

the interim period, a contract for supply of 3,50,000 tons of Kiriburu iron ore has been concluded with the Japanese Steel Mills, the deliveries against which are in progress.

Production of Cars

- *245. {
 Shri P. C. Borooah:
 Shri Sidheshwar Prasad:
 Shri M. L. Jadhav:
 Shrimati Jyotsna Chanda:
 Shri Dinan Bhattacharya:
 Dr. Ranen Sen:
 Dr. Saradish Roy:

Will the Minister of **Industry and Supply** be pleased to refer to the reply given to Starred Question No. 267 on the 18th September, 1964 and state:

(a) the steps since taken to reduce the prices of cars and increase their production in the country; and

(b) whether a decision has since been taken to revive the Small Car Project of Implementation under the Fourth Five Year Plan?

The Deputy Minister in the Ministry of Industry and Supply (Shri Bibudhendra Misra): (a) As stated in the reply to Starred Question No. 267 on 18-9-1964, the main possibility of achieving substantial economies in the production of cars is to maximise the scale of production. With this end in view, Government put the following alternative proposals before the three car manufacturers:

- (i) The existing car manufacturing facilities may be integrated into a common unit to produce one or at the most two makes of cars making rational use of existing facilities and undertaking expansion in the most economic manner.
- (ii) One of the existing manufacturers may be selected for substantial expansion, the

selection being made on a competitive basis with reference mainly to requirements and arrangements for foreign exchange and assurance in regard to price reduction.

The response from the manufacturers to the above-mentioned alternatives has not been encouraging. Two of the manufacturers stated that even if their capacity was stepped up to 50,000 cars per annum, the reduction in price from the current level would not be more than about Rs. 750.

One of the reasons for the high prices of cars is the higher cost of locally-purchased ancillaries. This matter is under investigation with a view to taking remedial steps where necessary.

(b) Fresh alternatives for increasing the production of cars including the one regarding the revival of the small car project are being explored. Talks are being held with certain Indian parties as well as some foreign parties in regard to likely projects. As these talks are in early stages, it is difficult to spell out the details.

Tea Industry

- *246. {
 Shri P. R. Chakraverti:
 Shri P. C. Borooah:
 Maharajkumar Vijaya
 Ananda:
 Shri Ram Sewak:
 Shri P. G. Sen:

Will the Minister of **Commerce** be pleased to refer to the reply given to Unstarred Question No. 413 on the 11th September, 1964 and state:

(a) whether the Tea Finance Committee, appointed by the Union Government, has recommended that the industry needs assistance in two forms—relief from taxes and development funds from external sources;

(b) how far these two-fold aid programmes have been worked out; and