

Mr. Chairman: The question of division will be decided tomorrow.

Shri Ranga: You are in the Chair and you behave in this manner.

Mr. Chairman: Do not cast aspersions on the Chair.

Shri Nambiar: We are always proud that one of our Members sits there as Chairman. When one of our Members sits there as Chairman, we always abide by his ruling because we feel that he is one of our Members who is not experienced. When you suggested that it was put to the vote, I, with my voice, said, "The Noes have it", but it was not heard. Finally, in your wisdom you have decided to postpone it for tomorrow. We thank you for the same.

Mr. Chairman: As Shri Hathi has placed before the House, the question of division will be placed before the Speaker for his decision.

Some Hon. Members: Tomorrow morning.

श्री रामशेखर यादव (बाराबंकी): मेरा व्यवस्था का प्रश्न है ।

Mr. Chairman: Now there is no point of order. We are going to the next item.

Shri M. E. Masani: Do I understand Shri Hathi's suggestion to be that this matter will be on the agenda tomorrow carried over from today, and then the Speaker will rule whether there should be a division or not? That is what I understand and that is what we want.

Shri Ranga: We want a division. We want a record.

Shri M. E. Masani: We want the Bill on the agenda paper tomorrow. I hope it is clearly understood.

Mr. Chairman: The question of division will be placed before the Speaker.

Some Hon. Members: No, no.

Mr. Chairman: If hon. Members desire a division just now, I am prepared to have it.

Some Hon. Members: No; we cannot have it now.

Shri M. E. Masani: The time has passed. You cannot have it now. Let it be clearly understood that the Bill will be placed on the agenda tomorrow and then the Speaker will give a decision.

Mr. Chairman: It will be placed on the agenda tomorrow and the decision will be given by the Speaker.

Shri Radhelal Vyas (Ujjain): Mr. Chairman, I have to make one submission. In this heat that was generated, some remarks were passed by the hon. Leader of the Swatantra Party against the Chair. I request you that those remarks should be expunged from the proceedings.

Some Hon. Members: Yes.

Shri Ranga: I agree. I withdraw. Whatever has passed between the Chair and myself, let it be treated as not having taken place.

Mr. Chairman: An experienced Member should have behaved with more discretion.

Shri Kapur Singh: Before you proceed to the next item, may I be permitted to say a word about certain observations which you were pleased to make about our conduct?

Some Hon. Members: No, no.

16-45 hrs.

DISCUSSION RE. MANUFACTURE,
CONSUMPTION AND PRICE OF
CARS—Contd.

Mr. Chairman: The hon. Minister.

Shri Dinen Bhattacharya (Serampore): I want to ask some questions of the Minister before he replies.

The Minister of Industry and Heavy Engineering in the Ministry of Industry and Supply (Shri T. N. Singh): Sir, on two days—not exactly two days in hours but on two different days—this question of small car has been discussed and now I have to reply to the speeches which were made in the course of the debate.

I would start by saying that I quite agree with hon. Members on both sides of this House that the prices of cars are high. I also agree that there is need for a car which should be within the means of the average person who requires such a small car in our country. At the same time, there may be various requirements and needs in the country. It is desirable that whenever we decide on certain large investments, the priorities of various competing claims should be carefully considered before a decision is taken. So, I would like the House to go into the question of priorities of the various kinds of competing claims against which we have to make investments in a Plan period.

Certain friends asked why these things have not been done despite the fact that hopes were held out. It is true that there has been a desire on the part of every one of us to have a car as proposed by many Members. At the same time, what we have felt is that there were certain compulsions of events which have to be taken into account. It will be quite wrong to say that this project was shelved because of pressure of any particular group of people, whether businessmen or otherwise. I can assure the House categorically that this Government is not going to be influenced by any pressures whatsoever in this regard. I am very clear on this point.

Some friends reminded me of what I did as a member of the Planning Commission. This question was certainly discussed in the Planning Commission and the Plan did provide in a larger base for the provision of a small car project, but it was not in the core of the Plan. I

must make that very clear. I may tell the House very frankly that there are after all many more other important things. When it comes to choosing between a small tractor and a commercial bus or vehicles and a car, what shall we choose? Obviously, I am sure, this House will entirely agree that we cannot have any choice other than a tractor, a power tiller or a bus or a truck because that is the need of the commonest of our people. Therefore, when the Planning Commission or the Government has to make a choice between certain competing claims, it has naturally to make a choice of something which is not a small car as such. That is what has been happening. There are so many things.

But I certainly protest against some of the accusations made against Government. It has been said that the Planning Commission also has not provided funds which were promised for the automobile industry as a whole. What was the promise which was made in the Plan as well as by the Government from time to time? We had provided for an investment of Rs. 40 crores for capital investment—that is what Shri Patel said. We had also provided on maintenance account something of the order of Rs. 175 crores over a period of five years.

What are the facts? The facts are very revealing if I were to tell you. In the very first year, that is, in 1962, despite our great foreign exchange difficulties, for the automobiles including scooters—Rs. 40 crores includes scooters and everything—we had provided Rs. 30 crores of foreign exchange for that purpose.

And after that, in the whole of this up to now the total cleared by our foreign-exchange committee and CG clearance committee comes to something like Rs. 74 crores, as against Rs. 40 crores in the Third Plan. One year is yet to go, and so much provision has been made. I beg to ask in what way have the Government not kept their promises in this regard.

Shri Harish Chandra Mathur (Jalore): Out of Rs. 74 crores, how much is for the rotten cars?

Shri T. N. Singh: I do not know to what rotten car my hon. friend is referring.

Shri M. L. Dwivedi (Hamirpur): To Ambassador.

Shri Harish Chandra Mathur: To the rotten car to which the House referred.

Shri T. N. Singh: I may be excused if I do not go into individual cases.

Shri M. L. Dwivedi: And a scooter imported for Rs. 1,750 is sold now for Rs. 3,000. They have not been able to reduce the price.

Shri T. N. Singh: In regard to investments, provision made for maintenance account, what is the position? We had provided for Rs. 175 crores. Up to now over Rs. 130 crores have been provided on maintenance account for this entire automobile industry and we have . . .

Shri Harish Chandra Mathur: It would be much better if he kindly gives the break-up. When he gives the figure he is confussing with the car and commercial vehicles. We will have a better understanding if he gives what is for commercial vehicles and what is for cars.

Shri T. N. Singh: Unfortunately, I am comparing the figures given by Shri Patel.

Shri Sinhasan Singh (Gorakhpur): One point may be cleared. The hon. Minister is saying that it is provided for in the Plan . . .

Mr. Chairman: Let him continue.

Shri T. N. Singh: I would request the hon. Member to hear me. Shri Patel had said that the Plan provided for Rs. 40 crores for capital investment in the automobile industry. I am referring to a particular point made

by a particular Member. Let me answer that particular Member at least. Why should hon. Members interfere in this? I am comparing it and I am saying that this was the order of funds made available; in regard to maintenance accounts also this was the position.

In regard to break-up of the figure I can answer, but I would plead for certain patience. After all, if a Member has made a point, it is my duty to answer that point. And therefore I claim that interference by others is highly unjustified. In regard to this break-up, my difficulty is that these are provisions made to various firms who are an integrated firm. They manufacture both automobiles, passenger vehicles, trucks and other things. Therefore, it is very difficult to differentiate. But if he wants, that again will be a very, very rough estimate, because the same plant, the same machine can be used for shaping and finishing for various other products. And I am unable to get so far unless an enquiry is ordered. It will be difficult at this stage to separate the accounts and get at the figures. But I say, whatever the Government's part in this, the accusation that Government have not come forth is quite wrong.

Now, it is true, I had started by saying that so far as priorities are concerned—and I claim that the House will agree with me—that compared to trucks and tractors and other things, this is certainly of a lower priority. I ask whether any one can refute this. I am sure the House is one with me, hundred per cent with me on this point.

An Hon. Member: Yes.

Shri T. N. Singh: Therefore, I will not labour on that point any further. I have started by saying in the very beginning that I am not very happy with the high prices of the passenger cars. I also feel that there is a lot of things that could be done in regard to ancillary items which are produced in

the country. Their prices are also high. But I would not be taken in by all the propaganda leaflets that seem to have been distributed all these days . . .

Shri M. L. Dwivedi: By manufacturers.

Shri T. N. Singh: Yes I am not referring to leaflets which you may have given. There have been all kinds of claims in regard to ancillary industries, that all the things are just, that nobody is to blame except the Government and the high taxes. That is also one-sided. An objective view has to be taken. I may inform the House in regard to the very big noise made about ancillary units that I have already directed that an enquiry may be made into the costs of the various ancillary units, and our cost accountants are at work on that job, and we shall be placing all the information before the House in due course as and when we know of that.

Having got the agreement of the House on this, as I see, in regard to the priorities of various things manufactured in the country, the House may permit me to express my own views in regard to such ventures. I am always of the view, and have been, that economy of scale must be insisted upon in any production programme. But at the same time there is always the question raised here in this House and outside about licences being issued to a particular party only and monopoly production getting in. Government has to assess the arguments against monopoly as well as arguments for economy of scale in any production programme, and so it is happening.

I think at this place I should remind the House that in 1951 a committee was appointed to go into the automobile industry, in the very early days when we started production. There also there was a mention that there are so many types of cars, and even then the position about ancillaries etc., that problem seemed to have cropped up even in those days. So

what we have inherited from the historical process is before us. I would not like to go into that question at this stage.

But I do feel that if we go in for any car for that matter, if the House so decides, it will be necessary to insist on economy of scale.

Now, at the beginning of the Third Plan or towards the end of the Second Plan, according to the best of estimates, our own estimate was that we do not require passenger cars in the country of the order of about 40,000 cars. That was the estimate. Having before us the two or three units we had in production, with that order of demand, it was felt—and it was quite legitimate to feel—that to have any item producing 10,000 cars will be a wrong decision to take. So I think whatever decision was taken by the Government or the Planning Commission in those days was right.

As we have grown in economy it appears that probably in the future, in the Fourth Plan, there is going to be a higher demand. But I must warn the House,—I am myself of the view, and I may invite some fellow-Members here to discuss this question in some detail—I personally feel that any unit which produces less than forty or fifty thousand cars is not the right type of unit, economic unit, according to me. It is very important that there should be this scale of production. And I was really amazed at the argument being placed by somebody that if you had provided all this, the present manufacturers would have doubled or trebled the production.

What is the position? As I explained at the very beginning, we have provided maintenance accounts of this order. It is their choice. It is not a small sum that was provided. And what is the production? It is not of that order: 26,000.

And remember, what are the great foreign-exchange difficulties if it comes to that. Shall we deprive the small industry today, the small man who is

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investing his savings of generations in those small industries—he is not able to get a ton of this metal or that raw material—shall we deprive him of that and increase the allocations of foreign exchange for the small car, as has been urged here? I am sure if we were to think coolly, nobody would suggest that we should deprive the small industry and provide a maintenance account's expenditure for this. And yet Government have done this. If I may submit in all humility—I dare not say—but many colleagues have said harsh things about the Government which is entirely unjustified. Despite foreign exchange difficulties, despite so many problems, we have provided for the car industry, and whoever are manufacturing, as much as was within our means. It was not of a small order. It was explained, and we have been insisting during these five or six months, and I am hopeful that most of these units, will, except for one, reach about 90 per cent of the indigenous content. Then, perhaps a lesser amount of foreign exchange would be required to produce a larger number of vehicles of this kind.

17 hrs.

Mr. Chairman: May I enquire from the hon. Minister whether he will complete his reply today or he will take some longer time?

Shri T. N. Singh: My intention is not to drag on, but to continue and finish in five or ten minutes, if the House would permit me. I shall not take more than five to ten minutes. I shall try to finish as soon as possible.

Mr. Chairman: I am asking because there is a half-an-hour discussion after this.

Shri T. N. Singh: I hope to finish in five to ten minutes. As you know, I had lost ten minutes in interruptions. So, I am not exceeding the time-limit which I had set for myself.

Shri M. L. Dwivedi: After he finishes, we would like to ask some questions also.

Shri T. N. Singh: May I say, and I think my colleagues and friends here will agree with me, that I am more or less in sympathy with many of the things that have been said at least with the objectives? But at the same time, let me expand my argument and say what I have to say. (*Interruptions*) I did not interrupt any single Member when he was speaking. So, I should not be interrupted now, and I should be permitted that much of indulgence at least.

I was referring to the production stage of the various units. These units have not been able to manufacture, with all the facilities that have been given to them, the number of cars which they were expected to manufacture, and that is what has been stated. It will be wrong to make any accusations against them in this regard. The fact is that they have their own problems. The automobile industry is a highly complicated industry, and we have had so many vicissitudes during all these years, and I think that they also desire and they also want to sell a larger number of vehicles and also at a lower cost. And here I would like to make another point. There is nothing like a price-control as has been said by many Members. There is no statutory price-control at all. As a matter of fact, the 1957 prices were supposed to be taken as the base, and the automobile manufacturers were free to add to the price according to certain rise in costs etc. So, Government are not to blame for any price that may be prevailing as such directly, though I do concede that the producers have been kind enough to refer their problems of higher cost etc. from time to time to us, and we have looked into them and also said whether such and such a thing was reasonable or unreasonable as the case may be.

Shri Man Singh P. Patel (Mehsana): What is this 'kind enough on the part of the producers'?

Shri T. N. Singh: I want the kindness of everybody. That is my approach.

What I am thinking is this. Probably in the Fourth Plan there is going to be a demand of a higher order for a car which will sustain a production of 50,000. I have yet to go into various details, and I do not want to rush into a decision. After all, public money or a large amount of Indian money has to be invested. So, it is very necessary that the details and the full implications of the project should be fully considered. I want a detailed project report and I want a fuller examination of the profits, the expenses, the income etc., and I can say that an attempt at such a study is being made. Besides, we are also having discussions and talks with a number of producers of such kinds of vehicles. I must make it very clear that I am not making any commitment at this stage. What I am trying to explore just at present is the economic feasibility of the proposals or the several proposals which may be before me or which are before me. The second thing that I want to add is that we want to standardise the ancillary parts. During World War II, America with great profit was able to introduce what is called interchangeability of parts. Unfortunately, every car has got its own type of parts etc. in most cases—not in all cases—and there is hardly much of interchangeability. I have been recently discussing this matter with the producers in the ancillary parts industry, and I have put this idea across to them, and I am glad to say that my suggestion has been accepted by them, and the producers in the ancillary industries will sit round with our technicians and our ISI and will try to find a solution to this problem of interchangeability of parts. If that is done, that will result in economy of scale as well as the lowering of prices and costs of the ancillary products. That is the second step which I propose to take,

and I have hardly already initiated that, as I have just now told the House.

The third thing is in regard to taxes about which some points have been made. I can say in regard to this that it will not be proper for me to give any opinion about it at this stage. My colleague the Finance Minister is still seized of it, and he must be looking into all the aspects of the matter. But one thing I can tell you, and that is that I was really amazed at the low priority given in one of the very advanced countries like Czechoslovakia to the Skoda car. I am told that it costs something like Rs. 7000, but it sells at as much as Rs. 30,000. What is that due to? That is because there is a very heavy duty of over Rs. 22,000 on each car sold. They have done it because they are giving a lower priority to this kind of thing. And after all, the purchasers who can purchase that car also belong to the higher income group. The incidence of burden which the higher income group can bear is a thing which has to be left entirely to the Finance Minister to be looked into and it should be left to him to arrive at a decision.

Shri Kashi Ram Gupta (Alwar): Why leave it entirely to the Finance Minister? Why should the hon. Minister himself not give his suggestions?

Shri T. N. Singh: I am sure that he will be consulting me, but the initiative should be his.

I shall not take more time of the House, but I would say in conclusion that I have profited a great deal by the various views that I have heard from my hon. friends in this House. There were all kinds of views expressed.

Shri Kashi Ram Gupta: But what about the quality of the car?

Shri T. N. Singh: I am coming to that. About the quality also, I am prepared to concede, and I do concede, that the quality is not what we want; it requires a great deal of improvement. I am also in touch with the producers, and I think that they also

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realise fully the need for improving the quality, and I hope that they will continue to make their efforts to improve the quality. I shall try my best to impress this on them, and I am quite sure that they will also agree with me in this, and they are agreeing with me, I take it, because when I put across these ideas to them, I found that they also seemed to be conscious of the need to improve quality, and they should do something about it. Let us hope for the best of results in the circumstances.

As I was saying, I have learnt a lot from the speeches of my hon. friends on this very important question. After having looked into all the views, I feel that there is not much of a difference of opinion in regard to our approach and the approach of the Members. I have tried to explain the various points. The only thing that I want to say is that if it comes to that, I am going to give a higher priority to scooters, motor-cycles and the like. In all humility, I may suggest to the House that they may kindly permit me to give higher priority to this kind of transport as against even the small car. In regard to that also, I may take the House into confidence, and I am seriously making efforts or rather Government are seriously making efforts to step up the supply and production of these things, and it is quite likely that in the very near future, in about a year's time, there will be an appreciable improvement in the supplies of this mode of transport namely scooters, motor-cycles, mopeds and the like.

In regard to the Fiat car also, I am glad to inform the House that the Fiat supply is also going to be increased, and I feel that that should give some relief, though not much of relief.

In regard to the other points, I have already stated what I wanted to say. I have nothing more to say except to request for the co-operation of the House in the consideration of this problem from time to time and even

formally, I am quite willing to have talks with a small number of friends here and discuss all these questions in greater detail.

Some Hon. Members rose—

Shri Sham Lal Saraf (Jammu and Kashmir): I want to ask one question. He has not covered many points.

Mr. Chairman: There will be other opportunities for that purpose. If I permit the hon. Member, I shall have to give chance to others also.

Shri Sham Lal Saraf: Till the Government is in a position to get the small car, as desired by all of us here, may I know what effort would be made to reduce the present high cost of the car? I think the position has not improved at all.

Shri T. N. Singh: I have already explained the efforts and the methods that I am pursuing in regard to reduction of cost. There must be economy of scale by standardisation and interchangeability of parts. Then there are the problems for the ancillary units. I have already indicated some lines on which I am thinking. (Interruptions)

Mr. Chairman: Order, order. No more questions. We take up half-an-hour discussion.

17.11 hrs.

RE. WATER FOR PROJECTS IN KARNATAK*

Shri Sivamurthi Swamy (Koppal): Mr. Chairman, Sir, let me start my discussion with the Vedic prayer which will express the importance of my purpose:

"O' Waters! As you are the source of happiness, infuse strength into us, so that we have, great and beautiful vision. That essence of yours which is most auspicious, make us share it here. O you who are like loving Mothers.

*Half-an-Hour Discussion.