

MR. CHAIRMAN: Rupee content is the problem.

SHRI VASANT SATHE: I am very keen, you know.

MR. CHAIRMAN: Rs. 30 crore is nothing but useful.

SHRI JASWANT SINGH: Sir, through you may I make an appeal to the Government? If there is amenable delay for finding Rs. 30 crores, the Minister could surely persuade the State Government to come up with this amount.

SHRI VASANT SATHE: The State Government has no funds. We will have to find the money.

MR. CHAIRMAN: Both of you put your heads together and try to find a way out.

SHRI VASANT SATHE: I am personally very keen about it. I know it is worth it.

MR. CHAIRMAN: He is all for it.

*190. [The questioner (Shri Raoof Valilullah) was absent. For answer vide col. 39-40. infra.]

Shifting the small car plant by Suzuki

*191. SHRI P. K. KUNJACHEN:†

SHRI SUKOMAL SEN:

Will the Minister of INDUSTRY be pleased to state:

(a) whether Government have received certain proposals from Suzuki Motor Company of Japan to shift its small car plant from Japan to India; and

(b) if so, what are the details thereof?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) and (b) There is no proposal to shift any car plant from Japan to India. However, Maruti Udyog Limited and Suzuki Motor Company are examining the feasibility of

†The question was actually asked on the floor of the House by Shri P. K. Kunjachan.

exporting 800 cc cars made by Maruti to the EEC countries with such exports being discontinued by Suzuki Motor Company.

SHRI P. K. KUNJACHEN: Sir, to my knowledge, there is ample possibility of exporting these cars outside the country, and also there are ample demands inside the country also for these small cars. Considering that aspect, will the Government think of expanding this project and producing more number of cars in the country either by joining with Suzuki or otherwise?

SHRI J. VENGAL RAO: Sir, the company started with 5,000 cars but today the production is 1,05,000. If we want to expand this to produce up to 2,00,000 cars, the investment question is there—which is under the consideration of the Government. Still, we are exporting some cars to other countries now, to some European countries also, like Hungary and Bulgaria. If we want to export more cars, we will have to expand the plant.

SHRI P. K. KUNJACHEN: That is what I wanted. When the exporting possibility is there very much, why can't you think of developing another factory also?

SHRI J. VENGAL RAO: The possibility is not "very much." We could export only 670 cars to Hungary, 48 to Nepal, 109 to Bangladesh, 56 to Czechoslovakia and 123 to Malta. It is a small quantity.

SHRI VASANT SATHE: Chickenfeed!

SHRI KAMAL MORARKA: Sir, this question relates to the Maruti project. The small car, after 15—20 years of deliberation, has finally come and it is still available for Rs. 1,10,000 for the common man. Now Rs. 300 crores, I am told—the Minister should correct me—is the foreign exchange outgo just to make this car available for indigenous use. The question is very, very relevant in the con-

text of our balance of payment problem, in the context of export development and in the context of bringing down the price of the car for the common man. Mr. Vengal Rao will note, I agree with him, that the plant started with a production of 5,000 and has reached 1,00,000. An economic plant for a small car will be 5,00,000 cars a year and only then you will be able to export in the international market. Is the Government considering any plan to expand this plant to an international size where exports can be competitive? otherwise, let us admit, there is no use of exporting 600 cars to Hungary or Bangladesh. That will not solve our problem. Can we export to Japan itself, or America or England—to the dollar countries? Is that a possibility? Or, an inter-related question: At least, when will it become foreign exchange neutral when we will stop spending foreign exchange on the production of Maruti cars?

SHRI J. VENGAL RAO: Sir, the honourable Member's supplementary has two parts. One is about the price rise of the car from Rs. 50,000 to Rs. 1,00,000. It is because of excise and other duties on the car. It is not fault of the Maruti Udyog. Because we are paying nearly Rs. 45,000 as duties on this car, the price has gone up. About the second part, even Suzuki also has agreed to stop the manufacture of 800 cc cars in Japan if we expand our plant up to 2,00,000 cars. Now the financial position is not good but, I think, within the Eighth Plan we will certainly consider expansion of this plant. Already we have issued a licence to this company to manufacture a car of 1,000 cc. Then we will certainly export to the European countries. Then, we will certainly export to European countries.

SHRI KAMAL MORARKA: Sir, he has not answered my question. It is a government company. What is this matter of issuing licence? The basic question is, the foreign exchange outgo is Rs. 300 crores. He said that we had no money to expand. He said that we have money to on paying the foreign exchange every year.

SHRI J. VENGAL RAO: When the
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project was started, the foreign exchange outgo was very much. Now in this year the indigenous portion is coming up to 90 per cent. It is only 10 per cent. We will complete it by the first of the Eighth Plan.

SHRI KAMAL MORARKA: What is the foreign exchange outgo?

SHRI A. G. KULKARNI: What 90 per cent? At what price are you talking? It is only 55 per cent on the real price of the car, not including excise. You are including everything therein.

MR. CHAIRMAN: You are supposed to answer to Mr. Morarka only.

SHRI KAMAL MORARKA: I asked about the foreign exchange, not the percentage.

SHRI J. VENGAL RAO: Now it is not available.

SHRI A. G. KULKARNI: Sir, may I know this from the hon. Minister? I would be happy when Maruti achieves indigenisation up to 90 per cent. I would have been the first man to be happy if it were so now. But as per my knowledge from various records and statistics it has been found out, even from their own balance sheet, that the foreign exchange outgo is Rs. 300 crores which you lose.

The second basic point is that this foreign exchange content has been worked out on its total price in the market. I want to ask you what it is on the cost of production. What is the foreign exchange content on the cost of production?

SHRI J. VENGAL RAO: Sir, the total outgo of foreign exchange is only about Rs. 50 crores on cars. Their information is wrong.

SHRI A. G. KULKARNI: Sir, what about the second point? To Mr. Kamal Morarka he said that he has no information. Now he says it is Rs. 50 crores. All right.

SHRI DIPEN GHOSH: Has he got the information just now?

SHRI A. G. KULKARNI: Sir, I have asked him whether 90 per cent has been calculated on the market price and whether it is 55 per cent on the cost of production.

Mr. Vengal Rao, if you don't want to give really correct answer or real information, don't give it. I don't mind. I am a Congress (I) Member. I will accept whatever you say. I am not going to fight with you.

SHRI J. VENGAL RAO: Sir, whether he is a Congress Member or he is an Opposition Member, I have to answer his question. There is no discrimination in the House between this party or that party. His information is not correct.

SHRI A. G. KULKARNI: Then, what is the correct information? Sir, you please don't allow him to run away. My information is not correct, O.K.

MR. CHAIRMAN: He is sitting here. He is not running away.

SHRI A. G. KULKARNI: What is the Government's information?

What don't you tell me? It is not more than 55 per cent.

MR. CHAIRMAN: He said, "Rs. 50 crores."

SHRI A. G. KULKARNI: The foreign exchange outgo per car has been up to 55 per cent. He is claiming indigenisation to be 90 per cent which is totally false.

SHRI J. VENGAL RAO: His information is false, Sir; my information is correct.

SHRI SANKARRAO NARAYANRAO ESHWARJI: Sir, I asked the Minister car was meant for middle-class people, and the price was hardly Rs. 40,000. Now it has escalated to Rs. 1,01,000. At present 90 per cent of the components are indigenous. So the price must come down. Unless otherwise it is manipulated according to the Partnership Act or Companies Act, the price will not go down. What

are the reasons for this escalation of the price in spite of 90 per cent of the parts being indigenous?

MR. CHAIRMAN: He said, "Excise duty."

SHRI J. VENGAL RAO: What can I do? I entirely agree with the hon'ble Member. If the Finance Department exempts the duties, I will give the car for Rs. 55,000 only.

DR. YELAMANCHILI SIVAJI: Is there any proposal under the Government's consideration...

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Free movement of molasses..

*192. **SHRI VIRENDRA VERMA:** Will the Minister of INDUSTRY be pleased to state:

(a) whether it is a fact that there is an acute shortage of industrial alcohol and Low Density Polyethylene is being imported to meet the demand;

(b) whether it is also a fact that huge stocks of molasses are being wasted by the surplus States by dumping in the open;

(c) what is the estimated annual amount of foreign exchange being spent on the import of LDPE; and

(d) whether Government propose to allow free movement of molasses in the country to ease the situation, if not, what are the reasons therefor?

MR. CHIEF MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) No, Sir. Low Density Polyethylene (LDPE) is being imported to cover the gap between demand and supply. The reasons for shortfall is the indigenous production of LDPE is the capacity constraint and not the availability of industrial alcohol.