

The Lok Sabha reassembled, after Lunch, at six minutes past Fourteen of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

# STATEMENT RE.: IMPORT POLICY

MR. DEPUTY-SPEAKER: Mr. Mohan Dharia.

THE MINISTER OF COMMERCE, AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA): Sir, this statement runs to more than six pages. May I, with your permission, lay it on the Table of the House?

MR. DEPUTY-SPEAKER: Yes. However, a couple of Members wanted some clarifications.

SHRI MOHAN DHARIA: Sir, I lay the Statement regarding the Import Policy for 1978-79 on the Table of the House.

## Statement

While placing on the Table of the House on the 3rd April 1978, the Foreign Trade policy for 1978-79, I had stated that the Committee under the Chairmanship of Secretary (Technical Development) would receive during the period April-June 1978 suggestions and representations made in regard to the new policy and make its recommendations to Government, on the basis of which modifications could be made. A wide cross section of persons in industry and trade, including the principal Chambers of Commerce and Industry and other Associations availed of this opportunity. The Review Committee has already completed the bulk of its work and would by the end of this month be disposing of all requests and suggestions made upto the middle of July, 1978.

2. After considering the recommendations made by the Review Committee in the above manner, it has been

decided to issue a Public Notice today bringing into force those recommendations of the Committee as have been accepted by the Government. I have great pleasure in placing on the Table of the House copies of this Public Notice. As soon as the Committee has completed its work, another Public Notice will be issued, covering amendments to the existing policy in the nature of inter-se adjustments among the banned, restricted and other lists of items included in the Import Policy.

3. For the benefit of the House, I wish to summarise hereunder the principal contents of the Public Notice being issued today:—

## ACTUAL USERS:

(i) The definition of "spares" and "components" has been enlarged to include accessories and attachments

(ii) The policy does not permit the import of "consumables" by industrial users under Open General Licence. To give them relief in this regard, an addition to the automatic licences granted to them would be made to the extent of 10 per cent of the value of such licences, to enable them to import the consumables needed by them.

(iii) There are industries which are still passing through the phased development programme in our country. Suitable provision had been made in the earlier policy to take care of such programme, but the connected procedures were likely to result in difficulties and delays especially at the time of Customs clearance. This has been rationalised in the new approach contained in the Public Notice.

While doing so, the number of industries included in the list has been reviewed and reduced as far as possible.

(iv) In the case of small tools and precision measuring instruments, the policy did not earlier permit industrial users to use their automatic licences to import, within limits, any of the tools and instruments included in the banned list. This has been liberalised, having due regard to the present status of Indian industry. (A similar facility has been extended to exporters of engineering goods against their replenishment licences).

(v) Items included in the restricted list could not be imported as "permissible" spares in the earlier policy, that is to say under Open General Licence, by the concerned Actual Users. This has been now provided.

The demand for ball roller and other bearings of internal diameter of 10 mm to 50 mm is more than what can be supplied by indigenous producers. Hence all such items of and above 10 mm diameter have been placed in the restricted list.

(vi) Various types of capital goods have been allowed for import under Open General Licence. Their components could also be imported by those who are in a position either to assemble them or even make a modest contribution to their Indian manufacture; savings in packing and freight can also be had thereby. This enabling provision has been made fully clear in the amendment now made to the relevant entry No. 497.

(vii) Various amendments have been made to permit easier flow of components and materials required by electronic industrial units, so as to give a boost to their indigenous production and also exports. This has been done by identifying specific components, which are made indigenously and leaving the rest for import under Open General Licence

(viii) Among the items under Open General Licence, X-ray films and other photographic films, of the type that are not being made indigenously have been now allowed for import by all persons. The earlier provision limiting this facility to Actual Users created difficulties to professionals and hospitals in getting their requirements.

(ix) The crude drugs required to be imported for Unani and Ayurvedic purposes have been enumerated, to make their imports more convenient at the time of Customs clearance.

(x) The list of family planning items allowed for import under Open General Licence has been enlarged to include all items as have been approved by the Drugs Controller, but are not produced indigenously.

(xi) Small scale industries requiring automatic licences for value less than Rs. 50,000/- are granted such licences on a "repeat" basis. It has been decided that in such cases there need be no sub-division of the total value among iron and steel items, non-iron and steel items and spares. They can utilise the licences as best as they like, for maintaining their registered industrial activities.

#### **REGISTERED EXPORTERS:**

(i) Exports of spares and Components of Machine Tools, Internal Combustion Engines, Pumps and Compressors, Industrial Machinery, Motor Vehicles and Automobile Ancillaries, and Railway Equipments will be eligible to import replenishment at the same rate as that applicable to the respective parent product.

(ii) Certain export products had been omitted for import replenishment purposes in the earlier policy. A closer examination justified their restoration, including adjustments in

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the rates already announced in some cases.

Both the above provisions will be applicable to the exports made from 1st April, 1978 onwards.

I would like to add that the list of export products qualifying for import replenishment is open to additions and alterations in the course of the year, depending upon the progress made in our export efforts *vis-a-vis* our industrial development.

(iii) Appropriate woollen products have been made eligible for the import of wool waste and synthetic waste as well.

(iv) The list of items included in the Appendix 26 to the policy is not available to the Export Houses for the utilisation of their additional licences. It has been reviewed several items have been deleted and a few items added.

(v) In view of the practical difficulties in the operation of the scheme and the price to be paid for uneconomic purchases, the limit of Rs. 1 lakh per item in the Restricted List applicable to Export Houses, for utilisation of their additional licences, has been raised to Rs. 2 lakhs.

4. There are a few other matters relating to our foreign trade of which I would like to inform the House:—

(i) The scheme for the export of Gold Jewellery against replenishment of their gold content has been finalised and will be brought into force shortly. This will, I hope, go a long way to increase our export earnings and provide jobs for thousands of our Goldsmiths and Skilled artisans.

(ii) In the case of Man-made Fibres and Filament Yarn, the Committee headed by Secretary, Indus-

trial Development, will finalise its report shortly, on the basis of Government's Textile Policy. In the meantime, it has been decided to permit the eligible Actual Users to register with the State Trading Corporation of India Limited, their requirements of Polyester Filament Yarn for one more quarter.

(iii) A review has been undertaken of the scheme of Advance (including Imprest) licences with or without duty exemption benefits, so as to facilitate our export production efforts. It will be brought into operation soon.

(iv) Imports of second-hand machinery have posed problems at all times. After satisfactory verification of the nature of the items and their residual life, it is no doubt desirable to permit their import, however, caution is required in judging individual cases. A Committee, under the Chairmanship of the Secretary, Technical Development, is making a study of the subject to lay down appropriate guidelines.

(v) On the basis of the representations received, it has been decided that the office of the Chief Controller of Imports and Exports located at Rajkot, Visakhapatnam, and Pondicherry will continue to function as before during 1978-79, on the understanding that they will be closed down thereafter unless there is a substantial increase in the import/export activities handled through them in the current year.

5. With the amendments thus made to the Policy, on the basis of the recommendations made by the Review Committee headed by Secretary, Technical Development, our Foreign Trade Policy has been further re-oriented and simplified. These measures are based on various recommendations and exercises made by the Ministry and I am sure the new Foreign Trade Policy alongwith these

amendment, will provide a stable base for the future. I would like to utilise this opportunity to express the appreciations of the Government for prompt work done by the Committee.

MR. DEPUTY-SPEAKER: Now Mr. Sudheeran.

SHRI V. M. SUDHEERAN (Alleppey): The Minister has now placed before the House the Import Policy; and I would like to seek a clarification from him. When commodities are available and they are surplus in our own country, is it fair on the part of the Government to import those items? (*Interruptions*). I would like to point out one important matter, as far as Kerala is concerned.

MR. DEPUTY-SPEAKER: You can only ask for clarifications.

SHRI V. M. SUDHEERAN: I am coming to the question. The recent decision of the Union Government to import natural rubber, has created a scare in Kerala, because Kerala contributes 94 per cent of the total production of natural rubber. More than 3 lakhs of people are involved in it. Majority of rubber-growers are very small holders. Because of the rainy season, less tapping is taking place in Kerala. So, there was a little bit of rise in prices. But it is purely a temporary phenomenon. How can Government take a decision, based on a temporary phenomenon? If Government decided to import rubber, naturally it will take 3 to 4 months to implement the decision. By that time, the rainy season will be over, and the country will be self-sufficient in rubber.

We are told—and it is a fact—that within 3 to 4 months there will be an abundance of rubber, and that we will be surplus in it. This reported decision of the Union Government is really meant to help big industrial houses engaged in the rubber industry. The price of rubber has fallen

terribly in the country. Yesterday, the Kerala Assembly has unanimously passed a resolution urging upon the Union Government to revoke and reconsider its decision to import natural rubber. On behalf of the poor people who have been engaged in rubber plantations viz., small holders, I would appeal to the hon. Minister to reconsider and revoke the policy of importing natural rubber into the country.

SHRI VAYALAR RAVI (Chirayinkil): I am seeking a clarification from the hon. Minister because he has placed the Import Policy on the Table. According to Press reports—and reliable reports—the trade deficit may go up to Rs. 1200 crores this year. If so, what is the policy of the Government regarding the import of agricultural commodities which are available in the country itself? It is a very basic question. Moreover, the international price of this agricultural commodity, viz., rubber is Rs. 900/- to Rs. 1,000/-. The total cost, including other duties when it reaches India, will be Rs. 1200/-. Then there is no benefit by the import of rubber, if you consider the price prevailing in the international market. All these factors have to be taken into account when you consider the import policy. Do the Government have any policy in the matter? Basically, the import is for fulfilling the gap of deficit in the commodity whereas if you pay increased price for the local rubber the benefit goes to the ordinary farmers. Shri Sudheeran has elaborately explained the situation. 95 per cent of the rubber is produced in Kerala. Now there is a temporary deficit because of the rainy season as tapping is very much less during the monsoon. As soon as the monsoon is over and the production is in full swing, according to the present estimates, the production will be about 1,65,000 tonnes which will actually create a surplus, after meeting the requirements of the country. In that background, is it the policy of the Gov-

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ernment to work against the interests of the small farmers, whose number is 1.83 lakhs, and 1.5 lakhs of workers, by allowing the import of natural rubber from abroad, which costs almost the same here?

SHRI MOHAN DHARIA: I do appreciate the concern of the hon. Members. I hope the hon. Members may be aware of the measures taken by me so that....

SHRI VAYALAR RAVI: We are grateful to you for that.

SHRI MOHAN DHARIA:.... so that due protection could be given to the producers. It is the policy of the Government to see that the producers of all commodities, including plantations, get a remunerative price. To that extent, there is no question of diluting that policy.

It so happened that the prices, which were at the level of Rs. 750 to 800, started firming up. Even when they went to Rs. 1,000 or even Rs. 1,100 we did not take any decision. But when they crossed Rs. 1,200, naturally we felt that some action was called for. Because, it affected several industrial units manufacturing different varieties of rubber. It is wrong to say that we acted because of pressure from monopoly houses. There are so many small units, particularly in Punjab, Haryana, Gujarat, Maharashtra, Bengal, and in fact all over the country and they have been affected. Therefore, Government had to take a decision to import rubber to the tune of Rs. 15,000 tonnes.

However, I would like to assure my hon. friends that I am prepared to have discussions with them, or the Chief Minister of Kerala, or other Ministers or officers, and if the prices could be immediately brought down, even though the decision has been taken to import rubber, if the prices

are immediately slashed—I do not say they should be brought down to below Rs. 800, but at least they must come down—then I am prepared to revise my decision, so that while our producers get a remunerative price, the industries are also run.

SHRI JYOTIRMOY BOSU (Diamond Harbour): How does the price of imported rubber compare with the local price that was prevalent two months ago?

SHRI MOHAN DHARIA: We have to look at the economic situation. While the Government has to take care of the producers or growers, simultaneously, they have to take care of the industries where thousands of people are employed. Naturally, the Government have to take a balanced view of the whole question.

AN HON. MEMBER: What about the consumers?

SHRI MOHAN DHARIA: Of course, the consumers also. Under these circumstances, I would request my friends from Kerala State, let them take appropriate measures so that the existing prices are immediately brought down. If there are any powers in my hands which they want me to exercise, I am prepared to be with them, to co-operate with them; there is no difficulty. But the prices must come down. If they come down, the Government will be prepared to revise the decision. Otherwise, Government will be forced to import rubber.

SHRI V. M. SUDHEERAN: The Minister is under a wrong impression.

MR. DEPUTY-SPEAKER: You cannot have a discussion. Even the clarification was allowed as a special case.