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September 16, 1969

Mrs Indira Gandhi
Hon'ble Prime Minister
Government of India
New Delhi

Dear Mrs Gandhi

I understand from the Hon'ble Minister for Industrial Development and Company Affairs that the Government is urgently re-examining the question of setting up the small car project in the public sector in the context of your recent controversy of a price rise in the selling prices of the various automobiles.

While a lot can be said on both sides namely the Government as well as the Industry, I fail to understand as to why a situation is allowed to harden to such an extent that either party has to make it a prestige issue. Surely, the matter is being represented by the manufacturers for a long time now and the Ministry has been giving them an assurance that this question will be settled as early as possible.

However, the question of setting up a new motor car unit either in the public or in the private sector is one that should cause serious concern to all those who have to allocate not only the scarce foreign exchange in the present circumstances but to the various development needs which are much more important in our country. I am strongly of the view that as long as the public transport system in this country remains in such a dilapidated condition, there is no justification for producing cars for private consumption. We need our resources to strengthen the production and availability of public transport, buses, mini buses, scooters, motor cycles and other channels of mass transit system like the tube railway and as long as these avenues do not receive adequate financial help the production of a car should certainly not find a priority.

I understand that the matter has been dealt at length between the Planning Commission, Ministry of Finance and the Ministry of Industrial Development and the decision so far has been in the right direction. I hope therefore that priorities would not be allowed to be mixed up in the context of a public controversy.

With kind regards,

Yours sincerely

Sd/- NK Somani