

perspective of this Plan but all the same, if we note that the only way to sustain this rate of growth of 5.5 per cent, is to increase the savings and investment ratio and also to correspondingly enhance the expenditure ratio, that is rather not very much under this Plan.

The next part of the Plan which certainly commands our very close scrutiny and attention is the question of what very often is called the very weak links in any Plan and that is with reference to the deficit financing. I am never allergic to deficit financing, for those students of planning will always say that deficit financing is a means of development process but the only anxiety is that when we embark upon deficit financing to the extent and the magnitude of nearly Rs. 850 crores, as is envisaged in this Plan. I must certainly expect a certain era and a certain climate of a total, complete and absolute discipline in the economy. What is it that we find? Can there be discipline in the economy, discipline in regard to investment, discipline in regard to consumption, discipline in regard to expenditure, discipline in regard to the priorities, discipline in regard to preferences, in other words, the very success of a Plan which involves such deficit financing of this magnitude will very largely depend upon discipline. But how can I expect that discipline to come about when this Government has buried discipline fifty fathoms deep?

The other question that certainly commands our very close scrutiny is the close relation of the effect of indiscipline deficit financing to the question of price stability. My great leader has very strongly stressed this aspect of the Plan and the inadequacy of combating this very serious problem of price stability in the Plan. The price stability will have to be considered only in the context of an effective balance in the economy, balance between an effective supply and a possible demand, balance between investment and growth, balance between foreign reserves and the indent thereon, balance between preferences and priorities, in other words for the effective success of the Plan, there must be a guarantee of price stability and while we are on the price stability, we are in complete darkness about the policy of the Government. I am sure this Government will be very sensitive enough to evolve a

sensible policy of price stability. I do not know what has the activity and the aim and the endeavour of the Government in the context of the price stability. I am not very much sanguine that this aspect of the Plan could be effectively controlled. May I say this, Sir, that we have to consider this question of price stability in the context of the momentum that could be generated? What is this mere talk of social justice? All talk of social justice, distribution of wealth, increasing credit facility, will only result, Mr. Vice-Chairman, apart from its philosophical appeal, will only result in this economic disaster that money supply will have a faster rate than the production of wage goods, and the gap between these two will certainly stimulate rise in prices, and I am sure, therefore, Mr. Vice-Chairman, that you will kindly allow me the indulgence to continue my speech tomorrow.

6 P.M.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : It may be at the cost of the time of your party members. If you just want one or two minutes more now to finish your speech, I am prepared to give you that time.

SHRI T. CHENGALVAROYAN : That will not do, Mr. Vice-Chairman. I have to deal with four more points. I will do it tomorrow.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : We now go over to the subject of clarifications about the small car. Mr. Kulkarni.

#### **CLARIFICATIONS RELATING TO STATEMENT MADE BY MINISTER ON 10TH AUGUST, 1970 REGARDING MANUFACTURE OF CAR IN PUBLIC SECTOR**

SHRI A. G. KULKARNI (Maharashtra) : Regarding the Statement made by Minister about the small car project having been cleared by the Cabinet, I have got certain points which should be clarified by the Minister. The first point is about the two contradictory Statements. One Statement is where the Cabinet says that the small car project has been cleared.

[Shri A. G. Kulkarni.]

And the other Statement by Mr. Venkataraman says that the Planning Commission does not approve of this project as regards priority for raw materials, or priority for getting finance from the semi-Government financing institutions. So will the Minister please clarify what is the rationale in these two Statements and say who is correct and what is correct? The second point is, as they say, the cost has not been indicated in yesterday's Statement. But, if I am correct, it was reported in the press that it was Rs. 12,000. I want to know about this. Today I also read in the press that Sanjiv Ganeshi's car is going to cost round about Rs. 6,000. So what is the cost of the car in the public sector, whether it is Rs. 6,000 or Rs. 12,000, or what is what? The third point is whether, along with your intention to have that public sector project—which is all welcome—you are going to allow expansion of the present private sector car manufacturers, because their cars are of high cost and their capacity is very low. So would you please enlighten me on these three points?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND INTERNAL TRADE (SHRI M. R. KRISHNA) : Sir, for the first question whether there is any difference between the Statement made by the Member of the Planning Commission, and the Statement which I made, the latest information which we got is that the Statement which I made yesterday has got the clearance of the Planning Commission and also the Cabinet. Therefore, when I said it has already got the clearance of the Planning Commission...

SHRI A. G. KULKARNI : What is the clearance? Was that Member of the Planning Commission out of senses when he talked about it and gave his views on it?

SHRI M. R. KRISHNA : Let us not use very strong language because this is a project which attracted various kinds of views from the public as well as from Government officials. But today the Planning Commission Member after coming to Delhi has definitely said that the press has misquoted and misrepresented him. He did not make that statement; all that he said was about certain priority industries. The present Statement which has been made by

me has the concurrence of the Planning Commission as well as the Cabinet.

SHRI A. G. KULKARNI: Has he reconciled himself to the Government's view?

SHRI M. R. KRISHNA : It has got the approval of the Planning Commission and any Member of the Planning Commission cannot but agree with this and this has also the Government's approval.

The second point was about the cost. It is true that certain private parties who wanted to have licence to manufacture small cars have suggested that the cost would be less than Rs. 8,000, Rs. 6,000 and so on. Even the collaboration proposals which we received from some of the foreign countries have stated that it would cost less than Rs. 10,000. In any case it is too early for me to say what will be the cost of the car which we are going to produce. All these things have to be gone into.

SHRI A. G. KULKARNI : Has not a project report been prepared? At least you indicate the price; otherwise with an investment of Rs. 15 crores...

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Mr. Kulkarni, this is not proper.

SHRI M. R. KRISHNA: I will say that all that the Government has done was to take a decision that a car will be produced and it will be produced in the public sector.

SHRI A. G. KULKARNI: Without a project report?

SHRI M. R. KRISHNA : And the rest of the things will have to be gone into. I think whatever car is produced in the public sector the hon. Member can afford to buy it.

SHRI R. P. KHAITAN (Bihar) : He can afford to buy an imported car.

SHRI M. R. KRISHNA : About expansion there is already a backlog. 36,000 Fiat cars and 27,000 Ambassador cars have yet to be supplied against deposits already made with them. Therefore in any case they will have to produce not only their present capacity but they will have

even to increase in order to meet the demand.

SHRI A. G. KULKARNI : Are you going to allow them to increase their capacity ? Why all this golmal ? I -am asking a specific question : are you going to allow expansion of the private sector to produce cars ? Say yes or no.

SHRI M. R. KRISHNA : It is not only a question of allowing these people; we are even going to license other private industrialists who may come forward to manufacture cars.

SHRI M. K. MOHTA (Rajasthan) : It seems that the different Ministries of the Government are working in different compartments.

SHRI M. R. KRISHNA : No.

SHRI M. K. MOHTA : It is not one single Government with cohesive policies. Sir, we were discussing the affairs of the Ministry of Foreign Trade only the other day and my friend, Mr. Kulkarni will bear me out that the official view was that as regards cotton cultivation which is considered to be very high priority, ten crores per year could not be allotted simply for the reason that the Planning Commission had allotted a sum of Rs. 10 crores for the entire five-year period. The official explanation was : what can we do ? The Planning Commission has allotted only Rs. 10 crores for the whole period, and how can we spend Rs. 10 crores every year ? Now here is an instance where another wing of the Government is going ahead with a project which will according to them, cost Rs. 20 crores—when in actual fact it will cost Rs. 60 or Rs. 70 crores— even though there is no mention of a car project in the public sector in the Plan. Even though the Planning Commission has not allocated any resources for this project the Industrial Development Ministry is coming forward with a plan to set up this factory which will mean investing a large amount of money. I cannot understand the policy of the Government in the light of these two contradictory cases. My question to the hon. Minister is whether any study has been made of the cost of expansion of the existing factories to provide for an additional capacity of 50,000

cars, as against the cost of putting up an entirely new factory for the same capacity. May I know whether any comparative study has been made and whether it has been found that the cost to the nation of putting up a new factory for this project would be lower than in the case of expansion ? That is No. 1. Secondly, would the existing private manufacturers be allowed to take foreign technical know-how for expanding and modernising their production ? It seems, according to press reports, that the private manufacturers would be debarred from taking any technical know-how, so that the Government, on the one hand, would be taking know-how for its own project, whereas the others would be debarred from doing so. This is a very eye-opening case of the evils of monopoly and restrictive trade practices working from the Government side. Although they denounce restrictive trade practices, this is a case where the Government are resorting to restrictive trade practices. My third question is whether any. . .

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Your questions are very long.

SHRI M. K. MOHTA : This is very relevant. Sir. I will be very brief. My third question is whether any detailed study has been made by the Government of the cost of production of the car in the public sector. The statement very clearly says, giving the history of this whole dispute, that the Low Cost Car Committee of 1961 gave some kind of report and the Government thought over it and so on and so forth. Would it really be a low-cost car ? May I know whether any detailed study has been made by the Government ? If not, would the Government assure the House that the final total investment on this project, as well as the final cost of production that would be incurred on producing the car, would first be placed before the House and that the House's concurrence and approval would be taken before going ahead with the project ?

SHRI M. R. KRISHNA : In the first place, this car project has to be agreed to by the Government because there is a lot of demand not only for a small car, but also a sturdy car. It has been proved that there are a large number of people

[Shri M. K. Tohta.]

in the country who cannot afford to buy the cars which are now being produced by the private sector. The cost is really prohibitive for a large number of people.

SHRI M. K. MOHTA : That is very obvious. The production of one lakh cars is spread over four factories. How can the cost of production be lower ?

SHRI M. R. KRISHNA : This is a point which has been stressed by almost everybody before this; various committees that have been constituted to go into this aspect. The Jha Committee and various other departmental committees have gone into it. At present it has been confirmed that the prices cannot be brought down. Even when the Government has given instructions, after bringing the cost of various cars, the prices were not brought down. On the other hand, the prices were increased. Therefore, it has become necessary for the Government to take a decision. About the money which is to go into this project, it is not to be found entirely by the Government from its resources. There are others. It will be a minimum amount which has to be found within the Plan-allocated amounts. I think these are the questions.

SHRI M. K. MOHTA : I asked whether the private manufacturers would be able to continue to have foreign know-how to modernise and to up-to-date their production.

SHRI M. R. KRISHNA : Even now nobody prevents them from using their technical know-how. Actually when they started these projects, they started them with foreign collaboration. It was never denied in all these years. Even now if they want to improve the quality of their cars or bring down their prices, nobody prevents them from doing it.

SHRI M. K. MOHTA : My third question is about the cost.

SHRI M. R. KRISHNA : About the cost, as I have already stated, it is too early for me to say.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Yes, you have already said it in reply to Mr. Kulkarni.

SHRI N. K. SHEJWALKAR (Madhya Pradesh) : Mr. Vice-Chairman, I will be brief in my questions. I fail to under-

stand how the objective of having a reasonably low-priced car is going to be achieved unless they have got some data with them to just satisfy the House that this much amount will be the price of the car. It is said that unless and until some project plan is prepared and report is obtained we are not in a position to tell this. I am surprised as to how you can claim that it will be a low-cost car. Secondly, will you please just tell us how many components of this car will be imported from foreign countries, or whether it will be a cent per cent indigenous car ? Thirdly, it is also not very clear as to when the requirement of our country regarding the small car will be met when we are going to achieve that. If at all this particular project comes into existence, when according to the Government plan will the project come into operation and when the small car will be in the market ? Lastly, it is also very confusing and it needs clarification as to the private sector and public sector matter. It is not very clear as to what is the effect of the issuance of letters of intent to such parties. If the private sector or the private parties come forward in abundance for the production of such small car, which according to Government should be a low-priced car, in that case will the Government still insist to have the project itself or it will abandon or give it up or what will happen ? It is not very clear, it is incongruous. What does it mean and how are they going to reconcile these two things ?

SHRI M. R. KRISHNA : About the components, even for the cars and trucks that are now produced, they are finding 90 per cent of the components in the country itself. Therefore, our aim is to see that as many components as possible are found in this country. Since this is going to be a new car and it has to be really sturdy and also cheap, the design, drawings, tools, everything will have to be almost entirely different from what go into the existing cars. Therefore, at this stage I will not be able to say what is the percentage of the components that will be found in the country and what has to be imported. About the cost, I have already stated. About the private sector people getting letter of intent, since many have said that they have got the indigenous know-how and they can manufacture these cars without having any foreign collaboration, we

want to give them a trial, and if they could satisfy all the conditions, they would be given the licence.

SHRI N. K. SHEJWALKAR : My first question has not been answered. When will you bring the car into the market ?

SHRI M. R. KRISHNA: For everything we have got a five year plan. I assure the Members that within five years we will be able to produce it.

SHRI B. T. KEMPARAJ (Mysore) : The Minister was pleased to say that the Planning Commission has given the sanction. Can the Planning Commission give the sanction even though it is not included in the Plan sua motu ? That is my first question. Secondly, the Minister could not definitely say what is the technical know-how they have got at present. If the Government wants to start this industry in the public sector what is the scheme they have got on hand already prepared to say that they are going to produce the car at the lowest price beneficial to the people ?

SHRI M. R. KRISHNA : I think I have explained that even the Member of the Planning Commission has agreed with the Government's decision. The Planning Commission's approval is there, and the Government has also taken a decision.

About the second thing... What did he say ? About prices, etc. ?

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Have you got any scheme at your hand ?

SHRI M. R. KRISHNA: I told even earlier, even in the statement. The Government have only taken a decision to manufacture this in the public sector.

Well, about the collaboration technique, everything will have to be gone into. My friend laughs at my statement. But any factory or any project did not start like this. We will have to take some time in finding out the technical know-how, whether it is available in the country or outside. We have definitely made the statement that it will be based on some proven foreign design.

SHRI N. K. SHEJWALKAR : You will take eight years.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : Will you kindly sit down ?

SHRI A. P. CHATTERJEE (West Bengal) : First of all, may I ask the Minister how it is that the small car project got such a priority—I do not mind the small car being placed at our disposal—over such urgent matters as, say, the traffic problem in Calcutta ? You know, Sir, that in Calcutta people travel in the hell of buses, so to say. They hang on the wheels, they hang on the roofs. And there was a suburban dispersal scheme by our erstwhile Railway Minister, Mr. Parimal Ghosh. As soon as Mr. Gulzari-lal Nanda came, well, he gave a decent burial to it under a spate of words of which Mr. Nanda is very fond. I am asking this question specifically : Why is it that Rs. 24 crores of precious money are being spent over small cars when such urgent traffic problems as those in Calcutta are there, where the people travel like sardines in tin boxes ? I want the Minister to travel there and see the position. Why is not priority being given to that ?

As far as the car is concerned, I have a kind of car of my own, I know, of course, how these car manufacturers fleece the pockets of those who purchase those cars. But the point is this. 'Mien you start a small car project like uVs, is it not in other words giving a free field for exploitation and cheating to those car manufacturers who are owning those three factories, one in Madras, one near Calcutta and another in Bombay ? Instead of bringing them to book, instead of imposing quality control on them, instead of seeing that they give the money's worth when they pay the price for it, instead of doing it, you are now starting a factory. Is it not in other words showing your bankruptcy in the face of Mr. Birla and his clique so that you may not have to face them ? "They may give any kind of car for any kind of price and charge any kind of price for any kind of worthless thing.

These are my two specific questions.

SHRI M. R. KRISHNA: In the first place, it is not that the Government has found all the money for this project. As I have earlier said, the Government's contribution will be very minimum; the rest will come from public shares. And about the . .

SHRI N. K. SHEJWALKAR : Is your share less ?

SHRI M. [ KRISHNA : It will be from various other public institutions, financial institutions. Just like any other private concern getting all the required money from the public financial institutions, this project will also be getting it. But no other project about which my friend has referred will starve because of this project.

It is not because we are scared of Birlas and Tatas if the project is coming. There are already various kinds of control upon them. Even about the quality control, the Government is trying to see that in the matter of quality control the manufacturers take the responsibility and that they really improve their cars. This will be one of the schemes really to make the best car from private manufacturers available to the people.

**श्री प्रेम मनोहर (उत्तर प्रदेश) :** अभी जो इस समय बाजार में कार आ रही हैं एम्बेसेडर, फिएट और हेरलड, उन पर गवर्नमेंट के टैक्स 8 और 9 हजार के बीच में हैं। तो मैं मंत्री महोदय से जानना चाहूंगा कि जो छोटी कार सरकार बनाने जा रही है, उस पर भी क्या इतने ही टैक्स लगाने वाले हैं? ये सब टैक्स लगाने के बाद जो आप छोटी कार बनाने वाले हैं वह 14 हजार की पड़ेगी अगर उसकी कीमत 6 हजार हो। क्या इस बारे में गवर्नमेंट ने कोई निर्णय लिया है, और अगर लिया हो तो क्या उसे बनाने की कृपा करेंगे? दूसरा प्रश्न यह है—जैसी सरकार की नीति है—कि छोटे उद्योगों को बढ़ावा दिया जाय, उस नीति के अनुसार क्या गवर्नमेंट ने यह निश्चय किया है कि कुछ थोड़े से कंपोनेन्ट जैसे उसका हैड वगैरह वही गवर्नमेंट बनाएगी और बाकी के जो दूसरे हिस्से हैं वे स्माल स्केल इंडस्ट्रीज को देकर, उनके ऊपर क्वालिटी कंट्रोल रखकर उनको एम्बेडल करेंगे, क्या इस प्रकार का निर्णय सरकार ने किया है?

SHRI M. R. KRISHNA : Even if the tax is imposed it should be less than what is the price paid for the various other cars today. As to ancillaries, I have already said that one of the reasons for us

to take up this project is to encourage the Indian ancillary industries and the small-scale industries provided they meet the required quality.

DR. K. MATHEW KURIAN (Kerala) :

Just a short question. What the hon'ble Minister has said a little earlier about the decision of the Planning Commission and the Cabinet giving approval to this project even without going through the cost estimates and even without a project report casts a very serious reflection on the technical competence of the Planning Commission. The Planning Commission gave clearance to the project without even going through the very rudiments of cost estimates. I think it is a very serious matter particularly when the outlay on the project has not been included in the Fourth Plan. After years of wavering suddenly the project has been included. There must be some serious compulsions from outside the Planning Commission which must be looked into. I suspect political compulsion from interested parties which have prompted the Planning Commission to take such a decision without even caring to look into the cost estimates.

SHRI M. R. KRISHNA : As I said this is going to be in the public sector, the hon'ble Member should not have any doubts of its being influenced by any party.

DR. K. MATHEW KURIAN : On what basis has the decision been taken ?

SHRI M. R. KRISHNA : When the actual amount which will go into this project is worked out, the Planning Commission, the Finance Ministry will come into the picture.

THE LEADER OF THE OPPOSITION (SHRI S. N. MISRA) : Sir, this began as the "people's car". Now the word "people" has completely disappeared. It is now "small car".

AN HON'BLE MEMBER: It is now "popular car".

SHRI S. N. MISRA : The word "popular" also is derived from the word "people". If the word "people" remains, then one has a right to ask whether it would be within the reach of the people, that is, the lower middle class and the middle class. We have absolutely no information on that point yet. But the most important point

that one has to ask is what exactly has the Planning Commission said. The Planning Commission is not a body which can make an arbitrary kind of statement. The hon. Member there was right in pointing out that it must be based on the competent and expert knowledge of the Planning Commission in this matter. What is the expert advice of the Planning Commission ? We would like to know the advice of the Planning Commission in this matter. That is a body which we have constituted for the information of the country and not for the information of the Cabinet only. What has the Planning Commission said ? If the Planning Commission has said something, what is the advice of the Planning Commission ? Would it be placed on the Table of the House ? Otherwise, it would be very unfair to the Planning Commission. We are now told by one of the Members—and that has been contradicted by the hon. Minister—that the Planning Commission was against this. In fact, it was (old in many of the meetings of the Consultative Committee and so on by the Members of the Planning Commission earlier that the small car or the people's car could not claim priority from the point of view of the common man on our scarce resources. That was the basic contention of the Planning Commission and that was mentioned umpteen times in the various committees by the Members of the Planning Commission. Now, what has happened (to alter the opinion of the Planning Commission, if I take the Minister at his word, as I am bound to ? I must presume that the Minister is giving the right information about the advice of the Planning Commission. So I would like that the advice of the Planning Commission should be placed on the Table of the House, should be made available to Members, so that we might judge. After all, this is not a project to be decided by the Government unilaterally. We will have to approve it and decide in the Nation's interest whether this is required or not.

My hon. friend, Mr. Chatterjee, asked a very important question whether, when we require buses, scooters, etc., this would not impinge on the resources that could be made available for buses, scooters or even for trams, or whatever may be the vehicle in some of these congested areas, which can make transport available to the common man. This is another thing L34RS/70-570—17-3-71—GIPF.

which will have to be explained very clearly. The most important thing that I want to ask is : If a small car or a people's car had to be made available, then did the Government examine the possibility of nationalising one of the units and expanding it to a size where the economies of scale could be available to make the car cheaper ? Has the Government examined the possibility of nationalising one of the units ? Some of the units are indeed uneconomic units. They have no right to exist. I do not ask for it with a socialist fervour. I am speaking strictly on economic grounds because there is one unit which obviously is uneconomic. Why didn't the Government think it desirable to nationalise this unit and expand it to the required size so that we can get the car cheaper ? These are some of the points on which I would like to have clarification.

SHRI M. R. KRISHNA : About nationalisation of one of the existing, even if we do it, they would not be suitable for making this car, because the design, tools, jigs, everything is completely different. They cannot be utilised for this kind of thing. (Interruptions) We can nationalise many things which are useful, but not the things which are not going to be useful.

SHRI A. P. CHATTERJEE : The Ambassador car will be very good for us. Nationalise the Hindustan Motors of Birlas.

SHRI M. R. KRISHNA: I will take your advice a little later into consideration. The other thing the Leader of the Opposition has said is about the Planning Commission giving approval. Sir, in principle, the Planning Commission has accepted this view of the Government. We have not committed any money or anything. The principle has been accepted by the Planning Commission and also by the Government.

THE VICE-CHAIRMAN (SHRI BANKA BEHARY DAS) : The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at thirty-three minutes past six of the clock till eleven of the clock on Wednesday, the 12th August, 1970.