkok	<ol style="list-style-type: none"> 1. Rice Milling machines 2. Radio Receivers 3. Electric fans 4. Electric appliances like heaters, kettles etc. 5. Machine Tools
Hongkong	<ol style="list-style-type: none"> 1. Coir mats and matting 2. Processed foods, viz., tinned and bottled fruits like mangoes, guavas, curry, powder, etc. 3. Handicraft products.
Manila	<ol style="list-style-type: none"> 1. Electric fans 2. Electric Motors 3. Switch and control gears including starters 4. Transformers 5. Air Compressors 6. Sewing Machines
Singapore	<ol style="list-style-type: none"> 1. Storage batteries 2. Cutlery 3. Scientific instruments 4. Builder's Hardware
Djakarta	NIL
Rangoon	NIL

Sydney

1. Diesel engines
2. Footwear
3. Jute manufactures
4. Kitchen ware *viz.*, utensils of modern design
5. Engineering goods in general and metal working lathes, Milling machines and electric fans in particulars
6. Marine products
7. Essential oils

Tokyo

1. Animal products
2. Human hair
3. Processed foods, *viz.*, Canned and bottled fruits, like mangoes, guava and curry powder.
4. Spices
5. Handicrafts

Wellington

1. Cotton Textiles
2. Jute goods
3. Coir mats and matting
4. Sports goods

Phnom Penh] .

1. Cotton Textiles
2. Diesel Engines

Extracts from the Manual of Instructions to the Commercial Representatives abroad

Market Research and Survey

India having embarked on an era of unprecedented industrial activity and development with consequent increased production all round on the one hand, and with keen international competition and commercial rivalry developing once again in world markets, the task of maintaining the traditional markets as well as finding fresh outlets for new products has assumed added importance. It is not always possible for Indian manufacturers and exporters to conduct detailed investigations in specific export markets for their goods. It has, therefore, become necessary that market research and surveys should be conducted by Commercial Representatives for the benefit of the Indian industrial and commercial community. The object

Need and
Object of
Market
Survey.

of market research and survey is not only to collect necessary commercial information and data to help maintain the traditional markets for Indian goods but also to facilitate the introduction of new products and ascertain their market potential in foreign countries. Reports of such surveys should aim at providing the basic information which the manufacturers or exporters in India, could follow up with detailed enquiries and if necessary by visit to the markets in which they are interested.

2. The following points will serve as a guide to the Commercial Representatives in conducting market surveys.

Ministry to
indicate type
of goods for
survey.

3. On the basis of suggestions sent by the commercial Representative, the Ministry of Commerce and Industry (now Ministry of International Trade) will at the beginning of each year specify the goods on which the Commercial Representative should conduct market research and survey in the areas under his jurisdiction.

Employment
of special
agency for
survey.

4. For this purpose, the Commercial Representative may if it is considered necessary, recommend the employment of specialised agency or expert on a reasonable remuneration.

Care in the
Choice of
agency.

5. The Commercial Representative should take due care to see that the agency or expert recommended for the project is competent and reliable and will produce the results expected within the time prescribed.

6. Budget provision to meet such expenditure will be made by the Ministry of Commerce and Industry (now Ministry of International Trade). The terms and conditions on which the specialised agency or expert is to be engaged for the project will be finalised by the Commercial Representative with the approval of the Ministry of Commerce and Industry (now Ministry of International Trade).

Survey
should be
full and
complete.

7. The surveys conducted should be thorough and the reports submitted to Government should be comprehensive. In particular, the reports should take account of the following point :—

Commodity
classification.

- (i) The report should state whether the commodity is regarded in the country concerned as an item of luxury, semi-luxury or a necessity.

- (ii) An assessment of the total potential demand in the market, having regard to the social and economic conditions prevailing in the country; that is to say, an estimate of the demand according to wants and purchasing power of the people, irrespective of any governmental restrictions on import or purchase or consumption of that commodity. The market potential.
- (iia) The competition being offered by the alternative sources of supply and special tariffs or any other concessions rival suppliers enjoy, and the marketing methods followed by them. Foreign Competition.
- (iii) Where the commodity involved is also produced locally, the survey should include information on total local production, extent and value of imports, sources from which it is imported and local consumption. Statistics of production and consumption.
- (iv) Current import policy for the commodity should be given in detail with an indication of any likely change therein. If import control measures have a direct or indirect discriminatory effect on like Indian goods, the nature of the same should be explained. Import control policy of local Government.
- (v) The Customs Duty including preferential rates of duty, if any, payable on the commodity should be indicated. Rate of Duty.
- (vi) If any sales or purchase taxes or any other local taxes are levied, details thereof should be furnished. Details of taxes.
- (vii) Details of any other restrictions that might be operative in regard to commodities, (e.g., such as those imposed by the Flammable Fabrics Act of the U.S.A., under which the U.S. Customs require Banaras silk to go through stringent flammability tests; or the U.S. Foreign Assets Control Administration which prohibits import of tussar silk from China). Other restriction.
- (viii) Details of the elements which constitute the c.i.f. price or the landed cost in the event of the commodity being imported from India, should be given. The survey should also give an indi- Analysis of the price structure.

cation of c.i.f. prices or landed costs at which such goods are currently being imported from other principal sources of supply.

Cost of production.

- (ix) In those cases where the commodity is produced locally, the cost of production should be ascertained.

Consumer preference.

- (x) In the case of consumer goods, the survey should attempt to ascertain the preference of the consumer in the matter of pattern, design, material, etc. Where the commodity concerned is of the nature of Food and Drink, consumer preference in regard to its flavour or any other characteristic should be given.

Precautions in packing.

- (xi) The method of packing of the products should be indicated, keeping in view the packing standards of competing products in the same market. This should take into account :—
- (a) the ultimate destination of the product,
 - (b) the route and the means of transport adopted.
 - (c) any special precaution required to prevent damage likely to arise from mode of transportation, handling, climate conditions, etc.

Marking and use of local language.

- (xii) The manner in which the package should be marked to conform to local regulations or practices should be specified. If markings are required to be made in the local language, this fact should also be specified.

Distribution channels.

- (xiii) The normal trade channels which handle the product in the process of its distribution should be given.

Special features.

- (xiv) Any special feature or characteristic in regard to the commodity which the exporter or manufacturer in India should bear in mind should be detailed.

Importers' and agents' lists.

- (xv) A list of prominent and reliable importers of the commodity as well as local agents of foreign exporters for like products should be appended to the report.

(xvi) The possibility of appointing an agent for the Indian product should be examined. Agency for Indian product.

(xvii) If it is a new product to be introduced for the first time, the report should specify whether it would be worthwhile experimenting with a trial consignment. Trial consignment.

(xviii) Details of suitable *media* for advertisement publicity together with the rates should be included. Media for publicity.

(xix) In the case of commodities which are purchased in bulk by Government Departments, local bodies, etc. the particulars of the authorities which call for tenders and other relevant information, (e.g., where tender notices are published, period normally given to arrange supplies, etc.), should be indicated in the report.

8. The distribution of these reports should be as follows:— Distribution of survey Reports.

Secretary to the Govt. of India, Ministry of Commerce & Industry (now Ministry of International Trade). 1 copy.

Export Promotions Wing, Ministry of Commerce and Industry (now Ministry of International Trade). 3 copies.

Director General of Commercial Intelligence and Statistics, Calcutta.

2 copies.

9. In addition to any market research and surveys undertaken as indicated above, the Commercial Representative will, no doubt, apprise the Ministry of any known published surveys on commodities of actual or possible export interest to India, which have been conducted in other foreign markets by representatives of the country in which he is stationed. An illustration would be the Indian Commercial Representative in Tokyo sending a report of any survey undertaken by the Commercial Representative of Japan stationed in East Africa on the possibility of increasing imports of Japanese textiles into that area. Market surveys conducted by the foreign Commercial Representatives.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 81) Para No. 133

The Committee suggest that Government may undertake a comprehensive study of the market survey reports prepared by the Indian Government Commercial Representatives abroad and those brought out by other countries with a view to effecting improvements.

REPLY OF GOVERNMENT

Government accepts the recommendation of the Committee.

2. The Indian Institute of Foreign Trade which in future will be in charge of coordinating the market surveys conducted by our Commercial Representatives abroad and publishing them will be requested to implement the recommendation of the Committee.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 82) Para No. 134.

The Committee suggest that the market survey reports may be reviewed periodically so as to keep them uptodate. As the pattern of trade with developing countries is liable to rapid change, it may be desirable to review the market survey reports in respect of them at shorter intervals.

REPLY OF GOVERNMENT

Government accepts the recommendation of the Committee.

2. Our Commercial Representatives abroad have been instructed to review the market surveys conducted once in 2 or 3 years. Already this practice is being followed by some of our Commercial Representatives.

3. The recommendation has been brought to the notice of the Export Promotion Councils and Commodity Boards.

[Ministry of Commerce O.M. No. Parl. 9(1)/64 dated 15th December, 1964].

Recommendation (Serial No. 83) Para No. 135.

The Committee note with regret that the survey reports are published in the Indian Trade Journal after lapse of several months. If the survey reports are to be of any real use to the industry and trade, it is imperative that they are published without delay.

REPLY OF GOVERNMENT

Recommendation of the Committee is noted.

2. At present the salient points of the market survey reports are published in the weekly Indian Trade Journal issued by Director General, Commercial Intelligence and Statistics, Calcutta, without much delay. The Director General, Commercial Intelligence and Statistics has been asked to pay greater attention to prompt publicity.

3. The full report as such is being published by the Director of Commercial Publicity in the Ministry, in the market survey series. There have been certain delays in the publication of some of the reports due to difficulties of printing.

4. It is intended to entrust the publication of the market survey reports to the Indian Institute of Foreign Trade. It is expected delays will be minimised as a result of this change in procedure.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 84) Para No. 136.

The Committee cannot too strongly stress the importance of prompt transmission of trade enquiries to the interested organisations and established parties in India and hope that suitable and adequate machinery for the purpose would be evolved, without any avoidable delay.

REPLY OF GOVERNMENT

Government takes note of the recommendation of the Committee.

2. So far as general trade enquiries are concerned detailed instructions are given to our Commercial Representatives abroad in the Manual of Instructions on the manner in which they should handle trade enquiries and requests for trade introductions by Indian exporters and foreign importers of Indian commodities. Emphasis is specially placed on the expeditious handling of trade enquiries received by our Commercial Representatives.

3. As for dissemination of information on tenders invited by foreign Governments and organisations to the Indian exporters, Government is hoping to bring out a special weekly circular on foreign tender notices. Facilities are provided for Indian exporters, who wish to obtain tender documents and specifications, by the Reserve Bank of India permitting the authorised dealers in foreign exchange to allow exporters to remit a sum not exceeding Rs. 200 in each case. Commercial Representatives are authorised to spend Rs. 400 per annum on the purchase of tender documents and specifications which will be forwarded to Government Departments, Export Promotion Councils and other quasi-Government organisations concerned.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 85) Para No. 137.

The Committee consider that the Commercial Representatives should try to be more helpful to Indian businessmen and manufacturers who go abroad and seek their assistance for promoting exports. They would also stress the need for closer cooperation between the Commercial Representatives and the "Foreign Officers" of the Export Promotion Councils.

REPLY OF GOVERNMENT

Government takes note of the recommendation.

There are standing instructions to our Commercial representatives abroad to provide all reasonable facilities to Indian businessmen and trade delegations visiting their areas for trade purposes. Already there is close contact between the commercial representatives and foreign officers of Export Promotion Councils.

The Commercial representatives have since been asked to give maximum attention to visiting businessmen, and to meet their reasonable requirements they have also been asked to cooperate more closely with the officers of the Export Promotion Councils, if any, located in their stations, in the general task of export promotion. In this connection attention is invited to this Ministry's letter No. 7|18|64—FT (Coord) dated the 25th August, 1964 (copy enclosed for reference).

IMMEDIATE

No. 7|18|64—FT (COORD)

MINISTRY OF COMMERCE

GOVERNMENT OF INDIA

New Delhi, the 25th August, 1964.

To

The Ambassadors/High Commissioners/Commissioners.

SUBJECT: *Recommendations of the Estimates Committee in the 48th Report regarding assistance to Indian businessmen visiting foreign countries.*

Sir,

I am directed to say that the Estimates Committee (Lok Sabha) in their 48th Report have recommended as follows:—

"The Committee consider that the Commercial Representatives should try to be more helpful to Indian businessmen and manu-

facturers who go abroad and seek their assistance for promoting exports. They would also stress the need for closer cooperation between the Commercial Representatives and the "Foreign Officers" of the Export Promotion Councils".

2. Chapter II of the Manual of Instructions to Commercial Representatives abroad contains the following instruction to the Commercial Representatives.

"The Commercial Representative should generally assist visiting Indian businessmen and trade delegations with suitable introductions to local firms and business houses in a manner he considers useful and should provide them with such other reasonable facilities as are possible. He may also assist local businessmen who may visit India by giving them introductions to appropriate authorities and organisations in India. Nevertheless, in the matter of giving introductions he should use his discretion so as to avoid possible abuse of the facilities offered."

While we are aware that our Commercial Representatives by and large give all assistance to visiting Indian businessmen and manufacturers, nevertheless you are requested to impress on the Commercial Representatives under your jurisdiction the need to give all reasonable assistance to Indian businessmen and manufacturers visiting your area for promoting the export of Indian goods.

3. The Estimates Committee have also recommended that there is need for closer cooperation between the Commercial Representatives and the "foreign officers" of the Export Promotion Councils. It may kindly be ensured that the Commercial Representatives and officers of the Export Promotion Councils located in your area work in close cooperation for achieving the overall objective of promoting our exports.

Yours faithfully,

Sd./-P. VAIDYANATHAN

Deputy Director

Copy forwarded for information to all E. P. Councils/Commodity Boards with the request that similar instructions may be issued to their officers in the overseas countries.

Copy for information to all FT and Commodity Sections in the Ministry.

Copy to the Ministry of External Affairs (E & C Division).

Sd/-P. VAIDYANATHAN

Deputy Director

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 86) Para No. 138.

The Committee are glad to note that recently an opportunity was provided by Government for exchange of views between Indian envoys working in African and West Asian countries with representatives of Export Promotion Councils and Commodity Boards. The Committee suggest that such exchange of views between the Indian envoys and Export Promotion Councils and Commodity Boards may be arranged for other regions, having promising export prospects.

REPLY OF GOVERNMENT

The recommendation of the Committee for arranging exchange of views between the representatives of the various Exports promotion Councils and Commodity Boards and the Heads of Indian Missions in the regions other than Africa and West Asia has been noted.

In a similar way when Heads of Missions visit India for consultations or on leave, suitable opportunities are provided to them to exchange views with Export Promotion Councils, Commodity Boards and specialised bodies. As and when a meeting of the Heads of Indian Missions in other regions is convened in India, suitable opportunities for exchange of views with the representatives of the Export Promotion Councils and Commodity Boards will be arranged.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 87) Para No. 139.

The Committee suggest that energetic steps should be taken to improve the working of the Department of Commercial Intelligence and Statistics so that it can render efficient and prompt service to the Industry and trade.

REPLY OF GOVERNMENT

The recommendation of the Committee has been noted. The Department of Commercial Intelligence & Statistics has already effect-

ed significant improvements in the coverage of the data of statistical publications. It has also started deputing its staff periodically to the various Indian Ports for checking the exports of items like cotton yarn and bauxite. In the case of imports also the corrections are now being reported promptly and integrated with the monthly totals. In this way the published figures are being made more realistic than hitherto. The machinery for answering trade enquiries has also been geared up.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 88) Para No. 140.

As the Directory of Exporters is an important instrument of export promotion, the Committee need hardly stress that continuous efforts should be made to improve its contents and get up so that it can in near future compare favourably with the Directories which are being brought out by advanced countries.

REPLY OF GOVERNMENT

Improvements have already been effected in the 15th Edition of the Directory of Indian Exporters of Indian Produce and Manufacturers, which contains names of 3000 exporters as against 1000 names in the old edition.

The Advisory Committee of the Department of Commercial Intelligence and Statistics has recently approved the suggestion that the basic information contained in the Directory might be printed in English and French. With a view to make further improvements in the Directory, a proposal is under consideration to depute an officer of this Department to countries producing good Directories, for example, Belgium and Denmark with a view to studying the practice and procedure followed by them.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 89) Para No. 141 .

The Committee suggest that Government may consider the advisability of a tabulated sheet indicating the production and export trends of each export product being brought out once in six months or so by the Department of Commercial Intelligence and Statistics or by some other agency.

REPLY OF GOVERNMENT

It is proposed to entrust this work to the Department of Commercial Intelligence and Statistics. In fact the Indian Trade Journal already carries commodity notes containing *inter alia* the latest available data on annual production and trade of important export merchandise.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 90) Para No. 142.

The Committee consider that it would greatly facilitate work and remove ambiguities if there is one schedule uniformly applied for the purposes of issuing licences, reckoning import statistics and for levy of customs duties. They would recommend that earnest efforts should be made to evolve such a uniform schedule.

REPLY OF GOVERNMENT

The Office of the Chief Controller of Imports and Exports have already prepared a draft revised schedule on the basis of the S.I.T.C. for import control purposes for which the various Government Departments, Chambers of Commerce, trade organisations etc. are being consulted. The Schedule, may, however, have to be further revised in the light of the recommendations which will be made by the Committee referred to in the paragraph below.

2. As far as the customs tariff schedule is concerned, the Ministry of International Trade in their Resolution No. 10(8)/63-GATT, dated the 17th March, 1964, have constituted a committee to conduct a comprehensive enquiry into the Indian customs tariff structure and to recommend the lines on which it may be revised and improved. This committee is scheduled to submit its report within one year.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 91) Para No. 143.

The Committee suggest that Government may take steps to provide proper accommodation for the Department of Commercial Intelligence and Statistics and Commercial Library. The Committee would also stress that the Commercial Library should be re-organised so as to increase its utility to the trade and industry.

REPLY OF GOVERNMENT

The Ministry of Commerce have already taken up this matter with the Ministry of Works and Housing for additional accommodation and schemes for the reorganisation of the library service are under consideration.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 92) Para No. 145.

The Committee consider that import control should serve as an instrument of industrial development, as a conservator of foreign exchange and as a vehicle of export promotion. It should help to set competitive standards for quality and price and keep in check prices of goods, particularly consumer goods. In short, the import control policy should strengthen the industrial base of the country, diversify the economic structure and create conditions of a self-generating economy.

REPLY OF GOVERNMENT

This recommendation has already been given effect to, while formulating the import policy.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 93) Para No. 147

The proportion of industrial goods imported from abroad increased from 62.25 per cent in 1960-61 to 66.13 per cent in 1961-62 but thereafter declined to 64.87 per cent in 1962-63. The share of other consumer goods in the total imports, however, increased from 7.89 per cent in 1960-61 to 8.46 per cent in 1962-63. The Committee feel that unless the reduction in the percentage of import of industrial goods is due to substitution of imports by indigenous goods, it may lead to imbalance and result in idling of capacity in existing units.

2. The Committee consider that the increase in the percentage of import of consumer goods is indicative of not a very desirable trend.

3. The Committee suggest that strenuous efforts may be made to bring down import of non-essential consumer goods to the barest minimum consistent with the need to check artificial increase in prices.

REPLY OF GOVERNMENT

As a result of increasing production of capital goods and the production of import substitutes, the import content of the items manufactured is gradually being reduced. The other factor leading to the reduction in imports of industrial goods is the shortage of foreign exchange. For instance, due to foreign exchange difficulty, cuts had to be made in the allocation of raw materials and components to actual users in April '62 March '63 period.

As a matter of policy, only such consumer goods as are considered essential to the economy of the country and for maintaining the friendly relations with the neighbouring countries are allowed imports. Such imports are, however, kept at as low level as possible. This will be evident from the fact that the allocation for consumer goods works out to only 1 per cent of the total free foreign exchange allocation provided for the year 1962-63. The rise in the import of consumer goods may be due to increased imports of kerosene and foodgrains which are outside the commercial ceiling placed at the disposal of the Import Control Organisation. The suggestion regarding bringing down import of non-essential consumer goods has been noted. Efforts will continue to be made to bring down their imports to the barest minimum consistent with the need to check artificial increase in prices.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

Figures of break up of imports under major Heads—Capital goods, Industrial goods, and Consumer goods during the years 1963-64 and 1964-65 on the lines of Appendix III to the 48th Report may kindly be furnished.

[Lok Sabha Secretariat O.M. No. 4/3(1)EC/64, dated 2nd September, 1965].

FURTHER REPLY RECEIVED FROM GOVERNMENT

The requisite information is given in the statement below:—

Statement showing the break-up of imports into major heads—Capital Goods, Industrial Goods and Consumer Goods during the

years 1963-64 to 1964-65.

Value in Crores of Rupees:

Items	1963-64		1964-65	
	Value	Per cent	Value	Per cent
1. Capital Goods	191·72	16·00	191·77	15·24
2. Industrial Goods .	751·72	62·72	788·51	62·64
3. Consumer Goods				
(i) Foodgrains (Wheat and rice)	172·34	14·38	201·65	16·02
(ii) Kerosene Oil .	25·38	2·12	15·89	1·26
(iii) Others .	57·24	4·78	60·90	4·84
TOTAL (3)	254·96	21·28	278·44	22·12
TOTAL 1 TO 3	1198·40	100·00	1258·72	100·00
4. Returned Goods and special transactions	3·77		3·40	
GRAND TOTAL	1202·17 (1222·85)		1262·12	

Notes

1. Foodgrains figures are provisional.
2. The detailed break-up of the revised figures for 1963-64 is not available.
3. The total figures for 1964-65 exclude value of articles under reference amounting to Rs. 119 lakhs.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated the 12th October, 1965].

Recommendation (Serial No. 94) Para No. 148

While the Committee have no doubt that the Established Importers can continue to play a useful part in the import trade particularly for items for which after-sales service is required and where goods are required to be imported in small quantities by diverse

consumers, the Committee consider that the time has come when Government should try to impress on them the urgency of enlarging their sphere of activity and of engaging themselves in growing export business.

REPLY OF GOVERNMENT

The recommendation of the Committee has been noted. At the last two meetings of the Export Import Advisory Council, it has been made clear that the Established Importers would have to engage themselves in increasing manner, in export activities internal distribution, etc.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 95) Para No. 150

The Committee are concerned at the hardship which the small scale industries has had to undergo as a result of a severe cut in the allocation of foreign exchange for the import of their requirements of raw materials, components etc., and would urge Government to give a more sympathetic and urgent consideration to their requirements.

REPLY OF GOVERNMENT

Government are keenly alive to the difficulties faced by Small Scale Industries consequent on the decline in the availability of foreign exchange for the import of raw materials, components etc. particularly after the National Emergency and efforts are being made to secure a larger allocation of foreign exchange for the import of raw materials, components etc. for the small scale industries.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The amount of foreign exchange allotted and the amount actually released for import of raw materials, components, etc. for small scale industries during each of the last three years and the proportion they bear to the foreign exchange allotted and released for large scale industries may be stated.

[Lok Sabha Secretariat O.M. No. 4/3(1)/EC/64, dated 2nd September, 1965].

FURTHER REPLY RECEIVED FROM GOVERNMENT

Two statements are enclosed.

Annexure I shows the amounts of foreign exchange allotted and the amounts actually released for import of raw materials, components etc. for small scale industries, for the years 1962-63, 1963-64 and 1964-65.

Annexure II shows the foreign exchange allocations for the years, 1962-63, 1963-64 and 1964-65, for the import of raw materials, components and spares to the Scheduled Industries borne on the lists of the Directorate General of Technical Development. The information is, however, partial, as it excludes the provisions made against barter and link arrangements and *ad hoc* credits like Kipping Loan and also figures for non-ferrous metals, sulphur, copra, palm oil etc. for which provisions are made separately.

ANNEXURE I

Statement showing the amount of foreign exchange allotted and the amount actually released for import of raw materials, components, etc., for small scale industries for the years 1962-63, 1963-64 and 1964-65.

(Figures in Rupees Crores)

Item of raw material/component	1962-63		1963-64		1964-65	
	Amount of foreign exchange allotted	Amount of foreign exchange utilised	Amount of foreign exchange allotted	Amount of foreign exchange utilised	Amount of foreign exchange allotted	Amount of foreign exchange utilised
1. Steel items*	8.00	7.63	7.50	7.04	11.0345	8.85
2. Non-ferrous metals	12.54	**	11.00	**	10.87	**
3. Items licensable by the C.C.I. & E.	9.50	10.14†	12.40	13.60†	13.00†	15.31†
4. Chemicals	††	††	††	††	††	††

*This allotment has been distributed to the various State Govts. who recommended issue of import licences to individual units.

**It is understood that the respective materials against the allocations have been imported by M.M.T.C. in full. It is, however, difficult to say how much material has actually been supplied to small scale units. The position has been further complicated by the promulgation of the Scarce Industrial Materials Control Order, 1965, under which all stocks of copper, zinc, tin and lead held by units/raw material depots/MMTC as on 30-10-1965 have been frozen.

†The figures represent the value of licensing against the allocation.

††Foreign exchange allocations for import of chemicals from Rupee payment areas for 1963, 1964 and 1965 were Rs. 1.08 crores, Rs. 1.60 crores and Rs. 1.72 crores respectively, which were fully utilised.

ANNEXURE II

Statement showing Foreign Exchange allocations for the import of raw materials, spares and components to the scheduled industries

(Rupees in Crores)

Year	Free Resources	Foreign Assistance		Total
		Amount	Source	
1962-63	82.66	28.30	AID	115.10
		2.45	W. Germany	
		0.29	Colombo Plan	
		1.40	U.K.	
1963-64	76.10	22.63	AID	112.66
		9.16	W. Germany	
		1.04	Colombo Plan	
		2.45	U. K.	
		1.30	Dutch Credit	
1964-65	59.70	28.15	AID	130.85
		5.82	W. Germany	
		2.55	Dutch Credit	
		0.88	Colombo Plan	
		32.60	IDA	
		0.15	Austria	
		1.00	U. K.	

[Ministry of Commerce O.M. Nos. Parl 9(1)/64 dated 15th January 1966 and 27th August 1966].

Recommendation (Serial No. 96) Para No. 151.

The Committee would stress that import policy may be announced simultaneously for all commodities as far as possible so that the scope for speculation is eliminated.

REPLY OF GOVERNMENT

This recommendation is already being given effect to.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 97) Para Nos. 152 & 153.

The Committee are surprised to note that the Technical Panel on Import Substitution set up in August 1962 was dissolved on the promulgation of emergency. In fact that emergency should have underlined the urgency of the problem of saving foreign exchange. The Committee hope that the new Sub-Group on Import Substitution would earnestly pursue its task and submit the report by March, 1964. The Committee also hope that Government would take action on the recommendations of the Sub-Group without delay so that as much foreign exchange as possible could be saved by resorting to Import Substitution.

REPLY OF GOVERNMENT

The Technical Panel on Import Substitution was set up by the Planning Commission under Government Resolution No. I&M-11(2)/62 dated 29-8-1962. The first meeting of the Panel was held on 17th October, 1962 and it set up five sub-committees to examine in detail the scope for Import Substitution in different groups of industries. Since then a state of emergency has been declared and as a result it was felt that it would not be possible for the Panel to continue its work in the normal way. The Panel was therefore dissolved on 2nd January, 1963. No progress could therefore be made on the studies remitted to the Technical Panel. These studies are however, being pursued by the Planning Commission and the administrative Ministries to the extent possible and for this purpose a sub-group on Import Substitution and Imports has been appointed. The terms of reference of the Sub-Group are given in the Annexure. The Sub-Group has since finalised the Third Plan Report and has also carried out detailed studies on the Fourth Plan. Although the Group's final report is yet to be formally submitted to the Planning Commission, the Planning Commission have already taken into account the detailed studies carried out by this Group so far in the preparation of the Memorandum on the Fourth Plan. The recommendations of the Sub-Group will be pursued to the extent possible and as much foreign exchange will be saved as possible.

ANNEXURE

Terms of reference of the Sub-Group on Import Substitution and Imports

- I. (a) to review the progress made with regard to Import Substitution in the course of the Third Five Year Plan;

- (b) to suggest what further steps should be taken to realise the fullest potentialities in this respect by accelerating planned projects, establishing additional capacity or otherwise;
 - (c) to assess the requirements for maintenance imports in the light of the latest phasing of the Third Plan projects and having regard to the need for full economic use of capacity and national priorities and to the availability of foreign exchange;
 - (d) to study the possibilities of effecting import savings through substitution of materials and modification of techniques and to recommend measures for securing much savings; and
 - (e) to suggest the purposes for which allocations may be reduced if the overall resources available do not suffice to meet the requirements fully and to indicate measures supplementary to import cuts which may be employed to secure foreign exchange savings through discouragement of the domestic consumption of the products involved.
- II. Keeping in view the perspective of growth in the Fourth Plan period—and the pattern of development in the various sectors, including exports—which seems appropriate and practicable, to work out the import requirements of the economy and to indicate measures whereby the maximum savings in imports can be effected without prejudice either to the efficiency of domestic enterprise or the overall rate of growth.

[Ministry of Commerce O.M. No. Parl. 9(1)/64. dated 15th December, 1964].

Recommendation (Serial No. 98) Para No. 154

The Committee cannot help concluding that there is considerable scope for improvement in the working of the Chief Controller of Imports & Exports Organisation. They feel that in an organisation like this, timely and expeditious disposal of work should be the primary consideration. They would recommend that a careful and thorough investigation into the staff position of this office, may be made urgently and suitable steps taken to remedy the position.

REPLY OF GOVERNMENT

The staff position is reviewed annually at the time of continuance of temporary posts. There is shortage of certain categories of staff due to the ban on filling of posts lying vacant for over 6 months and also due to non-availability of qualified personnel for posting. The question of filling up of such posts, in relaxation of the ban, is under active consideration.

2. As per certain recommendations regarding re-organization made in the Mudaliar Committee's report, a new Office under the Chief Controller of Imports and Exports Organization, has already been opened at Bangalore, and the assessment of staff requirements in respect of other new offices to be opened at Kanpur and Srinagar has been finalised and the staff will be sanctioned very shortly. Additional staff necessary for strengthening the Amritsar Office has been assessed and sanctioned. These steps will help in expeditious disposal of queries/applications for licence etc., in the areas under the jurisdiction of these Offices.

3. Another study team, including a member of Parliament as a non-official member, has been set up recently to examine the organisation, structure, methods of work and procedures of the Office of the Chief Controller of Imports and Exports, particularly with a view to locating the points at which delays occur, where bottlenecks exist and where administrative failures are possible and to suggest measures for improvements so that opportunities for corruption can be eliminated.

4. Recently, O & M Section of this Ministry investigated the staff requirements of the Office of the Joint Chief Controller of Imports and Exports, Goa and necessary posts have been sanctioned. The question of investigating staff requirements of other offices of Chief Controller of Imports and Exports Organisation is also in view.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 99) Para No. 154.

The Committee consider that the large number of pending applications of the end of the half year on the 30th September, 1963 indicates that there is lot of scope yet for streamlining the procedure. As a large number of applications are stated to be submitted incomplete, the Committee suggest that Government may bring out a

Guide Book containing detailed instructions about the manner in which the various forms should be filled.

REPLY OF GOVERNMENT

The observations of the Estimates Committee in para 154 of the Report have been noted. As regards the publication of Guide Book, a new and revised edition of the "Hand Book of Rules and Procedure 1964" has been published along with the current Red Book. While revising the Hand Book the need for streamlining the procedure for submission of applications was kept in view.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 101) Para No. 156.

The Committee fail to understand how the following publications, two out of which Nos. (i) and (iii) were last brought out in 1961, can be proper substitute for the annual register recommended by the Mudaliar Committee:

- (i) Handbook of Indigenous Manufacturers of Engineering Stores;
- (ii) Handbook of Indigenous Manufacturers of Chemicals and Miscellaneous Stores;
- (iii) Names of Indigenous Manufacturers of Industrial Machinery (Banned or Restricted Types); and
- (iv) Import Policy for Actual Users for Machinery and Equipment.

They also regret that the handbook of Indigenous Manufacturers of Engineering Stores does not cover indigenous manufacturers in the Small Scale Sector.

The Committee cannot but regard the present position in this respect as unsatisfactory. They would suggest that the publications referred to above may be issued annually after bringing the information up to date. They would also suggest that the advisability of bringing out a Handbook of Indigenous Manufacturers in the Small Scale Sector by the Development Commissioner, Small Scale Industries or alternatively including the relevant information in the Handbook being brought out by Directorate General of Technical Development may be considered by Government.

REPLY OF GOVERNMENT

Government accept the recommendations of the Estimates Committee and agree to revise the publications and make them up to date annually so that the entrepreneurs may have consolidated information in a compact form.

2. As regards the recommendation of the Estimates Committee to the effect that the advisability of bringing out a Handbook of Indigenous Manufacturers in the Small Scale Sector by the Development Commissioner, Small Scale Industries or alternatively including the relevant information in the Handbook being brought out by Directorate General of Technical Development may be considered by Government, it may be stated that in accordance with a recommendation of the Small Scale Industries Board, 9 States have already brought out their directories of Small Scale Industries, which cover industries registered with the Directorate of Industries for financial or other assistance and also those small industries coming under the Factories' Act. The other States are also expected to bring out such directories. In addition to these directories, the Federation of Association of small industries of India are also compiling a consolidated directory of small scale industries spread over the country. The Government of India have given the Federation financial assistance for bringing out this directory. This directory would generally serve the purpose that the Estimates Committee has in mind.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 102) Para No. 157.

The Committee suggest that Government may consider the advisability of adopting an I.M.B. system etc. for maintaining up to date information about the availability of goods from indigenous sources so that applications for import licences could be processed quickly.

REPLY OF GOVERNMENT

Government accept the recommendation in principle. The possibilities of adopting I.B.M. system (mechanical tabulation) for maintaining information on various aspects of Industry in the Directorate General of Technical Development is being explored by that Directorate in consultation with M/s. I.B.M. World Trade Corporation, New Delhi.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 103) Para No. 157.

The Committee suggest that Government may take suitable measures to ensure that description of items in the applications for import licences is furnished precisely by the applicants. They have already suggested that suitable Guide Book for filling up the forms for import licences might be brought out by the Import Trade Control authorities. They would like that in the Guide Book, special emphasis may be laid on the desirability of furnishing precise information by applicants about the items of machinery etc. which they require.

REPLY OF GOVERNMENT

This suggestion has already been given effect to. A new and revised edition of the Hand Book of Rules and Procedure—1964 has been brought out with the current Red Book. Adequate and precise instructions about filling up of import application forms and their submission to the licensing authorities are contained in the new Hand Book.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 104) Para No. 158.

The Committee would suggest that a study may be made of the cases where goods were at first held by customs authorities to have contravened the provisions of import licences but were later on allowed so as to make sure that the existing powers are not being exercised in a vexatious manner.

REPLY OF GOVERNMENT

A study on the lines suggested by the Committee has been undertaken by the Director of Inspection (Customs and Central Excise). His conclusions are awaited.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 105) Para No. 159.

The Committee are constrained to observe that as many as 778 cases of malpractice representing 30 per cent of the total number of complaints received were outstanding at the end of 1963. They cannot stress too strongly the need for taking urgent steps to finalise investigations and of taking severe and prompt action against the parties at fault so that it acts as a deterrent to others.

REPLY OF GOVERNMENT

A special drive has been undertaken to finalise old cases of investigation. Many old cases have already been finalised and constant efforts are being made to finalise other cases as early as possible.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 106) Para No. 160.

The Committee feel that over-invoicing and under-invoicing of goods take away valuable resources from the pool of foreign exchange of the country, at a time when they are most needed. The Committee recommended that a study may be expeditiously made by the dubious tactics allowed by the parties in over-invoicing and under-invoicing so that all loopholes are plugged and an end is put to such undesirable and anti-national practices.

REPLY OF GOVERNMENT

Under-invoicing of exports and over-invoicing of imports are practised mainly with a view to accumulating foreign exchange reserves abroad for utilisation in an unauthorised manner. The Government are aware of these malpractices and are taking necessary steps to check them. The Calcutta Customs authorities are investigating the cases of certain prominent exporters, and special staff has been sanctioned for this purpose. These investigations have thrown considerable light on the methods adopted for evasion.

2. Further, a scheme designed mainly for dealing more effectively with overinvoicing of imports, and involving the provision of some additional staff, was submitted to Government by the Director of Enforcement. After considering the scheme, additional staff has been sanctioned to the Enforcement Directorate. Government are also considering the question of strengthening the existing organisation for dealing with evasions of Customs, Gold Control, Enforcement and similar 'Revenue' offences and achieving better co-ordination between the different units which are concerned with such matters.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 108) Para No. 162.

The Committee consider that a duty devolves upon the indigenous industry to maintain high quality of production particularly when a ban is imposed on imported goods of international standard required by the manufacturers. It is obvious that if the manufacturers do not take full care in maintaining standard specifications particularly of producer goods or raw materials, components and other articles which go into finished products, both the quality and volume of production would suffer. The Committee would stress the paramount need for maintaining high and consistent quality in production of goods.

REPLY OF GOVERNMENT

The recommendation has been brought to the notice of the Federation of Indian Chamber of Commerce and Industry, New Delhi, and the Associated Chamber of Commerce of India, Calcutta.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 109) Para No. 162.

The Committee understand that the market prices of indigenous products are sometimes increased by producers following an import ban or reduction in import quota. The Committee consider such artificial increase in prices as highly undesirable. The Committee feel that the Government should take note of the practice and take necessary action. The Committee also consider that a duty devolves on the associations of manufacturers and trade to impress upon their constituent members to desist from such malpractices.

REPLY OF GOVERNMENT

The observations of the Committee have been noted.

2. Steps are being taken to undertake a study of the effect of import control on prices and quality of indigenous production.

3. The general question of checking rise in prices was taken up with the Federation of Indian Chambers of Commerce and Industry. The Federation has set up Zonal Price Vigilance Committees. These Committees are expected to pay special attention to the question of price tagging, price marking and display of retail prices of all essential commodities in use by the common man.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 110) Para No. 162.

The Committee consider that it would be useful if Government undertake study of the effect of import control on price and quality of indigenous products. It may not be difficult to undertake such a study as information about a large number of indigenous products should be readily available with the Director General of Supplies and Disposals.

REPLY OF GOVERNMENT

The observations made by the Committee have been noted.

2. Steps are being taken to undertake a study of the effect of import control on prices and quality of indigenous production.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 111) Para No. 163.

The Committee need hardly say that an import licence loses its utility if it is not possible to import the requisite goods in time and inadequate quantity and according to specifications. They would like the Government to keep the above aspects in view while issuing import licences.

REPLY OF GOVERNMENT

The suggestion has been noted and will be kept in view while issuing import licences.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964]

Recommendation (Serial No. 112) Para No. 166.

The Committee consider that at a time when the industry is feeling greatly strained for want of availability of foreign exchange, it is unfortunate that from year to year, large amounts of grants and credits have been allowed to remain unutilised on which, in some cases, commitment charges have to be paid. The Committee cannot too strongly emphasise the need for streamlining the procedures so that the grants and credits which are arranged after such hard efforts are put to effective use.

REPLY OF GOVERNMENT

The Committee on 'Utilisation of External Assistance' which was constituted to examine the present procedures for the negotiation, allocation and disbursement of external assistance and to suggest

measures, in the light of such examination, to ensure speedier and more efficient utilisation of available assistance in keeping with priorities in the Plan, has submitted its Report to the Government. The recommendations made in the Report have been carefully examined in the Ministry of Finance in consultation with other concerned Ministries. The Report of the Committee, together with a Statement indicating Government's decisions on the recommendations was laid on the Table of the Lok Sabha on 16th April, 1964. The Government expects that the rate of utilisation of external assistance, which has recently shown improvement will be further increased as a result of the implementation of these decisions.

[Ministry of Commerce O.M. No. Parl. 9 (1) /64, dated 15th December, 1964].

Recommendation (Serial No. 113) Para No. 167

The Committee consider that it would obviously be better if other foreign creditors including the International Bank for Reconstruction and Development and the Kreditanstalt etc. persuaded to give loans to Indian on terms similar to those of the International Development Association.

REPLY OF GOVERNMENT

The Government of India is continuously making efforts with the aid-giving countries and institutions to liberalise their terms of lending to India.

[Ministry of Commerce O.M. No. Parl. 9 (I) /64, dated 15th December, 1964].

Recommendation (Serial No. 114) Para No. 168

The Committee need hardly stress that in the remaining years of the Third Five Year Plan there is greater need than ever of obtaining united assistance from friendly countries.

REPLY OF GOVERNMENT

In view of the advantages of non-project assistance, it has been our endeavour to persuade aid-giving countries to increase non-project assistance. At the meetings of the Consortium held in June, 1963 and July-August, 1963 there was a general recognition of the need for non-project assistance. The Press Communique issued at the end of the meeting in August, 1963, stated "particular importance was attached at the meeting to providing India with non-project assistance which could be used to finance imports required for general support and development of the economy."

Out of the pledges of assistance made by the members of India Consortium for the year 1963-64 (\$ 1052 million), roughly two-fifths, i.e., about \$420 million was estimated to accrue in the form of non-project assistance. But the allocation of non-project assistance by the Consortium Members for 1963-64 is estimated at \$ 478 million.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 115) Para No. 169

The Committee recommend that early decision may be taken on the question of setting up of an Import-Export Stabilisation Fund.

REPLY OF GOVERNMENT

It has now been decided by the Government to introduce a scheme of Revolving Foreign Exchange facilities to exporters for import of raw materials, components and spares. A scheme has been finalised and is being implemented.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

Recommendation (Serial No. 6) Para No. 12.

The Committee have no doubt that Government would consider the advisability of giving such concessions to exporters as are considered necessary including that of accelerated depreciation on fixed assets used in exporting industries.

REPLY OF GOVERNMENT

The suggestion has been considered in consultation with the Ministry of Finance who are concerned.

2. Certain tax concessions have already been allowed to exporters, such as rebate of income-tax based on profits on exports, as well as on export turnover, and non-taxing of a non-resident exporter who purchases goods in India for export on the income attributable to such purchase operations. In view of these and other concessions and also in view of the practical difficulties in segregating depreciable assets used in manufacturing goods for exports from the rest, it is considered that a further provision for the allowance of accelerated depreciation on fixed assets used in exporting industries need not be made.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 7) Para No. 15.

The Committee have no doubt that the recommendations of the Saraiya Committee which has been set up by the Board of Trade to study the question of incidence of sales taxes on commodities exported from India would be processed quickly and suitable action taken to ensure that the exports are not unnecessarily burdened with levies.

REPLY OF GOVERNMENT

The Report of the Saraiya Committee has been received and is under examination. Decisions on the various recommendations made by the Committee are expected to be taken shortly.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

FURTHER INFORMATION CALLED FOR BY THE COMMITTEE

The decisions taken by Government on the various recommendations of Saraiya Committee may be intimated.

[Lok Sabha Secretariat O.M. No. 4/3(1)EC/64, dated 2nd September, 1965].

FURTHER REPLY RECEIVED FROM GOVERNMENT

The acceptance of most of the recommendations of the Committee on Sales Tax under the Chairmanship of Shri R. G. Saraiya depended on their recommendation that the Centre should give adequate compensation to the States which may suffer a not insignificant loss of revenue as a result of the implementation of the Committee's recommendations, so as to ensure that their commitments for development are not adversely affected. A note on the subject was accordingly submitted to the Finance Commission for their consideration. The Finance Commission's Report has since been published. The Report of the Finance Commission has since been laid on the Table of the House and the attention of the Estimates Committee is invited to Chapter 8 of the Report. The Finance Commission have not given a very specific recommendation about the Centre giving any adequate compensation to the States which may suffer a not insignificant loss of revenue as a result of the implementation of the Saraiya Committee's recommendations and have in fact suggested in paragraph 92 of the Finance Commission report that there should be periodic exchange of views between the Union and the State Governments on problems of taxation and related subjects, with a view to evolving a coordinated line of action between the Union excise duties and sales taxes levied by the States; this Ministry therefore has taken up the main recommendation of the Saraiya Committee again with the Finance Ministry for further consideration.

The system of tax-credit certificates has now been introduced and one of the factors considered in deciding upon the grant of such certificates is the incidence of various taxes the refund of which has been found difficult to grant directly. Thus to some extent the grant of tax credit meets the burden of these numerous miscellaneous Central, State and local taxes.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 12th October, 1965].

COMMENTS OF THE COMMITTEE

The Committee think that an early decision on this should have been taken as it is vitally connected with the export promotion

scheme. They hope that an early decision will now be taken on the main recommendation of the Saraiya Committee.

Recommendation (Serial No. 32) Para No. 63.

The Committee suggest that in the interest of implementing an integrated programme for development of Jute, Government should take an early decision of the recommendation of the Jute Committee regarding the establishment of a high-powered Jute Development Board.

REPLY OF GOVERNMENT

While Government are fully alive to the need for increasing the yield per acre of jute, they do not consider it necessary to set up a Jute Development Board on the lines recommended by the Committee for the following reasons:

- (1) The cultivation of jute is carried out in a number of States in small holdings. The position in this regard is, therefore, very different from plantation Crops like tea, coffee and rubber, the development of which has been specially entrusted to autonomous statutory Boards.
 - (2) Agriculture is a State subject and jute development schemes fall within the purview of the State Governments who have already built up their extension and supply services. Setting up of a separate Board and the creation of such services through it will lead to unnecessary duplication and over-lapping of functions.
 - (3) On the marketing side, there are not only the private organisations like Indian Jute Mills Association, Cooperatives, and buffer stock agency but there are also Government sponsored bodies like State Trading Corporation, and National Agricultural Cooperative Marketing Federation, who deal in raw jute. The orderly marketing of jute is already being regulated by the Jute Commissioner.
2. Instead of a Jute Development Board it is proposed to adopt the following measures to achieve the same objective:
- (a) While Indian Central Jute Committee which is responsible for various problems of production of jute, its marketing and follow up action of development programmes etc. in various States, will continue to discharge its functions in regard to research, the development programme for in-

creasing the yield per acre and improving the quality of fibre of jute would be entrusted to a Central Committee for Jute Development, of which the Special Secretary in the Ministry of Food and Agriculture, Government of India (who is also President, I.C.J.C.) would be the Chairman. For this purpose, it has been decided that this Committee which will have State Agriculture Secretaries and representatives of the Planning Commission, the Ministries of Finance, Community Development and Commerce as also of Jute Growers and the Jute industry as members, will scrutinise all development programmes for jute and on receipt of its advice the Government of India will issue necessary sanctions.

- (b) To provide continuous technical direction to and supervise the execution of the development programme, a post of Food and Agricultural Production Commissioner has been created in the scale of Rupees 1600—1800 in the Department of Agriculture (ICAR). The Production Commissioner will be assisted by the Development Officers of the I.C.J.C. and of the State Governments.

[Ministry of Commerce O.M. No. Parl. 9 (I)/64, dated 15th December, 1964]

Recommendation (Serial No. 36) Para No. 69.

The Committee suggest that the question of purchase of jute by the Director General of Supplies and Disposals at a time when there is a tendency for the prices to sag, may be examined by Government.

REPLY OF GOVERNMENT

An *ad-hoc* Committee consisting of Sarvashri A. K. Roy (Chairman), D. B. Ghosh, Goswami (Ministry of Commerce and Industry), V. N. Ranjan (D.G.S. & D.) and N. N. Wanchoo (Ministry of Finance) examined in November, 1957 the proposal regarding purchase of jute goods on Government account in such a way as to help regulate the market prices and sustain export and came to the conclusion that the quantum of purchases on government account were not so much as to materially affect the trend of jute prices or help substantially in supporting the prices of gunnies. As Director General of Supplies and Disposals are only the purchasing agents on behalf of the indentors who would like to purchase at the cheapest rates, the former are not in a position to render the assistance proposed by the Committee.

2. Government have already taken adequate steps towards price stabilisation e.g., purchases of jute by Jute Buffer Stock Association, purchases of jute by the State Trading Corporation for their supplementary buffer stock and the directions for purchases issued to the mills by the Jute Commissioner under the provisions of Jute (Licensing and Control) Order. These measures have substantially helped in bringing steadiness in the jute prices.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

COMMENTS OF THE COMMITTEE

The Committee appreciate the measures taken but feel that the D.G.S. & D. may also keep this question in view while making purchases. The Committee feel that Government indentors should always try to look for cheaper rates even when an economic policy of the Government is involved.

Recommendation (Serial No. 100) Para No. 155.

The Committee have been informed during the evidence by the representative of the Directorate General of Technical Development that normally it should not take more than two weeks to know whether a particular item is indigenously manufactured or not. The Committee only hope that this estimate of two weeks in disposing of applications is adhered to in practice, so that there is no occasion for non-official organisations to represent that it takes two years to dispose of some applications.

REPLY OF GOVERNMENT

The time taken for finding out whether a particular store is manufactured indigenously or not depends upon the description of the store indicated by the applicant party. If the description of the store is very clear to decide the nature of the store, the indigenous angle can be decided in a very short time, generally 10 to 15 days. However, if the description of the store is covered under proprietary name or code classification, then clarification has to be asked for from the applicant party on the nature, specification and use of the store; on receipt of which the indigenous angle can only be decided. In such cases, the applicant parties quite often take considerable time in furnishing the details as the same have generally to be obtained from their foreign collaborators.

* 2. The delay in scrutinising the stores from indigenous angle therefore, occurs because of the applicant party not being in a position to furnish the necessary details in time.

3. It may be mentioned here that the time limit of two weeks specified may not be adhered to in all cases. Especially, when the list of items to be cleared is more than 50, it may not be possible to clear the case in two weeks. It may require three to four weeks.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

Recommendation (Serial No. 107) Para No. 161.

The Committee do not consider the position regarding disposal of appeals made to Chief Controller of Imports and Exports as satisfactory and would suggest that steps may be taken to see that all appeals are disposed of within a month from the date of their submission (complete in all respects).

REPLY OF GOVERNMENT

When an appeal is preferred to the C.C. I. & E. against the decision of the licensing authorities, the C.C.I. & E. has to obtain a report and the relevant records from the concerned licensing authorities. The collection of the reports and records and the examination of the appeals in C.C.I. & E's. Office cannot possibly be completed in one month's time in most cases. As the statistics furnished to the Estimates Committee show, 75 per cent of the appeals are disposed of between one and two months' time. It is, therefore, considered that while every effort will be made to dispose of the appeals as expeditiously as possible, the disposal of appeals within a period of two months' time may be regarded as satisfactory.

[Ministry of Commerce O.M. No. Parl. 9(1)/64, dated 15th December, 1964].

ARUN CHANDRA GUHA,

*Chairman,
Estimates Committee.*

NEW DELHI;

8th December, 1966.

Agrahayana 17, 1888 (Saka).

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the 48th Report of the Estimates Committee (Third Lok Sabha)

1. Total number of recommendations	115
2. Recommendations accepted by Government Nos. 1—5, 8—31, 33—35, 37—99, 101—106 and 108—115	
Number	109
Percentage to the total	95 per cent
3. Recommendations which the Committee do not want to pursue in view of the Government's Replies Nos. 6, 7, 32, 36, 100 and 107	
Number	6
Percentage to the total	5 per cent

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI—contd.			30.	People's Publishing House, Rani Jhansi Road, New Delhi	76
21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi	3	31.	The United Book Agency 48, Amrit Kaur Market, Pahar Ganj, New Delhi	88
22.	Atma Ram & Sons, Kashmere Gate, Delhi-6	4	32.	Hind Book House, 82, Janpath, New Delhi	95
23.	J. M. Jaina & Brothers, Mori Gate, Delhi	11	33.	Bookwell, 4 Sant Narakari Colony, Kingsway Camp, Delhi-9	96
24.	The Central News Agency, 23/90, Connaught Place, New Delhi	15	MANIPUR		
25.	The English Book Store, 7-L, Connaught Circus, New Delhi	20	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School annex, Imphal	77
26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi	23	AGENTS IN FOREIGN COUNTRIES		
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6	27	66	35. The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, London, W.C.-2	
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi		68		
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi				

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