

[Shri H. N. Mukerjee]
(North-East): I beg to present the following Reports of the Public Accounts Committee:—

- (1) Two Hundred and Fifth Report on Action Taken by Government on the recommendations contained in Hundred and Fifty-second Report—Sub Standard Pesticides (Department of Health).
- (2) Two Hundred and Seventh Report on Action Taken by Government on the recommendations contained in Hundred and Seventy-fifth Report on Calcutta Port Trust (Ministry of Shipping and Transport).
- (3) Two Hundred and Ninth Report relating to Export of Leather (Ministry of Commerce) on Paragraph 29 of the Report of the Comptroller and Auditor General of India for the year 1973-74. Union Government (Civil).

12.15 hrs.

STATEMENT RE. IMPORT POLICY FOR 1976-77

MR. SPEAKER: This is a long Statement. You can lay it on the Table of the House.

THE MINISTER OF COMMERCE (PROF. D. P. CHATTOPADHAYA): I beg to lay on the Table of the House a Statement regarding Import Policy for the year 1976-77, and also lay on the Table a copy of the Import Trade Control Policy for the year 1976-77—Volumes I and II

STATEMENT

Sir, I am happy to place on the Table of the House the Import Policy for 1976-77. [Placed in Library. See No. LT-10675/76].

In formulating this policy, we have been deeply conscious of the welcome changes that have taken place in our

economy in the last one year or so. An attempt has been made to make the import policy definitely responsive to the overall national objectives.

The Prime Minister's 20-Point Economic Programme and other related policies have resulted in brighter prospects for increased production and economic growth in the country. After two years of relative stagnation, we are now confidently poised for a major break-through in the fields of industrial development and foreign trade. In the developing countries like ours, foreign trade performance is itself an industrial growth input.

An equally important change, which has also contributed to the better climate for growth is the success that has been achieved in curbing the anti-national activities by economic offenders, e.g., smuggling, black-marketing and tax-evasion. The success in these spheres has directly contributed to the strengthening of our balance of payment situation, besides imparting a strong sense of economic discipline, in the use of resources, both imported and domestic.

Our export target for the year ended 31st March, 1976, was Rs 3,600 crores. Although, full data has not yet been compiled, the expectation is that we have achieved this figure. During the preceding three years ending 1974-75, our exports increased by 100 per cent. In 1975-76 we would achieve a rate of growth of 6 to 7 per cent in our exports in quantitative terms. In terms of value, the rate of growth would be around 16 per cent. This increase during the last year has been achieved at a time when the world trade has been facing recession and actually declined.

We cannot, however, be complacent in the export front. Our trade balance continues to be severely adverse. The problem of debt servicing is also well known. Indeed, there is need to further intensify our exports efforts.

The encouraging economic prospects in the country and other favourable factors have given us an opportunity to take some positive measures in liberalising imports and in streamlining and simplifying procedures. The elimination of red-tape, removal of bottlenecks and issue of Government licences and clearances expeditiously have also been important objectives of the Government policy. We do hope that the import policy for the current year would further contribute to this process.

In view of the need for encouraging increased production, the system of automatic licensing introduced last year will be continued for 'actual users' in the new import policy and would be made more flexible. This system has been welcomed by all sections of our trade and industry. Under this industrial units get their first set of licences for the import of raw materials, components, etc., without having to go through the sponsoring authority. The flexibility available under the new policy would enlarge the base for determining the value of import licence.

Those industrial units who need additional quantities of raw materials, components, etc., can approach the licensing authorities for issue of supplementary licences through their sponsoring agencies. While requests from units in the Select List will be considered on the basis of their inventory position of imported material, order book etc., requests from the units in the Non-Select List will be considered only if their production in the last year has been severely affected due to the raw material shortage.

A major change being introduced this year is a system for supply of selected canalised items directly to actual-users by the canalising agencies without any release orders. About 43 items will be supplied under this scheme, i.e., 11 by the Minerals and Metals Trading Corporation, 8 by the State Chemicals and Pharmaceuticals

Corporation (a subsidiary of the State Trading Corporation) and 24 by the SAIL International Limited. The actual users will be required to apply directly to the canalising agencies on a prescribed application form, indicating their requirements for a period not exceeding 12 months and certifying that these are required for use in their own units. The canalising agency will make arrangements to supply these items within a period of six months, or such mutually accepted delivery schedule, whichever is later. If the canalising agencies are unable to do so, the actual-user can apply to the licensing authority for issue of a direct licence. The liability of the canalising agency to supply the items will arise only if satisfactory financial arrangements have been made by the party. The introduction of this system will greatly facilitate the availability of raw materials to the industrial units. The canalising agencies will now acquire new role in the distribution of raw materials. In the light of experience gained, the system will be extended to other items.

In view of the increased production and consequently easy supply position of indigenous steel, a major procedural change has been introduced for supply of steel to actual users. The steel Authority of India will make allocation directly to the actual users in ranged by them through the SAIL International Limited. Similarly, the SAIL International will provide facility for the import of selected items to meet the requirements of actual users. Under the above scheme no release orders from the licensing authority will be necessary. A few items of steel which have no indigenous angle have been placed on Open General Licence so that imports can be arranged without any licensing formalities.

In the case of units situated in the free trade zones at Kandla and Santa-

[Prof. D. P. Chattopadhyaya]

cruz, all imports of raw materials, components and spares have been placed on Open General Licence with a view to ensuring uninterrupted supply of inputs meant exclusively for export production. Scrutiny of utilisation of imported raw materials will be only on an *ex-post-facto* basis.

In formulating the new import policy, we have responded more positively to the needs of small entrepreneurs. All small scale units, whether engaged in select or other industries, will get import licences for raw materials and components at 20 per cent higher than what is ordinarily permitted. Similarly, new units will be given licences for a comparatively higher value. Select industries will have the option to claim licences on the basis of assessment of capacity. In the matter of foreign exchange allocations also, certain advantages have been given to the small scale sector. All licences upto Rs. 50,000 to such units will be in free foreign exchange. Upto this value, no consumption certificate will need to be produced.

The facilities available to small scale units set up in backward areas and those set up by engineering graduates, science graduates, diploma-holders, in engineering and ex-service personnel would continue. The value of licences to this category of entrepreneurs has been increased. Further, these facilities have been extended to the units established by persons belonging to scheduled castes and scheduled tribes.

Keeping in view the importance of research and development in promoting industrialisation, the procedures for import of raw-materials, instruments, equipment, etc., for research and development purposes have been simplified. The research and development units registered with the Department of Science and Technology will not require any licence to import these items for a value upto Rupees one lakh in a year.

The import policy for Registered Exporters has been further liberalised. In determining the import replenishment for export production, import has been permitted even of those rawmaterials and components as are available from indigenous sources where the price of indigenous substitutes is higher, or its quality not comparable or its physical availability is inadequate. On these considerations, new items have been allowed for import against 129 export products, a higher import replenishment has been given for 83 export products and 46 new export products have also been added in the list of exports which qualify for import replenishment.

A major concession has been shown to exporters for the import of machinery. A manufacturer engaged in export production has been allowed to utilise the entire import replenishment entitlement for the import of machinery required for replacement, modernisation, balancing and research and development, and for the import of jigs, tools, testing instruments, etc. The advertisement procedure has also been waived in the case of imports of machinery valued upto Rs. 15 lakhs.

Import of leather machinery has been placed on Open General Licence. The Open General Licence will allow imports of machinery which has been cleared from indigenous angle. This step is intended to quicken the change from the export of semi-processed hides and skin to finished leather, leather goods and footwear.

Export Houses have also been permitted to utilise their replenishment entitlements for import of certain types of machinery such as garment-making machinery, testing instruments and equipment for packing and tagging. Export houses will also be allowed to import testing equipment and spares and machinery required for setting up common servicing centres.

The scheme for supply of indigenous raw materials at international prices has been expanded by including there-

in seven more items, viz., Sodium 12 16 hrs.
Bichromate, White/Yellow Phos-
phorous, Potassium Chlorate; Angroa
Hair, Aniline/Amline oil; Beta
Naphthol and Stamping Foil

The scheme for export houses has been replaced by a new scheme which is broad-based and more export-oriented. The minimum qualifying export performance for becoming an export house has been raised from Rs 25 lakhs to Rs 50 lakhs in respect of certain specified products categorised as select list of export products or Rs 3 crores in respect of other products for a manufacturer exporter in the scale sector and for consortium of small scale units applying for Export House Certificate the minimum export performance will however be lower at Rs 25 lakhs and Rs 2 crores respectively. The export houses will continue to be under an obligation to export products manufactured in the small scale sector to the extent of 5 per cent of their total exports or Rs 25 lakhs whichever is lower. Along with this obligation certain incentives have also been provided for those export houses who promote exports of products made in the small scale sector.

We have been constantly engaged in simplification and streamlining of procedures in order to cut down delays in imports and also to minimise opportunities for malpractices. The new import policy contains several further measures for simplification of procedures, particularly in the matter of spare parts by actual users and exporters, import of samples by exporters and for distribution of export benefits. The scheme for the exemption of customs duty on imports of raw materials required for export production has also been put into operation with this policy.

The new import policy marks a bold step in the liberalisation of imports and simplification of procedures. It is hoped that the entrepreneurs will take full advantage of the facilities available in the import policy and contribute to the growth of industrial production and increase in exports.

DEMANDS FOR GRANTS—Contd

MINISTRY OF LABOUR—CONTD

MR SPEAKER The House will now take up further discussion and voting on the Demands for Grants under the control of the Ministry of Labour as also further discussion on the cut motions moved on the 8th April, 1976.

SHRI S M BANERJEE may now continue his speech

SHRI S M BANERJEE (Kanpur) Sir, I would like to know when the Minister will reply.

MR SPEAKER At what time

THE MINISTER OF LABOUR (SHRI RAGHUNATHA REDDY) I would take about 45 minutes. I would start at about 3.00 PM.

SHRI S M BANERJEE Sir I was mentioning about the condition of the Textile Mills. The lay-off retrenchments and closures are still continuing in the country in spite of the recommendations of the Apex Body both at the National level and at the State level and the assurance of the Government which was given to us during the time when we were passing the Bill in this House. Sir, the Honble Minister mentioned in this House that nearly 2½ lakhs of workers in various States have been laid-off. Today we are discussing the Demands for grants of the Ministry of Labour. Nearly 12 textile mills in the country are closed since last six months to one year. I would like to know from the hon Minister why a decision has not been taken so far by the Government to either take over those mills or ask the employees to restart the mill. Here, I should refer specially to two mills in Kanpur—Laxmi Ratan Cotton Textile Mills and Atherton West Cotton Mills—which are facing closure since last one year to 14 months.