

already granted to exporters. What are these?

Shri Satish Chandra: The export duty was completely abolished some time ago. Labour welfare cess which was to be imposed has been withheld. Priority in railway movement has been upgraded—It was 'E' which has now been made 'D'. Arrangements are being made to sell as much manganese ore as possible through link transactions. There are many steps which have been taken from time to time.

Manufacture of Agricultural Tractors

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- *494. { **Shri D. C. Sharma:**
Shri Ram Krishan Gupta:
Shri Rameshwar Tantia:
Sardar Iqbal Singh
Shri Ajit Singh:
Shri Khimji:
Shri P. C. Borooah:
Shrimati Mafida Ahmed:
Shri Achar:
Shri Jina Chandran:

Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No. 638 on the 4th March, 1960 and state the further progress made in connection with the manufacture of agricultural tractors?

The Minister of Industry (Shri Manubhai Shah): A statement is laid on the Table of the House.

STATEMENT

M/s. Mahindra & Mahindra Ltd., Bombay, and M/s. Goodearth Company, New Delhi, the two firms who were licensed under the Industries (Development & Regulation) Act, 1951 in 1959 for the manufacture of David Brown and Eicher tractors (agricultural) respectively, are likely to go into production very shortly.

In order to meet the expected demand for agricultural tractors during the third Five-Year Plan, additional licences have been granted under the Industries (Dev. & Reg.) Act, 1951 in June 1960 as under:—

Name of the firm	Make & size of tractor	Annual capacity
M/s. Amalgamations Pvt. Ltd. (Madras).	'Ferguson'	Nos. 3000
above	28·4 DBHP 35 DBHP	
M/s. Mahindra & Mahindra Ltd., (Bombay)	'David Brown'	500
above	20-30 DBHP 35 DBHP	1500 750
M/s. Tractors & Buldozers (P) Ltd. (Baroda).	'Zetor' 42 DBHP	1000

Shri D. C. Sharma: What arrangements are Government going to make for the distribution of these tractors? Will they be better than the arrangements for automobiles which are going into the black market?

Shri Manubhai Shah: As far as tractors are concerned, as the statement shows, we have already approved capacity somewhat in excess of what the estimated needs are. So we do not expect scarcity as soon as production starts.

Shri D. C. Sharma: On what basis will the prices of these tractors be determined? Will price control be in the hands of the Ministry or in the hands of manufacturer or in the hands of both?

Shri Manubhai Shah: It is too early to anticipate. Actually the cost of production will have to be worked out by some competent cost accountants or even by the Tariff Commission. For the present that would not arise. We do expect that they will be comparable to international prices.

Shri Ajit Singh Sarbadi: May I know whether the production potential of the ordnance factories is being availed of for the manufacture of tractors and, if so, to what extent?

Shri Manubhai Shah: The ordnance factories, as the House knows, do have a programme but it is more confined to the heavier varieties, what is called,

earthmoving equipment for dams and reservoirs and things like that. These are more in the agricultural sector with 50 draw bar horse power and less.

Sardar Iqbal Singh: May I know whether it has come to the notice of the Government that these manufacturers of tractors are already taking money from the people saying that they will supply tractors even though they may not be able to supply them for one or two years?

Shri Manubhai Shah: That is not a fact, at least not to our knowledge. If the hon. Member has come to know any of the facts I would like to have them.

Shri Ram Krishan Gupta: From the statement I find that in order to meet the expected demand for agricultural tractors during the Third Five Year Plan additional licences have been granted. May I know whether by setting up these factories India will be self-sufficient in this regard?

Shri Manubhai Shah: That is exactly what I said. In all these matters the estimate, of course, could not be taken as completely correct but our assessment, that is, by a study group, was of 10,000 numbers a year. We have licensed more than 12,000 numbers. But if the country needs more by that time certainly we will have to arrange for more production either by expansion of these units or perhaps by licensing more.

Shri Achar: May I know whether the Government is aware of the fact that for the spare parts very high price is being demanded by foreign firms? Is Government aware of this fact and can anything be done in the matter?

Shri Manubhai Shah: As the hon. Member must have seen in the Red Book, very liberal licensing as far as spare parts of tractors are concerned is permitted. But it is true that in the past large varieties of tractors of all odd types from different parts of the world were coming in. Therefore owners of some rare or out-of-date

varieties or of varieties which have gone out of commission in other countries do find these hardships. But the House will be pleased to know that ancillary and small-scale industries manufacturing these spare parts are coming up so fast that on the whole the situation is not very unsatisfactory.

Shri Sonavane: May I know whether these manufacturing companies are also asked to produce small tractors which could be used for plying in compact rural areas?

Shri Manubhai Shah: Yes, Sir. If the hon. Member looks up the statement, he will find that from the light type to the most heavy draw bar horse power type of tractor has been provided in the production programme.

Shri Joachim Alva: How does Government respect its own resolution of not permitting concentration of monopolistic nature of industries on the one hand when on the other hand they have given to Messrs. Mahindra and Mahindra very liberal foreign exchange to the tune of Rs. 10 crores for the manufacture of jeeps who have not succeeded in manufacturing a single cent. per cent. indigenous jeep?

Mr. Speaker: The hon. Member is arguing.

Shri Joachim Alva: I am coming to the point. Why does Government give this facility of one more industry to this firm when it can pass it on to single owning industrial entrepreneurs.

Shri Manubhai Shah: As a matter of fact, it is more of diversification of existing automobile manufacture. and not so much of concentration because in order to make it cheap and worth while, larger volume of production for allied items has got to be developed.

Shri B. K. Gaikwad: What will be the minimum and maximum cost of tractor manufacture in India? Will all parts of the tractor be manufactured here in India or will they be imported from outside?

Shri Manubhai Shah: To take the latter part of the question first, the basic policy of industrial development has been that nothing will be allowed to be merely assembled in this country. Within three years or so the product must be practically hundred per cent. indigenous. Therefore there is no question of components in large quantities coming in from outside. Regarding the cost of production, as I had said in the earlier answer it will have to be costed out when production starts.

Shri Sonavane: Will it be within the reach of the poor agriculturists?

Mr. Speaker: All agriculturists are poor. Next question.

European Common Market

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*495. { **Shri Kodiyan:**
 Shri Raghunath Singh:
 Shri Kalika Singh:

Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have studied the implications of the proposed European Common Market plan in so far as it affects our trade with countries which come under the plan; and

(b) if so, what steps have been taken to see that our export trade with these countries is not adversely affected by the plan?

The Minister of Commerce (Shri Kanungo): (a) Yes, Sir.

(b) Direct representations have been made to the Six member states of the European Economic Community. Consultations and discussions have also been held in the GATT with a view to securing liberal facilities for the entry of Indian goods into the European Common Market. The Government of India also intend to participate in the GATT tariff negotiations beginning September, 1960 to seek a reduction of European tariffs on Indian goods.

Shri Kodiyan: Which are the commodities that will be affected due to this European Common Market? What is the expected decline in our export of goods and what is the value of export earnings that we may lose on account of this?

Shri Kanungo: So far during the first phase of tariff reductions in the Common Market our trade has not been affected specifically on those conditions. The second phase has started and we have to assess it after a while. There are about 40 major items of export to those countries with varying rates of tariff in the different countries. When all the phases are completed, that is, when they have dismantled their tariff barriers between themselves, the anticipation of the Common Market protagonists are that the volume of trade may increase whereas our apprehensions are that it may affect our trade to a certain extent. But this can be assessed only after a while.

Shri Kasliwal: The hon. Minister has said that certain consultations have been held. May I know whether as a result of those consultations any assurance was given to the Government that our products which are exported to those countries will not generally suffer?

Shri Kanungo: As I said, actual tariff negotiations will begin in September, 1960. That is the point when we have got to see whether we can get any tariff concessions. Also, if we ask for tariff concessions we will have to give tariff concessions. It is a matter of negotiation.

Shri Kasliwal: Is it not a fact that a senior official of the Commerce and Industry Ministry was sent to negotiate with these six countries and, if so, what is the report he has made in this connection?

Shri Kanungo: No. A delegation including government officials went out for exploring the possibility of increasing our export trade. They