

**THE DEPUTY CHAIRMAN:** Dr. Najma Heptulla.

**DR. (SHRIMATI) NAJMA HEPTULLA:** Madam, the question which I wanted to put has already been asked by Mr. Jadhav.

**THE DEPUTY CHAIRMAN:** Question No. 102.

**Manufacture of passenger cars with foreign collaboration**

\*102. **SHRI SHANTI TYAGI:** Will the Minister of INDUSTRY be pleased to state:

(a) whether the foreign collaboration in the manufacture of passenger cars in the country is being considered by Government; and

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

**THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM):** (a) and (b) A statement is laid on the Table of the House.

**Statement**

(a) and (b) Government have received 18 proposals for the manufacture of passenger cars out of which 16 proposals are with Foreign Collaboration. The names of the applicants and the proposed collaborators are given in the attached annexure (See below). These proposals are currently pending and will be considered in the light of the new automobile policy being evolved by the Government.

**Annexure**

*The details of proposals received for the manufacture of passenger cars with foreign collaboration are as under*

Sl. No.	Name of Indian Company	Name of Collaborator
1	M/s. Premier Automobiles Ltd., Bombay	M/s. Nissan Motor Co., Japan
2	M/s. Escorts Ltd., New Delhi	M/s. Citron Automobiles, France
3	M/s. Kerala Commercial Vehicles, Trivandrum	M/s. Fiat, Italy
4	M/s. TELCO, Bombay	M/s. Honda Motor Co., Japan
5	M/s. Gujarat Ind. Dev., Corp., Ahmedabad	M/s. Joanneau SA, France
6	M/s. Hindustan Motors Ltd., Calcutta	M/s. Isuzu Motor Co., Japan
7	M/s. Mahindra & Mahindra Ltd., Bombay	M/s. Automobile Peugeot, France
8	Shri P.K. Aggarwal, Bombay	V/O Autoexport Promasheexport, U.S.S.R.
9	Shri T.V. Reddy, Hyderabad	M/s. Fiat, Italy
10	M/s. Vama Motor Wagons, Hyderabad	M/s. Voivo car, Holland
11	Mrs. Nirlep Kaur, Chandigarh	M/s. Autoexport, U.S.S.R.
12	M/s. Asian Vehicles Ltd., New Delhi	M/s. Atutoexport, U.S.S.R.
13	M/s. Sikkim Lada Ltd., Gangtok	M/s. Autoexport Promasheexport, U.S.S.R.
14	M/s. Bajaj Tempo Ltd., Pune.	M/s. Daihatsu Motor Co., Japan
15	Shri Raunaq Singh, New Delhi.	M/s. BMW, West Germany
16	Punjab State Industrial Development Corp., Chandigarh.	Foreign Collaborator not identified.

श्री शांति त्यागी : मैडम, सरकार ने फारन कोलेबोरेशन से पब्लिक सेक्टर में मारुति कार बनाई और उस वक्त यह घोषणा की गयी थी कि बीच के दर्जे के लोग इस मारुति गाड़ी को खरीद सकें, इसलिये यह कार बनाई जा रही है। लेकिन अब कीमतें आसमान को छू रही हैं। शुरू में तो इसकी कीमत कुछ कम थी, लेकिन अब बहुत ज्यादा है। ऐसी स्थिति में मैं यह जानना चाहता हूँ कि निजी क्षेत्र में अगर कोई फारन कोलेबोरेशन से कार बनाएगा तो जो मारुति कार उद्योग पब्लिक सेक्टर में चल रहा है, क्या उसको नुकसान नहीं पहुंचेगा? इसी से जुड़ा हुआ मेरा प्रश्न यह भी है कि क्या अगर कोई प्राइवेट व्यक्ति कोलेबोरेशन से कोई कार बनाएगा तो उसकी कीमत मारुति कार से कम होगी या उसके बराबर होगी या उससे ज्यादा होगी?

**SHRI M. ARUNACHALAM:** Madam, as far as Maruti is concerned, the cost of production has increased. Therefore, we are forced to increase the price. As far as private sector car cost price is concerned, I don't think it is less than the Maruti car except Dolphin which they are manufacturing in Bangalore.

श्री शांति त्यागी : मंत्री महोदय ने अपने स्टेटमेंट में कहा है कि नई आटोमोबाइल पालिसी जल्दी आ जायेगी। मैं जानना चाहता हूँ कि इस पालिसी को आने में कितना समय लग जाएगा?

**THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO):** Madam, because of foreign exchange constraints we have not yet taken any policy decision about a new automobile policy.

**SHRI KAPIL VERMA:** Madam, I want to know what will be the percentage of foreign parts in the vehicles which they propose to manufacture and by what time all the parts would become indigenous, that is to say, all the equipment will become Indian. In my opinion, there should

be more stress on more efficient public transport system because of the high cost of petrol and other things. Is the Government thinking of a new automobile policy of manufacturing small buses which can take groups of passengers from locality to locality? And it is a difficult problem for the people in Delhi.

**SHRI J. VENGAL RAO:** There is no such proposal before the Government.

**SHRI JASWANT SINGH:** Madam Deputy Chairman, when formulating the automobile policy did the Government take into account the absorption capacity of the Indian road for that automobile policy? And if it did take that into account, does the Government consider the present congestion on Indian roads as a success of that automobile policy or a failure?

**SHRI M. ARUNACHALAM:** Madam, when we are formulating the new automobile policy, we have to take into account the fuel availability, road conditions, availability of other modes of transport, efficiency of public transport system, running and maintenance cost of vehicles, etc. Foreign collaborations for the manufacture of automobiles involve an outgo of foreign exchange on account of capital equipment, import of components, payment of technical know-how, etc. Therefore, we have to take into account the full implications of the foreign exchange requirements which would be very heavy. Since the last two years, the country has been facing an unprecedented drought and has also the problem of foreign exchange constraints... (Interruption) Due to these constraints it has not been possible to take any final view on the automobile policy.

**THE MINISTER OF ENERGY AND THE MINISTER OF COMMUNICATIONS (SHRI VASANT**

SATHE). He is replying to the earlier question also.

SHRI M. ARUNACHALAM: The points which you have raised will be considered when we take a final decision in the matter.

SHRI JASWANT SINGH: The Minister has stated that an automobile policy exists. In accordance with that automobile policy the Indian roads are now suffering either a congestion or a lack of congestion. Therefore if they are suffering from congestion, I want to know from the Government: does the Government treat the present congestion on Indian roads as an index of its success, as a success of its policy, or a failure of its policy?

SHRI J. VENGAL RAO: Madam, in 1982 the Government has given permission for manufacture of four cars, one is Premier Automobiles Limited, another is Hindustan Motors, another is Maruti Udyog Limited and Standard Motors...

THE DEPUTY CHAIRMAN: The hon. Member wants to know whether the congestion on the roads you treat as a success of your policy or as a failure of your policy.

SHRI J. VENGAL RAO: According to the Seventh Plan projection, Madam, every year we have to produce one lakh...

THE DEPUTY CHAIRMAN: Therefore, that is success of your policy.

SHRI J. VENGAL RAO: Yes.

THE DEPUTY CHAIRMAN: All right.

SHRI VISHWA BANDHU GUPTA: Madam Deputy Chairman, the Government have been considering collaborations in cars which are run on petrol, whether with private or public sector manufacturers. I would like to know from the hon. Minister whether, in view of the very high

prices of even the smaller cars, he would consider going into research and development of an electric car or solar car, at least for those cities where the demand for this particular car would be a good one, in terms of less use of petrol and petroleum products. Would he consider private collaborations or research and development for a solar or an electric car?

SHRI J. VENGAL RAO: The question does not relate to solar or electric cars. The question is different.

SHRI YASWANT SINHA: Madam Deputy Chairman, is the Minister aware of the fact that a national transport policy committee had gone into the whole question of the transport policy, that this Government should follow and that this report under the chairmanship of the ex-Cabinet Secretary, Shri B. D. Pande, had been submitted to the Government sometime in 1980. That was considered by the Government and it was approved by all the concerned departments and on the basis of those recommendations the Government has adopted a national transport policy. Now for 40 years we have carried on with some transport policy. Various committees have made various suggestions and recommendations. Now at this point of time for the Minister to take shelter on the plea that a new automobile transport policy is being framed, and that all the questions including the question, which my colleague, Mr. Jaswant Singh raised, will be decided in the new automobile policy is, I think, a very very lame excuse. Will the Minister kindly answer what exactly has been done to improve public transport? Is the Minister aware for instance that we had not been manufacturing buses in this country but we just built bus bodies on truck chassis and if this be so, what are we going to do to improve public transport instead of just expanding the manufacture of passenger car?

**SHRI J. VENGAL RAO:** Madam, the question here is about the manufacture of passenger cars with foreign collaboration and he is asking about public transport. How can I answer?

**SHRI YASWANT SINHA:** Madam, he is totally evading to answer the question. You must ask him to answer the question which is connected.

**THE DEPUTY CHAIRMAN:** He says it is not related to the main question.

**SHRI JAGESH DESAI:** Madam, the Government policy is to conserve foreign exchange. I would like to know from the hon. Minister whether when they sanction new ventures, they will lay down a condition that the cars manufactured should be only such which can be run on diesel. Diesel gives more kilometers compared to petrol, and it is cheaper. Part (b) is out of these 16 applications, one or two may be from the public sector, that is one Punjab State Industrial Development Corporation, Chandigarh and the other Gujarat State Industrial Development Corporation, Ahmedabad, and I would like to know whether the Government will give preference to them for their new projects.

**SHRI J. VENGAL RAO:** There are 16 applications which are pending before the Government and we have not yet taken a decision and it will be done at the appropriate time.

**SHRI V. NARAYANASAMY:** He asked about the diesel car.

**SHRI JAGESH DESAI:** Government must be clear in its mind. They should reply to the question. It is about conservation of foreign exchange.

**SHRI J. VENGAL RAO:** At the time of taking a decision, we shall consider these points.

**SHRI GHULAM RASOOL MATTO:** While replying to the question, the hon. Minister stated that these pro-

posals are currently pending and will be considered in the light of the new automobile policy that will be evolved by the Government. Will the hon. Minister reply to me on three specific points with regard to evolution of this policy by the Government, and these points are (a) that licence will not be given to those who already have such undertakings in the country so that monopoly is not created; (b) that as per the demand of the people, the car should be one that can be afforded by the people, and this will be kept in mind; and (c) whether whosoever offers to utilise maximum indigenous components, will be considered in this policy. These are the three factors and I would like the hon. Minister to react with regard to formulation of the new policy.

**SHRI J. VENGAL RAO:** At the time of taking a decision, these will be certainly considered.

श्री सीता राम केशरी : उपसभापति महोदया, मैं मन्त्री महोदय से यह ज्ञानिना चाहता हूँ कि क्या विदेशी मुद्रा के बिना आप स्थानीय लेवल पर इसका निर्माण कर सकते हैं या नहीं कर सकते हैं और विदेशी मुद्रा अगर आपको लेनी है तो कितने प्रतिशत की आप अपेक्षा करते हैं इसके निर्माण में। यह मेरे दो सवाल हैं जिनका मैं उत्तर चाहता हूँ।

**SHRI J. VENGAL RAO:** I will read the list of applications pending before the Government... (Interruptions).

**SHRI M. ARUNACHALAM:** I will answer it. We are very particular that foreign exchange has to be preserved. Generally, proposal for import content not exceeding 60 per cent in the first year and 45 per cent in the second year is accepted in the four-wheeler sector, and for two-wheeler sector, import content in the first year is 40 per cent and in the second year it is 30 per cent. And they have to indigenise the entire sector within five years.

**SHRI SITARAM KESRI:** My question is whether the Government is in a position to manufacture without the involvement of foreign exchange or not.

**SHRI J. VENGAL RAO:** There is no question of Government manufacturing the cars. All these are applications from private parties which are pending... (Interruptions). Maruti Udyog is a public sector unit and even today, the indigenisation is 67 per cent. By the end of the Seventh Plan, it will go upto about 87 per cent and only about 15-20 per cent will be import content.

#### Functioning of IDPL

\*103. **SHRI RAJNI RANJAN SAHU:** Will the Minister of INDUSTRY be pleased to state:

(a) whether his attention has been drawn to the news item which appeared in the 'Economic Times' on the 30th March, 1988 under the heading of "COPU FOR WHITE PAPER ON IDPL";

(b) if so, the names of bulk drugs permitted to IDPL for production where utilisation capacity is less than 70 per cent along with licenced installed capacity of each and production during the last three years, year-wise;

(c) names of drugs for which IDPL obtained foreign technology along with full details of each;

(d) whether it is a fact that IDPL has increased the prices of a number of bulk drugs and formulations;

(e) if so, the names of those drugs and formulations along with earlier price, present price and the percentage change in each case;

(f) whether it is a fact that IDPL is incurring heavy losses; and

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

**THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO):** (a) to (g) A statement is laid on the Table of the House.

#### Statement

(a) Yes, Madam.

(b) Details are given in Statement-I. [See Appendix CXLVI, Annexure No. 24]

(c) Details are given in Statement-II. [See Appendix CXLVI, Annexure No. 25]

(d) Yes, Madam.

(e) Details are given in Statement-III. [See Appendix CXLVI, Annexure No. 26]

(f) and (g) The losses incurred by IDPL during the years 1985-86, 1986-87 and 1987-88 are as under:

(Rs. in Crores)

Year	Net loss
1985-86 . . . . .	32.21
1986-87 . . . . .	50.80
1987-88 . . . . . (provisional)	28.01

**SHRI RAJNI RANJAN SAHU:** Madam, my supplementary arises out of the answer given by the hon. Minister. Myself and my colleagues in Parliament tried to help the hon. Minister to come out of the bureaucratic way of thinking so that the policy of the Government can be implemented properly. But all our efforts went in vain so much so that our letters are not even being replied by the hon. Minister.

Madam, formerly, matters relating to the Drug Price Control Order and IDPL were discussed in Parliament only. Now, these are being discussed