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**LOK SABHA**

*Saturday, 14th April, 1956.*

*The Lok Sabha met at Half Past Ten of the Clock.*

[MR. SPEAKER in the Chair]

**QUESTIONS AND ANSWERS**

(See Part I)

11-30 A.M.

**CORRECTION OF ANSWER TO  
SHORT NOTICE QUESTION**

**The Minister of Finance (Shri C. D. Deshmukh):** With your permission, Sir, I am making this statement with reference to, and with the object of clarifying, the answers given by me on 12-4-56 to certain supplementaries to a short notice question on the UP Sales Tax Ordinance.

Hon. Members desired information as to the nature of the proposals sent by the UP Government to the Central Government.

On February 8, 1956, the State Government addressed the Central Government demi-officially indicating that they were assuming, while framing their budget, that either the Essential Goods (Declaration and Regulation of Tax on Sale or Purchase) Act, 1952, would be repealed very soon or in the alternative, the consent of the President will be availed to legislation in the State dealing *inter alia* with 'essential' goods. On 20th February, a demi-official reply was issued stating that concurrence could be safely assumed to the State taxing 'essential' goods in accordance with the recommendations of the Taxation Inquiry Commission.

On March 15, 1956, a draft Ordinance was forwarded to the Central Government by the State Government, one of the provisions (section 5) of which was the withdrawal of the pre-existing exemption from sales tax of salt, foodgrain, gur and a few other commodities. On 29th March 1956, the State Government

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were informed of the approval of the President to the promulgation of the Ordinance.

It was on another ground felt necessary to stipulate one condition. It was apparent that by another provision (section 4) in the draft Ordinance, the State Government would be taking powers to increase the ceilings on the rate of tax on certain goods (to be notified by the State Government) taxable at a single point only. Since it was felt that this provision would militate against the recommendations of the Taxation Inquiry Commission in respect of six specified items (namely, coal, cotton, hides and skins, iron and steel, jute and oilseeds), the State Government were informed, in the letter of 29th March 1956, that the concurrence of the President was subject to the conformance of the taxation in respect of these six commodities to the recommendations of the Taxation Inquiry Commission.

I may, in this connection, make it clear that when I made a reference in reply to Shri C. D. Pande on 12-4-1956, to the rate of tax on certain goods being subject to a maximum and being only at a single point, I should have referred only to these six specified commodities which I have just named; but owing to misreading the information available with me, I gave the impression that the conditions also applied to the other commodities, *viz.*, foodgrains, gur, salt etc. The conditions were not in fact imposed in respect of these commodities. I am sorry for any misunderstanding that this may have caused.

**Shri Kamath (Hoshangabad):** Has the attention of the Minister of Finance been drawn to a Press report to the effect that the President's communication to the UP Government intimating his consent subject to certain conditions, has, in spite of strenuous and diligent search, not been traced, and is not traceable, in the UP Secretariat?

**Shri C. D. Deshmukh:** I cannot give any information as to what cannot be traced in the UP Secretariat.

**Shri Kamath:** It has been missing. Has the Minister seen the Press report?

**Shri C. D. Pande** (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North): May I know . . .

**Mr. Speaker:** No questions are asked when statements are made.

**Shri Kamath:** On a point of order. When a Minister corrects an earlier answer, does it not become a fresh answer on which further questions can be put ?

**Mr. Speaker:** Hon. Members will kindly read the statement, and if any important questions arise out of that statement, I am willing to admit them later and give them a fresh opportunity.

### DEMANDS FOR GRANTS

**Mr. Speaker:** The House will now resume further discussion of the Demands for Grants relating to the Ministry of Commerce and Industry. Out of 6 hours allotted, 1 hour and 43 minutes have already been availed of and 4 hours and 17 minutes now remain.

When does the hon. Minister propose to reply ?

**Sardar Hukam Singh** (Kapurthala-Bhatinda): There is a motion regarding the Forty-ninth Report of the Committee on Private Members' Bills and Resolutions.

**Mr. Speaker:** That will be taken up at 3 P.M.

**Shri Bansal** (Jhajjar-Rewari): **Mr. Speaker,** Sir, once bitten twice shy, and today I would like to speak in a way that the reactions of the hon. Minister of Commerce and Industry are not as sharp as they were the other day. After all, we live and learn and I have learnt that the so called humble men, exalted Ministers and *prima donnas* all react alike.

Last year when I was speaking on the Demands, I had occasion to say that the Ministry was suffering from a sense of ennui. I am very happy to say that I won't repeat the charge this year, because tremendous progress has been made by the Ministry during the year under review. Both in the field of international trade and industrial development including cottage industries, rapid progress has been made and the Ministry and the House can well be proud of all the developments that have taken place.

It is a good sign indeed that our foreign trade is diversifying, both commodity and country-wise. There are a large number of new articles which are entering into our foreign trade, and the number of foreign countries with whom we are beginning to trade is increasing. The credit for this goes to the able officials of the Ministry who have done everything in their power to see that the pattern of our trade is diversified. We have been proponents of multilateral trading. I adhere to the multilateral trading system. But now that all the foreign countries and even the mother of free trading countries, UK, are coming more and more towards bilateralism, I am not sorry that our trade is also entering bilateral channels.

Although, as I said, our trade has increased and has got diversified, even then we are facing a large number of difficulties in increasing our export trade, particularly in the South East Asian markets. What are the handicaps we are suffering from? Some are external and some are internal. Among the external handicaps are the double pricing system that is being insidiously adopted by even a country like UK. I have before me a small extract from the *Statesman's* London correspondent's report about a month back where it was reported that the UK traders were indulging in double pricing in their drive for export promotion. They are charging lower price in some cases from the foreign buyers, and higher prices in others where the goods are in scarcity. I won't quote because my time is only 15 minutes. A similar thing is happening in Japan. I understand that until a few months back any exporter who exported goods from Japan was allowed to retain 10 per cent of the export proceeds in the country of export. Now that percentage has been reduced to 5. That means that the Japanese exporter is placed in a position to undercut any other seller in foreign markets by 10 to 5 per cent.

Then another difficulty—partly external and partly internal—is the lack of sufficient shipping space. I understand from importers in foreign countries and even from our exporters that they face this difficulty of getting adequate shipping space, and even if they get some space, the time factor is there and they are not able to get it in less than a month or two months, while I find that in some other countries, say, Japan, if an order is placed, shipping space is made available within three or four days.