

Mr. Deputy-Speaker: The question is:

That for the original motion, the following be substituted namely:

"This House having considered the international situation and the policy of the Government of India in relation thereto approves of the foreign policy of Government which has not only enhanced India's prestige abroad, but has also promoted the cause of world peace by easing tension among nations and by propagating, *inter alia*, the idea of peaceful co-existence and of respect for each other territorial integrity."

The motion was adopted.

Mr. Deputy-Speaker: All the other amendments are barred.

4. P.M.

AUTOMOBILE INDUSTRY

Sardar Hukam Singh (Kapurthala-Bhatinda): **Mr. Deputy-Speaker,** how important this automobile industry is in the economy of a country and what effect it has got on other sectors of the industry in any particular country can best be illustrated by reference to a pamphlet that I have got, which is entitled '*American Trucking*'. It only deals with goods transport vehicles. And, about U.S.A., the figures given are that there are more than eight million motor trucks and trailers. They provide direct employment for over five million workers and pay 1,161 million dollars a year in special highway taxes. These vehicles use 568 million quarts of oil a year; they use 8,400 million gallons of anti-freeze a year, as also 85 million gallons of gas a year. I need not go into the further details that are given. But, what quantity of iron, tin plates and steel and other things are used in this industry is very well given in that pamphlet.

The importance of the industry in our country too was realised by the

Planning Commission. And, they have laid very great stress on the manufacture of vehicles in our own country, for no country which wants to advance can depend for all times on the imports from outside. We have been mostly dependent on imports. We have about eleven assemblers here. When they were asked to submit proposals for manufacture, five did come up with their own programmes but six declined to do that for they found that the demand was low and they could not carry on the manufacture.

As I said just now, this was realised by our Planning Commission as well and it was thought that we should have our own industry. The Planning Commission thought that two points of importance arose in connection with the purchase of transport vehicles.

(i) standardisation of vehicles used by the State transport services and co-ordination of programme of replacement and expansion of the transport fleet with the development of the indigenous automobile industry, and

(ii) use of diesel *versus* petrol-driven vehicles.

The Planning Commission said that these two issues have been referred by the Central Government to the Tariff Commission in connection with the investigation into a claim for protection for the indigenous automobile industry. The State transport services should adjust their programmes in accordance with the recommendations that may be made by the Tariff Commission.

The Tariff Commission was assisted by a German expert, Vorwig by name, and he has made certain useful recommendations and given sound advice. On page 10, he says: that this country is far behind others so far as road transport is concerned. He gives a table on pages 16 and 17 and he compares our country with other countries. We find that India is almost at the bottom. He says, 'India's road development is far behind most other countries as the following chart shows'.

[Sardar Hukam Singh]

Then he gives the road miles per 1,000 sq. miles. Whereas Belgium has 2,441, U.K. 1,949, Netherlands 1,919 and France 1,852, India has only 612. Australia and Canada are, perhaps, the two countries that come even lower. In the other table, 'Number of motor vehicles on 1,000 miles of road', U.K. has 14,874, U.S.A. 12,416, Belgium 8,385 and so on other countries, India comes lowest in the rank with only 829.

Mr. Deputy-Speaker: What are these numbers? What do they relate to?

Sardar Hukam Singh: These are numbers of motor vehicles on 1,000 miles of road.

This expert gave his advice to the Tariff Commission and they formulated their recommendations. As advised by the Planning Commission, the State Governments should adjust their programmes according to the advice given by the Tariff Commission, and it is very pertinent to know what the Tariff Commission has said about this.

The Tariff Commission is very clear in making the recommendations and it is said that the greatest obstacle to the advance of our automobile industry is the low demand in our country. I feel that the high prices also may contribute something to it. But we can also conclude that high prices and low demand, perhaps, go together. One may have great effect on the other. If the price is high, the demand must remain low. That must be the purchaser's point of view. But *vice versa* also, industrialist can put forward the manufacturer's case that because the demand is low the price must remain high. And, for that purpose, our industry has to find out why demand is so low in our country. That was discussed by the Planning Commission and they came to certain conclusions. They say on page 50 of their Report on the Automobile Industry:

"There are, however, certain factors operating to prevent an increase in demand. It was brought to our notice during the course of the inquiry

that private operators were putting off purchases of new commercial vehicles as long as possible owing to the fear that nationalization of road transport might put them out of business at any time. As the total number of vehicles belonging to private operators in May, 1952 was 100,855, it seems impossible for State Governments to find funds within the next five years to nationalise road transport by replacing all the private operators, especially as there are other projects, more important and of higher priority, for which available funds would be required. We think that if State Governments decide upon a policy of suspending further nationalisation of road transport for the next few years, it will remove the fear from the minds of private operators and induce them to purchase new vehicles and extend their services. The annual replenishment would on the basis of an average life of 10 years for a vehicle work out to about 10,000 vehicles. Another factor which limited the demand was the high prices of vehicles. In these circumstances, an estimate of the future demand will be in the nature of a prediction. However, if a favourable climate is created all round, the demand for new vehicles might increase to about 25,000 and more within the next three years."

But, what do we find? We find that the demand almost remains static. The demand for vehicles comes from three sectors. One is the Government demand—civil and defence. That is almost stationary. Unless there is some emergency such as war, that demand remains static at some figure. It cannot appreciably increase in normal times. The second source of demand is from users of private cars. That demand also cannot increase unless there is improvement in the standard of living of our people. As the Planning Commission has said, even with the completion of our planning period there might be an increase of only about 11 per cent, we cannot think that there will be a very high increase in

the demand so far as private cars are concerned. The third source of demand is from users of commercial trucks. Only here there is much scope and I have already read from this Planning Commission's and the expert's reports that they also support this fact that there is a very large scope so far as commercial trucks are concerned. The Tariff Commission has accepted this view.

Then, Sir, what is that scope in commercial vehicles? We want more roads. If more roads were built we will require more vehicles. We have many ambitious programmes so far as these roads are concerned and when they are completed, perhaps, we will have some demand then. But, without making those additional roads, there is also greater need for more vehicles on existing roads as well.

Mr. Deputy-Speaker: How long will the hon. Minister take to reply?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): Ten minutes will be enough.

Mr. Deputy-Speaker: The hon. Mover has already taken 14 minutes.

Sardar Hukam Singh: I will stop as soon as I am asked.

Mr. Deputy-Speaker: I am only suggesting to him that he can have 15 minutes in all. The hon. Minister will take ten minutes. Now that he has gone on, he can have another 5 minutes more; that is, in all 20 minutes. There are four hon. Members who have given their names expressing their desire to take part in the discussion.

Sardar Hukam Singh: Sir, I will finish in 5 or 6 minutes.

I was saying, that more vehicles are required on the existing roads also. As I have read from the report of the Tariff Commission, private operators are prevented from purchasing new vehicles. They have given the reasons also, that it is due to the licensing policy of several States. They have restricted it so sternly that there is no

security at all and the sword of Damocles is kept hanging on the head of the operator that he cannot think of purchasing a new vehicle so long as that policy continues.

There is not much scope in the Government demand and in the demand for private cars. Therefore, we have to see, certainly, how we can increase the demand for commercial vehicles. If the Tariff Commission comes to this view that this policy has to be revised, then, certainly, we will have to investigate what difficulty it is creating and the obstacles it is putting in the way of increasing the demand.

Ordinarily, the life of the permit that the operator has got under the Motor Vehicles Act life is from 3 to 5 years. Then there are renewals under section 58, but instead of resorting to normal methods and renewing those licences, many States have been taking abnormal action under section 62. Temporary permits were being issued for four months only. That section provided for seasonal traffic or for temporary needs, but here, in normal times, instead of renewing the permit for 3 years, the State Governments restrict them to four months.

Pandit Thakur Das Bhargava (Gurgaon): Four weeks or even one week.

Sardar Hukam Singh: I am coming to that. Now, it is valid only for 4 months. In that case it cannot be expected that any operator who had only that permit renewed for four months would replace his truck during that period. Section 62 was agitated in several High Courts as well and it was declared that the policy of the Government was not according to law. As was intended, some States brought certain amendments under section 62, but others have gone on with the same policy. The Punjab Government—I might specifically say—have extended these permits upto 30th June, 1954. Then there were applications for renewal, but they were kept pending and directions were given that they should not be renewed and permits have been

[Sardar Hukam Singh]

given for a period varying from 7 to 30 days. It can be very well imagined whether a truck owner having his licence renewed for 7 days can ever think of replacing his truck by purchasing a new vehicle. Thus, these 25,000 trucks which are on the road and which happened to be on the road for so long a time, have not been replaced at all.

To illustrate my point, I might give a particular instance. That is not a solitary instance of its kind, but it rather gives a clue to the general policy that has been followed. I have here one licence of a truck-owner which was first issued for 3 years. It expired in 1948. Since 1948 it has been renewed for not more than 4 months at a time. It has been renewed upto this date. For six years he has carried on but never had he that security that he would be able to continue for six years. If this had been in the very first instance extended for a normal period, I am certain that he must have purchased one vehicle at least. It is very interesting to note that from 1948 the office concerned has been making this note. I draw the attention of the hon. Members to this fact. The noting is: 'This office is short of temporary permit books, and therefore, this chit of temporary permit granted under Section 62(c)'. This appears first in 1948 and the same reason has continued for five long years—1949, 1950, 1951, 1952 and 1953. The same shortness of temporary permit books continues and the Government has not been able to get their temporary permit books ready. I now draw the attention of the Commerce and Industry Minister to the fact whether under these circumstances, any orderly implementation of the plan is possible, on which we hang altogether as the Finance Minister said in his last speech in the Budget Session, and if that is not possible, whether this industry can ever develop to the extent that we want. This Government has given instructions to State Governments. I got that letter from the Planning Com-

mission as well, and I have read the case of a truck about which it has been definitely said by the Planning Commission that there shall be no nationalisation until 1961, the expiration of the second plan period. If that be the case, what reason is there for the fact that the State Governments do not care for the directions and advice of the Planning Commission and proceed as they like. They have some other motives as well because they have the patronage in that they can employ fresh persons, that is one thing. They have opportunities to purchase vehicles, that is the second thing, and while purchasing those vehicles they always go for diesel engine trucks because in the ultimate analysis they are cheaper, and they have another advantage also, namely, that they defraud the Central Government or deprive the Central Government of the petrol tax that might have been charged by the Centre, and they get that benefit also for themselves.

It is curious that they should have the opportunity of importing new vehicles from outside in utter disregard of the directions and advice of the Planning Commission and should retard the implementation of the Plan which we have before us. If we want this industry to develop and if, as I have said, the low demand is the obstacle, then we shall have to remove that obstacle and the reasons that are there for the obstacle.

Mr. Deputy-Speaker: Dr. Krishnaswami.

Pandit Thakur Das Bhargava rose—

Mr. Deputy-Speaker: Has Thakur Dasji given notice?

Pandit Thakur Das Bhargava: I have sent in a note to you.

Mr. Deputy-Speaker: I shall give five minutes to each hon. Member. They will only state their points instead of arguing the matter. The hon. Member has taken 25 minutes and of course, it is a very interesting and important subject, but then there is the question

of time-limit. Dr. Krishnaswami may begin now.

Dr. Krishnaswami (Kancheepuram): I may claim some credit for having initiated the debate on the automobile industry about a year and a half ago. I then put forward a point of view before the hon. Minister which has not found favour with the Government. It is a human and economic problem which is being distorted beyond recognition by special pleading indulged in on behalf of automobile interests which have powerful advocates in this House. I should like, however, to place before this House a point of view which is not fashionable, and which has hitherto not been considered at all. We argue in a vicious circle. The consumers complain that prices are high and hence, demand is low. On the other hand, the militant automobile interests complain that demand is low and that, therefore, prices are bound to be high. When we are discussing this question, we have to find out what our policy is going to be in the long run. About a year and a half ago when I raised this issue, the hon. Minister was good enough to point out that he would consider all the aspects that I raised and decide accordingly. Since then, the Government seem to have decided definitely on giving the manufacturing interests an advantage. I do not go into the merits of this decision now, but I should like to point out that even if it were possible for me to suggest that we should go back to the stage of assembling and nationalising the strategic aspect of our demand, it may not be quite practical because many other things have happened since then of which the most important is the Government's assurance to the manufacturers. I wish to point out to the hon. Minister that it is most important that he should consider this question seriously from a fundamental point of view. The suggestion that there has been a great ballyboo—I say it without meaning any offence to any of the automobile interests—indulged in on behalf of the automobile interests to keep up the prices of these cars on

the pretext that demand is low has some plausibility. I suggest to the Government that they can certainly intervene, and intervene very effectively on behalf of the consumers to bring down the prices of cars and buses; the suggestion that I am making is essentially a very simple one. We have the army which has a demand for vehicles and we have many State Governments which have demands for transport vehicles. Let Governments, both Central and State, place a firm demand for vehicles for military and State purposes with the automobile manufacturers and then tell these manufacturers—they are five or six only—that they have to reduce the prices of cars and buses. I do not have anything against any particular automobile manufacturer, but why for instance should a Hindustan motor car be priced at Rs. 9,600 or Rs. 9,800? Why should it not be sold for Rs. 7,500 or Rs. 8,000 at the most. It can be done if for instance, the Government now gives the automobile manufacturers a definite assurance of demand and if these powerful interests are made to realise that they will possibly lose Government orders if they do not bring down the prices of cars and buses.

There is another aspect of the question which I desire to place before this House.

Mr. Deputy Speaker: What is the price of other cars?

Dr. Krishnaswami: There are only three other cars and they have all apparently come to a certain agreement. Previously when Austin was being sold, Hindustan was priced a bit lower. I am suggesting that when we are giving the automobile industry so much protection, it is essential that we should also have a certain degree of control over the prices of cars. In the long run, the automobile industry must be either nationalised or be brought under national control. When we talk of national control, I do not see any reason why in the case of the automobile industry, once we have assured them a definite demand over a long period, we should not control the prices of these

[Dr. Krishnaswami]

commodities. Probably by making the prices of these cars lower, we would be able to stimulate demand on a much larger scale. Where are we today? It is within the know of the hon. Minister for Commerce and Industry that about fifteen years ago, those between the ages 25 and 35 were able to acquire a car and enjoy possession of it. As it is, the desire to have a car is now becoming a rarity among the age group 25-35 on the simple ground that it is becoming most expensive to have a car.

As a result of cars being priced high, even secondhand cars are priced high and this in turn makes it difficult for a new market being created for these secondhand cars. Also, the prices of spare parts and accessories have to be taken into account. It is within the common knowledge of most hon. Members of this House that when we have a new car, the spare parts that go with it are much cheaper than when we attempt to renew them after awhile. I, therefore, suggest that even here we ought to have a definite policy whereby we are able to reduce the prices of these spare parts, so that it may be possible for us to increase the desire for possessing cars.

One more point and I have done. There is unfortunately in the field of automobile industry quantitative restrictions in the shape of import controls. I should like my hon. friend to consider the possibility of doing away with quantitative restrictions for the import of motor accessories. I would like to go into this question at considerable length but time is the great obstacle especially in a one hour debate where many other hon. Members have much to say and say it with greater force.

As regards the other question about which I dealt last time concerning taxation of motor vehicles by States, I think it is a matter which has to be gone into in a deliberate manner; it is no use heaping coals of wrath on States. The States have also to find the wherewithal to carry on their

functions. The Central Government should decide to share a portion of their tax on petrol, import and other duties on automobile spare parts with the State Governments. Probably, the hon. Minister is waiting for the report of the Committee of Taxation and Finance to make up his mind. Nevertheless we should like to have some inkling of the intentions of the Government from him when he replies.

श्रीकृष्ण स्वामी : जनाब वाला, यह मामला ऐसा है जिस के अन्दर ज्यादा बहस की जरूरत थी, लेकिन वक्त न होने की वजह से मजबूरी है। मैं समझता हूँ कि इस देश में सिर्फ पांच कारखाने ऐसे हैं जो कि मोटरों को बनाते हैं। इन में से हिन्दुस्तान मोटर्स की कंपीसटी १५,००० मोटरों की बतलाई जाती है और प्रीमियर ऑटोमोबाइल्स की १२,००० मोटरों की। यह जो कारखाने हैं वह एसम्बल भी करते हैं और मोटरें पैदा भी करते हैं। २०,००० तो इन दो की कंपीसटी है एक शिफ्ट से। लेकिन अगर दो या तीन शिफ्ट्स में काम हो तो मेम्बरान खयाल कर सकते हैं कि यह दोनों कारखाने ४० या ६० हजार मोटरें पैदा कर सकते हैं। लेकिन जहाँ तक डिमान्ड का सवाल है, वह सिर्फ २०,००० की है। इस देश के अन्दर जहाँ डिमान्ड २०,००० की है वहाँ एक शिफ्ट में पैदा करने की कंपीसटी २० हजार इंजनों और गाड़ियों की है। अगर यह कारखाने दो या तीन शिफ्ट्स में काम करने लगें तो वह ४०, ६० हजार से भी ज्यादा बढ़ जायेगी। इस तरह से जो डिमान्ड है उस से बनाने की कंपीसटी बहुत ज्यादा है। कारखाने वाले कहते हैं कि हम कम कीमत पर इंजन और गाड़ियाँ पैदा नहीं कर सकते। मैं डा० कृष्णस्वामी की ताईद करता हूँ कि दरअसल इस देश के अन्दर जो मोटरों की कीमत है वह हमारे लिये प्रीमियरिटीब सी है। मैं ने सन् १९२९ में पहली मोटर खरीदी थी जिस की

कीमत सिर्फ २,२०० रु० थी। उस के बाद सन् १९२८ में मैं ने एक ब्यूक गाड़ी खरीदी जिस की कीमत ४६११ रु० थी। ११,००० रु० में कुछ दिन पहले शेवरेलेट गाड़ी आती थी। अब अगर हम कोई मोटर खरीदें तो काफी दाम देने पड़ते हैं। ब्यूक के लिये तो कम से कम २५ या २० हजार रुपये खर्च करने पड़ते हैं।

श्री सैय्यद अहमद (होशंगाबाद): अब आप के पास कौन सी मोटर है ?

पीडित ठाकुर दास भार्गव : अब तो मेरे पास एक टूटी फूटी सी मोटर है, हिन्दुस्तान मोटर है। लेकिन दिक्कत यह है कि अगर आज हम मोटर खरीदने जायें तो च्वायस की बात ही नहीं रह गई है। मैं तो अपनी गवर्नमेंट को मुबारकबाद देता हूँ कि उन्होंने कम से कम यह तो किया कि हमारे देश में मोटरों भी पैदा होनी लगीं और दो तीन साल में पूरी तरह से बनने लगेंगी। आज भी कम से कम ५०, ६० फीसदी पुरजे यहां बनते हैं। पूरे एंजिन तो अभी भी नहीं बनते। मैं तो कभी कभी सोचता हूँ कि आज अगर किसी देश से हमारी लड़ाई हो जाय तो क्या हमारा सामान बेल गाड़ियों और ठेलों से जायेगा ? आज हालत यह हो गई है कि जब तक हमारे पास मोटरों और ट्रक्स और जीप न हों हम दुनिया में रह नहीं सकते। यहां पर आज जो सवारियां सड़कों के रास्ते चलती हैं क्या आज उन का काम बेलगाड़ियों से चल सकता है ? इस लिये मैं कहता हूँ कि जब तक हमारी सड़कें अच्छी नहीं बनतीं या हमारे पास अच्छे ट्रक्स और मोटरों नहीं होतीं तब तक हम किसी तरह से भी तरक्की नहीं कर सकते।

१

इस लिये यह जरूरी चीज है गवर्नमेंट के लिये कि वह प्रोत्साहन मिनिस्ट्री को हुक्म दे कि मोटरों और ट्रक्स की डिमान्ड को बढ़ावे लेकिन डिमान्ड कैसे बढ़े ? पंजाब की तरफ देखा जाय तो वहाँ

ट्रान्सपोर्ट के भंडारालयों की चर्चा हो रही है। इस चर्चा से लोग डर रहे हैं और मोटरें चलाना बन्द कर रहे हैं। गवर्नमेंट उन के इस डर का नाजोयज फायदा उठाना चाहती है। सन् १९४६ में जब एडवर्ड बेन्थल साहब यहां बोलते थे तो वह रेलगाड़ी और मोटरों का मुकाबला करते थे। हम लोग रेलगाड़ियों के बर्खिलाफ थे क्योंकि बेन्थल साहब समझते थे कि रेलगाड़ी हमारी है और हम समझते थे कि मोटरें हमारी हैं और उन को हमें फायदा पहुंचाना चाहिये। अब रेल भी हमारी है और मोटरें भी हमारी हैं। आज हम चाहते हैं कि हमारे मुल्क में जल्द से जल्द और अच्छी से अच्छी मोटरें बनें क्योंकि इस से अपने मुल्क की तरक्की का सवाल है। लेकिन मेरी समझ में नहीं आता कि जब हिन्दुस्तान के अन्दर सिर्फ २०,००० मोटरों की डिमान्ड है तो गवर्नमेंट के कोशिश करने पर भी कारखाने कैसे ज्यादा बनायेंगे क्योंकि उन को खरीदगा कौन ? इस लिये आज जरूरी है कि हम अपने मुल्क में मोटरों की डिमान्ड बढ़ायें। जब तक हमारी डिमान्ड नहीं बढ़ती तब तक यह देश के लिये रेट्रोग्रेड सी हो जाती है। अगर हमारे देश में मोटरों की डिमान्ड नहीं बढ़ती तो हम मोटरें ज्यादा नहीं बना सकते। डिमान्ड इस तरह से बढ़ सकती है कि कारखानों के अन्दर मोटरों और कामर्शल लारीज को तरक्की दी जाय। आज कामर्शल लारीज को भी कोई शास्स खरीदने को तैयार नहीं है क्योंकि मोटर वीहिकल एक्ट के मातहत हम थोड़े थोड़े असें के लिये लाइसेन्स देते हैं। पंद्रह दिन के वास्ते, एक महीने के वास्ते, दो या तीन महीनों के वास्ते हम लाइसेन्स देते हैं। यह सारा काम रिवेन्जफुल स्पिरिट में किये जाते हैं। आज बड़ी स्कैन्डलस हालत हो रही है कि १४ दिन के लिये एक महीने के लिये या छह हफ्ते के लिये लाइसेन्स दिया जाता है। इसे मैं लोगों को ज्यादा आसानी देना चाहिये जिस में लोग

[Pandit Thakur Das Bhargava]

गाड़ियों को लेने के लिये आगे आवें।

मैं निहायत अदब से अर्ज करूंगा कि गवर्नमेन्ट शुरू से ही इस चीज को अपने हाथ में ले ताकि कारखाने वाले ज्यादा फायदा न उठा सकें। गवर्नमेन्ट उन की मोनोपली अपने हाथ में ले ले और उस के मुताबिक गाड़ियों की कीमत मुकर्र कर ताकि लोग आसानी से मोटर खरीदने के लिये तैयार हों और महसूस भी करें कि गाड़ी उन को ठीक कीमत पर मिल रही है।

जहां तक लारीज का सवाल है उन के साथ वह सुल्क न किया जाय जो कि आज किया जा रहा है। इस सिलसिले में सब से जरूरी चीज यह है कि कम से कम सन् १९६१ तक नैशनलाइजेशन का नाम न लिया जाय। अगर आज नैशनलाइजेशन का नाम लिया जायेगा तो उस के डर की वजह से लोग गाड़ियों को नहीं खरीदेंगे और इस इन्डस्ट्री में दिक्कत वाक्य होगी।

जब तक यह दो तीन बातें नहीं होंगी तब तक मुझे इस इन्डस्ट्री का कोई फायदा इस देश में नजर नहीं आता है। अगर हम अपने देश में ज्यादा एंजिन और मोटरें पैदा करते हैं तो इस का हमारा मुल्क के डिफेंस पर बहुत असर पड़ता है। अभी मैं दिल्ली जहाज देखने गया था। जब मैं ने "दिल्ली" जहाज को देखा तो यह ध्यान आया कि वह हमारा देश का बना हुआ नहीं है। मैं ने वहां पर लोगों से पूछा कि अगर हिन्दुस्तान के पास कई तारपीडो हैं लेकिन अगर यह खत्म हो जायें तो तुम क्या करोगे ?

मैं कहना चाहता हूं कि जब तक इस देश के अन्दर मोटरें और एंजिन बनना नहीं शुरू होंगे तब तक यहां की डिफेंस इन्डस्ट्रीज और दूसरी इन्डस्ट्रीज की तरक्की नहीं हो सकती। इस लिये यह एंबसाल्टली नेसेसरी

है कि इस चीज को हम जितनी जल्द हाथ में ले सकें लें और इस इन्डस्ट्री को बढ़ायें। बिना इस के किये हुए इस देश का मुस्तकीबल मुझे रौशन नजर नहीं आता।

Shri Bansal (Jhajjar-Rewari): I am in general agreement with what Shri Hukam Singh and Pandit Bhargava have said before me. I do not want to make a long speech because my time is very short and I would just like to enquire of the hon. Commerce and Industry Minister as to what has the Government done to a large number of recommendations made by the Tariff Commission. I particularly refer to the recommendation of the Tariff Commission in regard to the nationalised road transport. They had said: "It is essential that State road transport departments or corporations should encourage manufacturers of motor vehicles in India by purchasing their vehicles provided they are of the type required by them. When manufacturers are unable to produce vehicles of the type required by them they may be given licences to import such vehicles from abroad." It is well known that a large number of States are importing these vehicles through a number of aid schemes. Under the Colombo Plan, a large number of vehicles were allowed to be imported and I think that practice is still going on. I would like to know from the hon. Commerce Minister whether this practice has been stopped.....

Mr. Deputy-Speaker: Are those imports all paid for?

Shri Bansal: They are paid out of the aid funds.

Then the other recommendation made by the Tariff Commission was in regard to the high rate of freights. They had suggested that the railway freight should be reduced to about 50 per cent. for the transport of complete motor cars from the manufacturing centres to the selling centres. They had made another auxiliary recommendation in regard to the difficulty

in having covered wagons on the railways. I would like to know if anything has been done about these.

The most important recommendation was in regard to taxation of road transport. They had said and I am in fact reading the Government's resolution: 'Government agree with the Commission that the present system of taxation of road transport by different authorities at different rates, sometimes very high, has been a powerful factor in reducing demand for vehicles, particularly for transport vehicles. Any change in this regard should be after discussion with State Governments and Government of India propose to take necessary steps in consultation with the State Governments in order to evolve a system of taxation which will be conducive to the development of motor transport...' I would like to know if anything has been done about this and if so, with what result. Just now, my hon. friend sitting to my right informed me that in certain States, particularly in Andhra, a passenger bus has to pay as much as Rs. 470/- per quarter and if the bus goes to another State, it has to pay twice as much per quarter.

Shri Vishwanatha Reddy (Chittoor): That is for lorry, transport vehicle for goods.

Shri Bansal: That is for transport goods vehicles. For passenger buses it is six thousand rupees per year. This may be a peculiar case of Andhra and certain South Indian States. But it is well known, and the Motor Vehicles Taxation Enquiry Committee reported that as much as Rs. 64 crores are earned by the various State Governments through these taxes. In our country we have hardly three lakhs of motor vehicles plying, which means that every bus or car has to pay annually about two thousand rupees by way of taxation alone. In view of this high tax it is very obvious that there cannot be a high demand for motor vehicles in this country.

I would like to know one particular thing from the hon. Minister of Commerce and Industry in regard to the import figures and production in our country. I find that in 1951-52 we imported about 14,000 cars and vehicles; in 1952-53 only 8,797; and in 1953-54 about 10,000. Our production has been, in the comparable years, roughly 22,472, 15,288 and 13,920.

Mr. Deputy-Speaker: It has been going down.

Shri Bansal: This has been the production in India.

An Hon. Member: This includes assembled cars also?

Shri Bansal: Naturally, cars which are assembled either completely or partly. I would like to know, if the import in 1953-54 was only 10,000 how is it that the production was 13,920? How is the disparity between the import figure and the figure of production, which includes assembled cars also, explained? I can understand the disparity for previous years. But for 1953-54, after the Government of India have disallowed import of complete vehicles, it is different to explain this disparity.

Another thing is, what is the reason for this steady fall in the demand? I can understand that in the immediate post-war period there might have been a big pent up demand which must have required a comparatively larger number of vehicles to satisfy that demand. But after that it has been almost continuously going down from fourteen thousand in 1951-52 to about ten thousand in 1953-54.

Now, I agree with Dr. Krishnaswami and Sardar Hukam Singh that the price of the cars must be brought down if the demand is to increase. Only the other day I was talking to the Vice-President of Hindustan Motors. I asked him what was the sale of their motors in 1953. He said it was of the order of 2,500 per year—Hindustan Fourteen. And the price, on the road, is about Rs. 10,000. I asked: suppose you make the price

[Shri Bansal]

about Rs. 8,000, will not the demand go up to about seven or eight thousand? He said: we do not think. And he made an offer to me: if you can give a guarantee of selling eight thousand cars, I am in a position to give you at the rate of Rs. 8,000 per car straightway. Of course, Sir, I was not in a position to accept that offer. But the fact remains it could not be that the manufacturers do not want to reduce the price. After all, what is the position? If you see their balance sheets, they have not been able to provide for the depreciation. In Hindustan Motors, depreciation has accumulated to about Rs. 150 lakhs. Surely no manufacturer would like to continue his demand restricted if he could increase it by merely reducing the price.

In this connection I would like to make a suggestion to the hon. Minister of Commerce and Industry. The import duty on motor parts is about 40 per cent, and in respect of some parts which are beginning to be manufactured here the duty is higher. Let this duty remain at 40 per cent. on imported parts. But where a large number of parts are manufactured here, instead of the others having to pay a higher duty on those parts, my suggestion is that those who are manufacturing parts here should be given some rebate on some workable basis, so that they are in a position to bring down the costs, and at the same time so far as those people who are not producing those parts here are concerned their cost of production also does not go up very high. By this way I think the cost of a medium size car may be reduced by about five hundred rupees and in the case of a bigger car, in the case of which a large number of parts are still imported, the price differential may be even one thousand or one thousand and five hundred rupees. These are figures which I am giving off-hand. But I think this is a suggestion which the hon. Minister of Commerce and Industry will very kindly consider.

Mr. Deputy-Speaker: Dr. Nataraj Pandey and Sardar Akarpuri, who have given their names are not here. Then I will call upon the hon. Minister.

Shrimati Tarkeshwari Sinha (Patna—East): I want to say something.

Mr. Deputy-Speaker: Why did she not give notice? And the other hon. Members do not speak, they only put some questions. All right, I will make an exception.

Shrimati Tarkeshwari Sinha: I want to ask a question about the rate of interest charged on hire purchase cars on an instalment basis, because the rate of interest charged varies from 12 to 16 per cent, and sometimes it goes to 18 per cent. So I would ask the hon. Minister: is there any possibility of decreasing that rate of interest, because it is so high.

Mr. Deputy-Speaker: And the hon. Member, Shri D. C. Sharma wanted to say something?

Shri D. C. Sharma (Hoshiarpur): I wanted to ask how long this debate will go on.

Mr. Deputy-Speaker: We shall conclude at five o'clock.

Shri D. C. Sharma: And I wanted to ask also whether there is any place in the world where the rate of interest is 80 per cent.

Shrimati Tarkeshwari Sinha: Not eighty, eighteen.

Shri T. T. Krishnamachari: I am grateful to my hon. friend Sardar Hukam Singh for having raised this discussion. Contrary to the usual type of criticism that Government have to face in regard to Government's policy, I think the speech made by my hon. friend is one for which the Government have to be grateful. He gave an extremely balanced picture of the situation. And I must agree with him that the facts he mentioned were all absolutely correct.

The deductions therefrom may differ from the point of view of the hon. Member and myself. I do not propose therefore to deal with the facts he has presented because, as I said, the facts are correct.

It is true that automobile manufacturing in this country is lagging behind. It is also true that consumption in this country of automobiles, whether they are pleasure cars or trucks and so on, is not rising; it is at a dull and stationary level. It is also true that we have no co-ordination policy either in regard to roads or in regard to general road transport or in regard to taxation of transport or even, for that matter, in regard to the manufacture of automobiles.

Sardar Hukam Singh: A very balanced view.

Shri T. T. Krishnamachari: We have a saying in our part of the country that you cannot hide a pumpkin by the rice that you put on your leaf. I cannot hide facts.

Mr. Deputy-Speaker: If you cut the pumpkin you can do it!

Shri T. T. Krishnamachari: The pumpkin can be cut, and there will be a lot of water!

There is no denying that in a country like ours, so big, with railway transport not adequate—35 thousand miles or 48 thousand miles including railway lines—there is a large scope for road transport to improve. In fact, long before I ever came into politics, I was also as enthusiast as Dr. Krishnaswami described it a man frightfully keen on road transport. To a certain extent, at a time when probably a private citizen had no influence at all with the Government, in 1931, I was very largely instrumental in raising an agitation as a result of which the Madras Government abolished tolls. Between 1931 and 1939, road transport in Madras grew out of all proportion to what it was previous to 1931. In the matter of the number of vehicles, Madras had

the first place, as against all other parts of India. There is therefore no denying that some kind of rational taxation policy does help the stimulation of road transport.

There are various difficulties. Sometimes, I suppose, in our enthusiasm for starting an industry in the country, we overlook certain concomitant circumstances that arise from the implementation of a policy of that nature. We might have been a little too previous in this matter. In a war-worn economy, with a shrinking purchasing power, and the prices of motor vehicles being very high, the possibilities of any increase in the number of motor vehicles on the road now undoubtedly low. Perhaps, we have attempted the manufacture of motor cars and trucks at a wrong time, at a time when consumption would have gone down in any event. That may be a question of wrong timing. But, we have to accept the position as it is. Government have adopted a certain policy. We have more or less asked the assemblers in this country to go out. We have fixed upon five companies to manufacture in this country. Every one of them has got a manufacturing programme. We are now trying to whip them up by periodical visits of experts attached to the Commerce and Industry Ministry, to see that they keep to their programme. That is one part of the question.

The other part is how to stimulate the purchase of motor vehicles. Sardar Hukam Singh was perfectly right when he said that our expectation in regard to private cars cannot be very high. My own feeling is that the number of private cars will increase only with the increase in taxis. I think what my young friend Shrimati Tarkeshwari Sinha mentioned is quite right, though Government have nothing to do with that. Hire purchase business is done by private companies. They charge a rate that the traffic will bear. If a company can make some money by charging 9, 10 or 18 per cent., by being able to from people who are prepared to pay,

[Shri T. T. Krishnamachari]

they charge that rate. We have no rational system of hire purchase in this country. Hire purchase business in this country has, practically, not grown. We do not even afford credit for the goods that we buy from the shops.

Shri D. C. Sharma: That is not the criterion. Because a person is prepared to pay, he should not be charged 18 per cent. That is not fair.

Shri T. T. Krishnamachari: We are not going into that question. If you have a good financing organisation, for persons who could buy taxis, possibly some of the unemployed may go in for taxis and the number of taxis will go up. The possibility of a person owning a car in this country is getting progressively more and more difficult. A car in the overall costs about Rs. 400 a month. If you allow for depreciation, wear and tear and sometimes for a chauffeur, it does costs Rs. 400 a month. There are very few in this country who could afford Rs. 400 a month. Therefore, the possibility of expanding the market for the pleasure car is through the means of taxis.

But, the main question happens to be, as Sardar Hukam Singh mentioned, the road transport vehicles which are public service vehicles. In fact, speaking in the Industries Advisory Council the other day, and more or less speaking aloud in regard to the targets, I said, I do not see why we should not aim at a target of 100,000 vehicles by 1961. We have always held the view that with a rational road policy and a rational taxation policy, that target can be achieved. It is not difficult to achieve. But, there is no possibility of people increasing their purchases of motor vehicles as the things are at present. It is not merely the taxation policy that stops it. A man who buys a truck does not buy for pleasure. He buys it as an investment, as a means of livelihood. If he has to pay Rs. 18,000 for a truck and then go on paying all the incidental and an-

cillary charges running from Rs. 1,400 per year to Rs. 4,800 according to the capacity of the Finance Ministers of the various States, to devise their road vehicle taxation, that is an inhibitory factor in his case. There is no denying that. It is also true, as Shri Bansal said, that we have not been able to implement some promises that we made at the time that we issued a Resolution on the Tariff Commission's recommendations. We thought of getting all the States together to come and discuss this question of a rational road taxation with us. They would not do it. Some hon. Member asked me the other day if the sales tax on motor vehicles is not an inhibitory factor. It would be wrong to identify any particular State with this fact. It is true. We levy an import duty on the parts that come: 40 per cent. The States levy a sales tax on the purchase. It is not a question of sales tax on the pleasure car, but also on the truck. A truck costs Rs. 18,000 and the sales tax ranges between 5 per cent. and 6½ per cent. That is an appreciable sum. My young friend here the Deputy Minister for Railways charges somewhere about Rs. 600 or 700 from the place of manufacture to the destination by way of railway freight. On top of that, the man has got to pay a lump sum immediately for obtaining a licence which may be anything up to Rs. 1,200 in the case of buses. It may be Rs. 400 or 300 more in the case of trucks, because most States are well above the Rs. 1,000 mark so far as truck taxation is concerned. It may be that the sales-tax is the last straw. It may be that the high railway freight is the last straw. It may be that road taxation is the last straw. Anyway, the cumulative effect scares away the purchaser. Sometimes, it happens that careful road haulers practically rebuild their machines. I know of one instance where people make their buses run for eight years by opening up the parts, re-facing them, spraying iron on them, again grinding them and putting them into the cars and making

them run for another three years. That is a possibility. These things are happening. Many more of these trucks for which they pay Rs. 18,000 would have been on the road if they were charged Rs. 8,000. People would not repair and pay high prices for the parts for old truck. All these factors inhibit the growth of this particular industry. I recognise the truth in what Sardar Hukam Singh has said.

But, the remedy is more difficult than an analysis, because this is a federal Government, and we have to bring all the people of the States round a table. We are trying. In the last session of the National Development Council, an attempt was made. Even now, there is a Planning Committee under the Chairmanship of the Secretary of the Transport Ministry, which has, for the last six months, been struggling to get an agreed recommendation that we should put forward before the States. Human ingenuity is not bereft of finding ways and means of getting over a situation. There are however certain factors which are difficult. Take the question of State taxation. I think probably Dr. Krishnaswami mentioned about the possibility of some recommendation coming from the Mattai Commission. That is true in one sense. We would not like at this time to suggest any changes in the State taxation until we know what the full picture of the Taxation Enquiry Committee's recommendations would be.

Dr. Krishnaswami: I should like the hon. Minister to consider the possibility of sharing some of the Central taxes with the States and thus using it as a bargaining power for their lowering the vehicles tax.

Shri T. T. Krishnamachari: It is an extremely human suggestion. But, sharing also implies a certain amount of ability to share. I must have something to share. I must be able to share it. My hon. friend, clever as he is, would not be able to get answer out of me. This question of sharing is equally difficult. If I

share what I have with the States, I want something else to give to the States. After all, the Central Government here exists not for the sake of running a Government here, but to help the States. In some other directions, the funds which will be placed at the disposal of the States will have to be curtailed. I do not want to take the time of the House any more except to say that we are conscious of the defects in regard to our automobile policy. We are grateful to the hon. Members for the suggestions which they have made. I am at present not in a position.....

Mr. Deputy-Speaker: What about encouraging the industry by Central and State Governments purchasing these local manufacturers?

Shri T. T. Krishnamachari: That is being done. As a matter of fact, today nothing is being imported. There may be occasionally a double-decker but, if the Bengal Government wants for Calcutta a double-decker which is not being manufactured in the country, we allow the import, but I am very rigorous about permitting State Governments to indulge in their own fancies or extend their patronage to particular types of motor vehicles other than assembled in this country.

The Colombo Plan thing that Hon. Members Mr. Bansal mentioned was about more than two years back when the Canadian Government gave us a gift of about 1,500 vehicles. But there is one fact which my friend Mr. Bansal does not understand. Even the vehicles which we might have purchased locally at that time were vehicles imported from America, not manufactured in this country—imported engine as a block, chassis as a block, wheels separately, all in separate cases. So, it would have not have resulted in manufacture of vehicles in the country. It would have resulted in local assembling of imported vehicle parts to a small extent.

I think prices have to some extent come down, not very visibly, but as I said there is the other alternative. The

[Shri T. T. Krishnamachari]

railways have increased their freight from October, 1948. When I brought a car from Madras some time early in October, 1948 I remember to have paid somewhere about Rs. 400 but today if you want to bring a car from Madras you have got to pay over Rs. 700. The railways have come in for their share of Rs. 300. The Rs. 300 excess price you pay goes to the Government of India again.

Mr. Deputy-Speaker: But that is in relation to a car which has been already purchased.

Shri T. T. Krishnamachari: On any car you bring you will have to pay, and cars are assembled either in Calcutta or in Madras, and they have got to come to Delhi. From Calcutta it costs about Rs. 600, from Madras Rs. 700 and odd.

The question of price is still being watched, but I can tell hon. Members one fact, that none of these companies are in a flourishing state. It is not a question of any of them making money. None of them have declared a dividend. At the time I took charge of the Ministry, the shares of one of the companies, Hindustan Motors, were quoted at Rs. 3-5-0 nominal. I was told that I could purchase the shares at Rs. 1-12-0. It would have been a good tip to hon. Members if I had told him that I was going to give active support to the industry. Today, it is selling at Rs. 10 or above par. Though confidence has come none of the companies has been able to pay a dividend.

For instance, Hindustan Motors are now manufacturing a little over fifty per cent. of the parts. I think by the end of the year, they will probably reach almost the optimum of about 66 per cent. The other people are manufacturing engines. The point made by Pandit Thakur Das Bhargava is if a war comes whether we would be able to manufacture them. Yes, we will be able to manufacture them.

Pandit Thakur Das Bhargava: We will be spared of jeep scandals also.

Shri T. T. Krishnamachari: Scandals are endemic. There is no question of getting away from scandals. Whether it is this Government or some other Government, scandals are always endemic. Scandals will be there because how can people live without scandals, the people that manufacture scandals?

Anyway, I have no desire to take up the time of the House. I wish once again to express my gratitude to the hon. Members who took part, and I can tell them that the useful suggestions that they have made will be carefully noted by Government, and I do hope in another six months we might have another discussion when I will be able to give a reply which will be a little more heartening than what I have given today.

Shri Bansal: Just on a point of information, the hon. Minister referred to my understanding or lack of understanding of the Colombo Plan deliveries. I was only reading from the Tariff Commission's report which was published not two years back but about a year and a quarter back. I was only reading from that, and if there was any lack of understanding, I am in very good company.

Shri T. T. Krishnamachari: I recognise the Tariff Commission is as fallible as any of us.

MESSAGES FROM THE RAJYA SABHA

Secretary: Sir, I have to report the following three messages received from the Secretary of the Rajya Sabha:

- (1) "In accordance with the provisions of sub-rule (6) of rule 162 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to return herewith the Madhya Bharat Taxes on Income (Validation) Bill, 1954, which was passed by the