

3105 Handloom Fabrics SRAVANA 14, 1888 (SAKA) Manufacture of small car (H.A.H. Dis.)  
(Res.)

**Hon. Members:** Yes.

*Amendment No. 3 was, by leave, withdrawn.*

**Shri V. B. Gandhi:** I withdraw my amendment.

*Amendment No. 4 was, by leave, withdrawn.*

**Mr. Deputy-Speaker:** I will now put the main motion.

The question is:

"This House disapproves of the proposed project of an Indo-US Foundation and calls upon the Government of India not to proceed with it."

*The motion was negatived.*

18.04 hrs.

RESOLUTION RE: RECOGNITION AND SUPPORT TO HANDLOOM FABRICS BY FOREIGN GOVERNMENTS, ETC.

**Mr. Deputy-Speaker:** I have received a letter from Mr. Hem Raj authorising Mr. Saraf to move the resolution standing in his name. Mr. Saraf may move it.

**Shri Sham Lal Saraf** (Jammu and Kashmir): I beg to move:

"This House is of opinion that Government may take necessary steps to get recognition and support to the handloom fabrics sold under the trade names "Bleeding Madras", "India Madras" and "Madras" as a distinctive and exclusive product of India by all Foreign Governments and their agencies as well as the trade in those countries, and that appropriate action, where necessary, may be taken to prevent the use of the said trade-names for any other products in any manner which may prejudicially affect the interests of the producers of the aforesaid fabrics in India."

**Mr. Deputy-Speaker:** He can continue on the next day.

18.05 hrs.

MANUFACTURE OF SMALL CAR\*

**Shri H. C. Linga Reddy** (Chikballapur): Mr. Deputy-Speaker, Sir, the object of my raising this half-an-hour discussion on the subject of the small car project is that it is very necessary that the small car project be taken up immediately. The demand for the manufacture of a small car in our country under the public sector or under the State sector or under the private sector is as old as independence. The demand is there for more than a decade. We have built ships, we have manufactured railway engines, but it is unfortunate that though India has advanced industrially very much we are still limping with regard to the taking up of the manufacture of a very small car.

Sir, demands were made so often and even a committee was set up as long ago as 8-4-1959 under the Chairmanship of no less a person than Shri L. K. Jha, I.C.S., then Additional Secretary, Ministry of Commerce and Industry. They gave a report recommending that this small car project should be taken up immediately. They thought if they waited till the final report was ready it would take a long time, and therefore they even gave an interim report nearly about 4 or 5 years ago. In spite of that the Government have been saying again and again, whenever pressed in the Lok Sabha or Rajya Sabha and also in the public, that this should be taken up, that this has not been done at all. Even in the month of April, 1966 the hon. Minister for Industry said that a decision would be taken within a month—end of April—but even that has not been done.

It is not as though definite proposals are not made to the Government. Several proposals are before them.

\*Half-an-Hour Discussion.

[Shri H. C. Linga Reddy]

There were earlier as many as six proposals. The Soviet Collaboration was there, the Skoda car with Czech collaboration was there, the Nissan Bluebird with Japanese collaboration was there, the British collaboration for Hillman was there, the VKW with German collaboration was there and the French collaboration for Renault was there. They gave definite proposals. They said that if they were allowed to manufacture as many as 50,000 cars they would manufacture a car even for Rs. 5,100 and that if 20,000 cars were allowed they would manufacture a car even for Rs. 6,000. Recently the Chief Minister of Mysore, Shri Nijalingappa has made definite proposals about the prototype of a car manufactured by the Hindustan Aeronautics in Bangalore. He even inspected the car and had a ride in that car. He has opined that that car could be manufactured for an amount between Rs. 5000 to Rs. 6000. A firm in Trivandrum, in the southern-most corner of our mother India, has come forward to manufacture a car for about Rs. 9,000. In spite of all these proposals, in spite of the completion of three Plans and the commencement of a very big Fourth Plan, we are still limping. It appears the reason is that it has low priority at the hands of the Planning Commission, even though the Industries Ministry is very anxious that it should be taken up and the necessary funds should be made available.

The Chief Minister of Mysore, Shri S. Nijalingappa, has made some definite proposals. In fact, there is very great demand for small cars in the country. With regard to the demand he has stated that the State Government is being waylaid by doctors, legislators and engineers with applications for small cars. That must be so in other States also in the whole country. Then, why is it that no clearance is given to the manufacture of small cars? Why is it not taken up either in the private sector, or the public sector or the State sector? When asked what was the hitch in the

Centre agreeing to the project, he said "the only hitch is the incapacity to make up one's mind". About the Government of India's attitude with regard to allowing the State Government to proceed with the small car project, he says "the attitude of the Centre in not allowing the Mysore Government to proceed with the project is unfortunate and unreasonable". The reason for my quoting the Chief Minister of Mysore is he was very anxious to take up the project.

After all, even according to the Chief Minister, what is the amount that the project would involve? A capital of about Rs. 25 crores. There is Japanese collaboration for that project. Officers of the Mysore Government were sent specially for the purpose to Japan and the Japanese interests were sounded. The manufacturers of Japanese car Masda are keen on participating on the small car project of the Mysore Government. They are prepared to participate both in technical collaboration and also in the capital structure. Under these circumstances, there should be absolutely no reason why there should be any delay. Therefore, if the Central Government is not in a position to take it up as a public sector undertaking, let it be given to the State sector; the Mysore State Government is prepared to take it up. I can speak on behalf of the Mysore Government because I know their views. I do not know the position in other States. The Mysore Government are ready and willing to take it up.

Do you know how much it costs to get a Fiat, Ambassador or Standard Herald? A Fiat car, which used to cost about Rs. 8,000 five or six years ago costs today Rs. 17,000 or 18,000. In the blackmarket it costs Rs. 25,000 or more. An Ambassador car costs about Rs. 19,000 or 20,000; in the blackmarket it costs much more. Similarly, a Standard Herald costs as much as about Rs. 17,000 or 18,000. When these are the prices, how can the people purchase these cars? After

all, car is not a luxury; it is a necessity. It is very necessary that middle class people should have these cars. Under this Government, which is all-powerful and all-resourceful, we are advancing at a very rapid rate industrially. So, I do not know why we should lag behind in this field.

Sometimes inferences are drawn that private sector interests are coming in the way and they are not allowing the Industries Ministry or the Government of India to undertake these projects. I do not think the vested interests can pressurise our Government. I do not believe it is possible. But the fact that the Government of India is delaying it in such a manner for such a long time, notwithstanding the demand by the State sector, gives room for the inference that the vested interests are in the way.

Therefore I very strongly urge that without any delay, without saying that it would be decided or that the matter would be referred to the Planning Commission and the Planning Commission will take their own time—the Government should be more powerful than the Planning Commission; the Planning Commission cannot be a super-Cabinet and the Government should have the upper hand—Government should decide the matter one way or the other, either to take it up in the public sector or to allow the State Government of Mysore to start the manufacture of the small car with a reasonable price of about Rs. 7,000 to 10,000 which could be very easily done.

**Shri Joachim Alva (Kanara):** Whilst commending my esteemed colleague Shri Linga Reddy for raising this important subject, I would like to ask how the Minister of Industry, progressive-minded that he is, ever came to the astounding, nay shocking, conclusion that a private party may be handed over the production of the small car. Is it one of the four

units already in production, units which are already pampered at the cost of the consumer and made into glorified big units or is it a new poacher that is going to come into the shining paradise of automobile production in India? I also want to ask.....

**Mr. Deputy-Speaker:** Only one question.

**Shri Joachim Alva:** I also want to ask from where this money is going to come for this new unit for the production of a small car. Are the monies going to come from the World Bank, new East India Company which has already financed one or two units, the Hindustan Motors and the other one—I forget the name—Tatas or TELCO or whatever it is? They are already pampered. All these units have been fattened and have never thought of lowering the price.

**Mr. Deputy-Speaker:** Only a question. You cannot make a speech.

**Shri Joachim Alva:** I am putting a question in the best House of Commons style. I have been in the House of Commons only last month and I sat there all the time and observed them.

What effort did the Government make to meet the Mysore Government halfway when they have made a proposal like that? Is the Government aware that the Mysore Government has pioneered the production of aeroplanes in the past? Their efforts have been sabotaged by officials who have been pressurised by motor magnates from beginning to end. What efforts have been done to obviate all this?

**Shri Sonavane (Pandharpur):** Does the Government propose to break the monopoly of these private car manufacturers who are fleeing the consumers nowadays?

**Shri Tulshidas Jadhav** (Nanded): Please let me ask one question.

**Mr. Deputy-Speaker:** You have to give notice. You know the rules. They had given notice. Shri Sanjivayya.

**Shri K. D. Malaviya** (Basu): If any other Member wants to put a question . . . .

**The Minister of Industry (Shri D. Sanjivayya):** Sir, I can very well understand the strong feelings of the hon. Members in regard to what is known as the small car project. While I am in full sympathy with their feelings, I would appeal to them to appreciate the difficulties that have come in the way of Government from time to time in implementing this project.

The House is fully aware of the historical background of the project. I would, therefore, confine myself to briefly touching on the important developments. The Pande Committee, which was set up to study and report on the feasibility of manufacturing a low cost car in the country, submitted its report in June 1961. The Committee made a positive recommendation that it would be feasible both on technical and economic considerations to set up a factory for the manufacture of a car at a reasonably low cost. They had also made recommendations in regard to the selection of a suitable model.

The House is aware of the developments that followed the submission of the Pande Committee's report culminating in the statement made in the House on the 9th August, 1962 by the then Minister of Steel and Heavy Industry. The House will recall being told by the Minister that in view of the foreign exchange situation prevailing at that time Government had decided to postpone the implementation of the low cost car project till more propitious conditions prevail. This decision was taken some time be-

fore the Chinese aggression. Since then, as the House is aware, conditions have, if any, become more and more difficult. Nevertheless, having regard to the views expressed by Members from time to time in the House and the general complaints about the scarcity of supply of passenger cars currently manufactured, the defects in their quality, etc., Government have been giving further thought as to how best the increasing demand could be met, consistently with public expectations of prices and quality and within the limitations imposed by the present conditions. Naturally, it was felt that fullest use of existing productive capacity and satisfactory arrangements regarding foreign exchange for capital and maintenance requirements were basic considerations. As a first step, Government explored the possibilities of expanding production of existing manufacturers in a manner calculated to secure maximum economies in the costs of production at least over a period of time. Two alternative proposals were put to the manufacturers and discussed with them. The first proposal was that the existing car manufacturing facilities may be integrated so as to produce one or at the most two makes of cars making rational use of such facilities and undertaking expansion in the most economical manner. The second proposal was that 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. Government's participation in the selected undertaking was also envisaged in order to balance concentration in a single enterprise. The intention was to allow the other two manufacturers to continue in production at present levels or even at somewhat higher levels or allow them time to make adjustments in their manufacturing activities. Neither proposal however, found favour with any of the manufacturers. On the contrary, each of them offered to make a r-

model or car, the price of which, however, would not be appreciably lower than the existing prices. This approach could not, therefore, be fruitfully pursued.

Meanwhile, Government had received proposals from a few parties from abroad showing interest in a car project in India. The parties were the Nissan Motor Company Ltd. of Japan, the Renault Corporation of France, whose proposals had been recommended earlier by the Pande Committee, M/s. Motokov of Czechoslovakia and the Rootes Organisation of U.K. The Renault Corporation have followed up their proposals with a Detailed Report giving estimates of investment and costs of production as well as a detailed manufacturing programme. We have also received a suggestion from the Chief Minister of Mysore that a car, whose prototype has been developed by the Hindustan Aeronautics Ltd., Bangalore could be considered for taking up manufacture on a commercial scale. The first prototype developed by this organisation had been considered by the Pande Committee. While the Committee could not recommend to prototype at the time, they had complimented the organisation on their achievement and suggested that they should continue the good work and develop a better prototype. Hindustan Aeronautics Ltd., have produced a second type now. They would have to make four or five more prototypes before they themselves would feel confident that their design could be taken up for commercial production

**Shri Joachim Alva:** HAL which can produce planes can certainly produce cars!

**Shri D. Sanjivayya:** Two other parties who have assembled cars from components and material procured from indigenous sources have claimed that they are in a position to submit detailed proposals for making a

cheaper car with very little requirements of foreign exchange.

As I stated previously, the small car project was deferred pending the dawning of better times. I cannot say that the conditions have improved to any extent since then. On the contrary, the position today, especially in regard to the foreign exchange availability, is worse. At the moment, we are still considering the question of the priority to be accorded to this project among the various engineering projects awaiting consideration for inclusion in the Fourth Five Year Plan. As the House is aware, the Plan has not yet taken final shape. We do not know why the Plan provision is going to be for the development of industry as a whole. Out of the overall provision, it is not known what the share of the engineering industries will be. Again, out of that share, how much will be available for the development of transport equipment covering commercial vehicles, scooters, motor-cycles and passenger cars is not known. Naturally, we have to decide the *inter se* priorities of the various items of transport equipment. Hon. Members will agree that commercial vehicles and scooters should have higher priority over passenger cars. Against the background of these relevant factors, though the subject was again considered recently at the highest level, no final decision could yet be reached. Broad indications of the final shape and content of the Fourth Plan will, I think, be known within the next few months. I hope at that time it will be possible for me to inform the House whether or not the low cost car project will be taken up during the Fourth Plan period. In the meantime we shall also examine further whether it is feasible to set up indigenous capacity in the private sector on the basis that no import or foreign exchange expenditure is involved. I would request the House to bear with me a little longer. If we are not able to do in the public sector.

(Dis.)

**Shri Vasudevan Nair** (Ambalapuruzha): The reply is not satisfactory.

**Mr. Deputy-Speaker:** If any one gives notice, that will be considered.

**Shri D. Sanjivayya:** If we are not able to do it in the Central sphere, we shall certainly consider the Mysore case and then only we will consider the private sector.

18.27 hrs.

**Shri Vasudevan Nair:** His reply is not satisfactory. We want a two-and-a-half-hour-discussion on this.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, August 8, 1966/Sharavana 17, 1888 (Saka).