

whether he would take steps so that these workers and employees get their salaries within one week.

They have not received their salaries since May, 1997. As per the Payment of Wages Act, the Government of India is bound to pay the salaries to its employees, staff and workers within one month. But the workers of TTCL are not getting their salaries. I would like to know whether the hon. Minister would take steps to release the salaries of the employees or not.

DR. BOLLA BULLI RAMAIAH : Sir, the hon. Member and myself had a discussion this morning on this in my office. We are making an arrangement for all these things. We would have another discussion and, I think, this would be sorted out.

Foreign Collaboration in Automobiles

*143. SHRI PRAKASH VISHWANATH PARANJPE:

SHRI V.V. RAGHAVAN :

Will the Minister of COMMERCE be pleased to state :

(a) whether some Auto-Companies which have been

granted licences to manufacture motor cars in India with foreign collaboration have failed to meet their export obligations;

(b) if so, the details thereof alongwith the names of the companies;

(c) the total number of motor cars manufactured by them during each of the last three years;

(d) the number of motor cars sold in India and exported; and

(e) the steps taken by the Government to enforce obligations undertaken by these Companies ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) and (b) Government has not fixed any formal export obligation on the joint venture Automobile Industries signing Mou with Government for import of CKD/SKD Kits. However, the six car manufacturer companies have projected their exports for five years in their respective Mous signed with DGFT. Their export projections and actual exports during last two years are as under :-

(In value)

	1995-96		1996-97	
	Projected Export	Actual	Projected Exports	Actual
1. DCM Daewoo	14 (Millions US\$)	NIL	19 Mn. US\$	NIL
2. Pal-Peugeot	11-do-	NIL	33 Mn. US\$	NIL
3. Mercedes Benz	NIL	NIL	NIL	1.20 Mn. DM (export of cars)
4. PAL (UNO)	NIL	NIL	5.50 Mn. US\$	NIL
5. General Motors (Components & other items)	28.64 Mn. US\$	28.64 Mn. US\$	17.50 -do-	NIL
6. Mahindra Ford	NIL	NIL	NIL	NIL

(c) The total number of motor cars manufactured by them during last three years are as under :-

	1994-95	1995-96	1996-97
DCM Daewoo Motors	NIL	9155	17514
Pal-Peugeot	NIL	10306	8887
Mercedes-Benz	NIL	1051	1649
PAL (UNO)	NIL	NIL	1531
Mahindra Ford	NIL	NIL	3606
General Motors	NIL	NIL	7482

(d) The number of motor cars sold in India and exported during last three years are as under :-

Name	Domestic Sales			Exports		
	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97
1. DCM Daewoo	—	9045	16866	—	—	—
2. Pal Peugeot	—	10287	7646	—	—	—
3. Mercedes Benz	—	387	1885	—	—	30
4. PAL (UNO)	—	—	1458	—	—	—
5. General Motors	—	—	7482	—	—	—
6. Mahindra Ford	—	—	3606	—	—	—

(e) This does not arise since no formal export obligation has been made enjoined upon these joint venture companies. However, the fulfilment of export commitments made by these firms themselves is a factor for consideration while granting further licences to these firms. Further licences of these firms shall be issued only after a review of their performance on the five parameters including export commitments made by them.

SHRI PRAKASH VISHWANATH PARANJPE : In part (a) and (b) of the reply given by the hon. Minister, it has been stated that there is no formal export obligation on the joint venture Automobile Industries. In part (e) of the same reply it has been mentioned that they have got some parameters for giving licence and export is one of the parameters while giving the licence.

There is a report in 1995-96 and 1996-97 where these companies themselves have declared that a certain percentage of manufacture would be exported but answer to export is 'nil' on all the heads.

I would like to know from the Minister whether the Government has called for an explanation from these companies for the failure of not having achieved their target which they themselves had committed to.

DR. BOLLA BULLI RAMAIAH : Sir, recently we have entered into an agreement with them where in the first three years they are supposed to indigenise up to 50 per cent. Later on, they would indigenise up to 70 per cent. The export obligation is only a formality because they have paid the entire duty for the component imported without any concession at all.

If you look at the way as to how we operate, we are trying to develop these things and these are really very important. What we are trying to see is that they should be able to fulfill more and more of the export obligation by using the skilled labour in this country and more production should also be encouraged so that internal development and employment potential also goes up.

SHRI PRAKASH VISHWANATH PARANJPE : Sir, my original question is whether the Government has called for any explanation from them or not. What are the reasons for

not achieving the target to which they have committed themselves? What are the reasons for which they are not exporting? Why is there a failure? Is it because of price competition? Or, is it because of their quality? What are the reasons for their not being able to export to which they have committed themselves?

DR. BOLLA BULLI RAMAIAH : We are calling for a coordination meeting for these people. We want to discuss it and find out as to how this matter could be finally settled.

SHRI PRAKASH VISHWANATH PARANJPE : That means so far you have not asked for any explanation from them for not achieving their targets.

DR. BOLLA BULLI RAMAIAH : We are calling them for a discussion.

SHRI PRAKASH VISHWANATH PARANJPE : We are not expecting such type of answers from the Ministry. I would like to know the reasons as to why they are not exporting. You have only said that they are not exporting. But what are the reasons behind that? I would like to know the reasons for their failure and whether the Government is taking any step to see that the committed export would take place or not. You are simply giving them licences on the pretext that they are exporting something. You are happy with their proposals and are thus giving them licences. But ultimately they are not exporting and you are not taking any action. Is it the way of function here?

DR. BOLLA BULLI RAMAIAH : There is a lot of delay because of some problems in getting all the components, manufacturing skills and so on. They have represented to us saying that they would like to discuss it. We are going to organise a meeting with them and then we would finalise the procedure to be followed.

SHRI PRAKASH VISHWANATH PARANJPE : What about my second supplementary question?

MR. DEPUTY-SPEAKER : I thought this was your second supplementary question.

SHRI PRAKASH VISHWANATH PARANJPE : Our general complaint is that we never get specific answer.

MR. DEPUTY-SPEAKER : Anyway, put your second supplementary question.

SHRI PRAKASH VISHWANATH PARANJPE : Before giving licences to the car manufacturers does the Department hold consultations with the Ministry of Surface Transport and the Ministry of Environment because the number of cars in one year is coming to the tune of 40,000 vehicles on the road? You are not increasing the width of the National Highways or the width of roads in the cities in that proportion. So, while issuing the licences do you take into consideration the need for consultation with the Departments concerned?

DR. BOLLA BULLI RAMAIAH : This is an item which comes to us through the Ministry of Industry. Once they recommend the names, we get into negotiations with them. You may look at what happened in the case of Maruti. We are able to export a number of cars now. Slowly the components started developing in our country. So, they started manufacturing cars not only for internal consumption but more for the purpose of export.

Of course, infrastructural development in another item that we are taking up. This is the other part of it. Our needs are increasing day-by-day and we are fortunate enough to have skills available in our country. So, we are tapping our skills for the purpose of export.

SHRI V.V. RAGHAVAN : Deputy Speaker, Sir, the answer given by the hon. Minister gives a clear picture as to where our country has landed in regard to the automobile industry. I request the hon. Minister of Finance and Industry to go through this answer. It is a very revealing answer. It is true that when we signed the MoU there were no obligations. It was not necessary. You may look at the figure of the cars being manufactured by different companies. Of course, it does not mean that the cars are being manufactured totally indigenously. Almost all the parts are being imported and the expenditure on import is very high. In 1995-96, DCM Daewoo motors alone manufactured 9155 motor cars and in 1996-97 the figure went up to 17,540. It is obligatory that these parts are imported. There is an obligatory system in the Department of Commerce that when we import things worth a particular amount, things worth the same amount should be exported also. That obligation has not been fulfilled. Our automobile industry is out of gear now. The joint venture companies are manufacturing cars in our country by importing parts. These cars are being sold here and the export obligation is not fulfilled. I do not know why the Ministry of Commerce tries to cover up these defaulting companies. There is a very clear default, which you would notice if you go through this paper. I would like to know how is the Minister going to deal with these defaulters.

DR. BOLLA BULLI RAMAIAH : We are going to have a discussion with them and further grant of licences for these vehicles would depend upon the obligation that they fulfil. This is only an initial stage(interruptions)

SHRI V.V. RAGHAVAN : You have already sold 17,000 cars.

DR. BOLLA BULLI RAMAIAH : You may take the case

of Maruti cars. In this case of Maruti, 85-90 per cent of the parts are being manufactured in our country. DCM has exported more than 35,000 vehicles from this country. Initially a lot of problems were there. We are calling for a review meeting to have a discussion with them.

[Translation]

VAIDYA DAU DAYAL JOSHI : Mr. Deputy Speaker, Sir, India's leading tractor manufacturing company 'Eicher' had also decided to provide mini Car by manufacturing it through joint venture. But it was declared only day before yesterday that they will not manufacture the mini Car. My submission is that today, there is great demand of mini Car in all over the world. But mini car is more essential for India, since, big Cars like Tata Sumo, Tata Sierra, cover too much space, and are in no way suitable for Indian roads and due to this reason, the number of accidents cases are also increasing in India day by day. I would like to know from Hon'ble Minister as to why 'Eicher' Company has decided not to manufacture mini Cars despite obtaining licence therefore? Whether the Minister has decided not to provide the facilities sought for by them? I would like to know the reasons due to which "Eicher" Company has not provided mini Car despite obtaining licence therefore?

[English]

DR. BOLLA BULLI RAMAIAH : Sir, a lot of competition is coming into the car industry in the country. We want the customer to have a very efficient and a high quality car at a reasonable price. Those manufacturers who are able to compete with others are able to produce more, and those who are not able to withstand the competition are not able to produce. In view of the fact that Maruti is able to expand its capacity and increase its production while offering its cars at competitive prices, a few other manufacturers might have, probably, felt that they would not be able to compete with them. What we are looking for is more and more competition. If you just take a look at the two-wheeler industry you will find as to how many companies have come in and what is the level of competition today.

SHRI SONTOSH MOHAN DEV : Members of Parliament are given Rs. 50,000 as car loan. Will you please tell me which car I can get for that amount?(Interruptions)

DR. BOLLA BULLI RAMAIAH : In fact, Eicher has not given any proposal to us. If there is a proposal, we will examine that.

[Translation]

VAIDYA DAU DAYAL JOSHI : Proposal has been received. They have refused day before yesterday.....(interruptions) The Hon'ble Minister is misleading the House. He had granted licence to 'Eicher' company and it was about to provide that Car. But three years have elapsed, it has not manufactured any type of Car. Hon'ble Minister is misleading the House. Have you cancelled the licence?.....(Interruptions)

MR. DEPUTY SPEAKER : Reply can also be even given by keeping silent.

(Interruptions)

[English]

SHRI K.S.R. MURTHY : Sir, the hon. Minister, in his statement, has stated that a formal export obligation was not there but it was projected. But, this projection must have influenced the issuance of licences. Though in the years 1995-96 and 1996-97 the projected exports were of the order of 33 million dollars for Daewoo and 44 million dollars for Pal Peugot, nothing has been done. The hon. Minister says further that their performance will be considered while issuing fresh licences. In total, 42000 cars were made in the year 1996-97 of all the six models and the hon. Minister also says that there was 85 per cent indigenisation. But I find that it is all CKD and SKD kits which are coming into the country for all these six models. I would like to know as to what is the percentage of indigenisation. I say this because there is a lot of capacity available. What is the licenced capacity for all these six models, how much has been installed and how much percentage has yet to be installed?

The hon. Minister has referred to five parameters in the answer which, he says, will be influencing the question of further licensing. Which are those five parameters?

DR. BOLLA BULLI RAMAIAH : Sir, the five parameters are—equity participation, production capacity, level of indigenisation, import component, and export obligation. These are the five obligations based on which we are going to decide. On the question of indigenisation, in the case of first three years, as I said, it would be 50 per cent and then by the fifth year, 70 per cent of the components would be indigenised. This is the plan on which they should be able to do. However, Hyundai has come to us with proposal that they will be able to do 70 per cent indigenisation in the first year and go to 100 per cent indigenisation the next year. It is a new proposal which has come. We are giving preference to those who want to do maximum indigenisation. This is the way we are going about it.

SHRI NIRMAL KANTI CHATTERJEE : Only last Friday, we have asked a question as to what was the import intensity of exports. He very proudly mentioned the case of electronics. Here is a case which disproves the statement or the best wishes of the hon. Minister. My question is simple. What is the value of imports for these sectors? What is the fraction of the Import value to the output value? Is there an outgo of profit in terms of foreign exchange? What is the value of that outgo? Is it not ceasing to be a joint sector operation? Increasingly, are they not becoming subsidiaries of foreign companies? To what extent they have become subsidiaries, starting as joint sectors? Now his statement is about DCM-Daewoo. His reply mentions only about Daewoo. Because it is Daewoo which is now owning it completely.

There are three things, namely; change in the ownership pattern that is taking place; the export of profits — I am using the word 'export' — what is the amount; and what is the import content in the output value up to now?

DR. BOLLA BULLI RAMAIAH : Last year, we exported

about 60,700 vehicles of the total production. We have exported various components and vehicles worth nearly Rs. 7,500 crore of foreign exchange.

SHRI NIRMAL KANTI CHATTERJEE : I am not talking about Maruti. I am talking about these six companies. How much have they imported? You have said that they have not exported. What is the foreign exchange outgo for the output of these six companies? What is the outgo in terms of profit?

DR. BOLLA BULLI RAMAIAH : I have overall picture about vehicles that are being exported and imported. If the hon. Member wants details about individual companies, I will have to collect them and send him the same.

SHRI NIRMAL KANTI CHATTERJEE : Have you changed the composition of ownership?

DR. BOLLA BULLI RAMAIAH : Profits and all that you have said are the basis of our taxation policy which is going on.

SHRI NIRMAL KANTI CHATTERJEE : What is the amount ?

DR. BOLLA BULLI RAMAIAH : I do not know the exact figure. They have to declare the exact figures of profit. Then only will we come to know the figures.

SHRI NIRMAL KANTI CHATTERJEE : From joint sector they have become subsidiaries!

DR. BOLLA BULLI RAMAIAH : Some companies are able to stand on their own and some others are in the joint sector.

SHRI SURESH PRABHU : Sir, it is very clear from the answer provided by the hon. Minister that there was no clear export obligation as such on the companies. So he cannot penalise them for the failure. You are also considering various other applications now from many other companies. It looks like you the worldwide car manufacturers are rushing into India to manufacture cars. Is the Government coming out with a clear policy which will make incumbent on the new car manufacturers to commit themselves to a complete export obligation to begin with, so that such confusion does not arise? What is the component of imports? If there is no export obligation, how much has been the outgo on account of imports for the SKD and CKD cars?

There is another reason. There is a car manufacturer in Maharashtra. The workers who have been employed are not a party to the MoU and they are now suffering. Probably they are fearing of loss of jobs only because there is no SKD and CKD kits available with the company. On the one side, the Government is saying that there is no commitment and on the other side, the workers are suffering on account of loss of production. Is Government thinking of safeguarding the interests of the workers in this regard?

DR. BOLLA BULLI RAMAIAH : The hon. Member wants to know as to what is the obligation of these people who are putting up the project. It is very clear that in the case of Hyundai,

as I said, they are coming out with 70 per cent of vehicles. Secondly, if you are giving any concession for import duty, of course, automatically, there is an export obligation because none of them are getting any import concession. They are paying full Duty. That is why, that is an obligation which is only just a formality and the same is not compulsory. If they ask for Duty concession, then they have to do it. None of these people have taken any duty concession. They are paying full Duty on whatever is imported. It is only a formality that we are doing but we are insisting on the indigenisation of 50 per cent or 70 per cent as per the programme so that the Indian industry is developed, India production goes up and the employment potential will go up. That is the objective. That is the main object on which we are moving.

PROF. P.J. KURIEN : Sir, from the answer it is very clear that all these companies are coming to India to exploit Indian market. I fail to understand why the Government failed to formalise export obligation, at least, to the extent of outflow of foreign exchange due to import of these components by these companies. There is no point in crying now. It is because there is no formal export obligation. Now, how can you enforce it and ask them to export? This, certainly, is a failure of the Government.

In view of this, are you prepared to make it obligatory on these companies to export not to the extent of their projected commitment but to the extent of their import? I know why they have projected their commitment. It is just to get the files easily moved in your Office. You do not go by their projected commitment. At least, you enforce that to the extent they import, they should export so that the net foreign exchange outflow is not there. The Industry Minister is here, he can better answer this question.

DR. BOLLA BULLI RAMAIAH : Sir, what the hon. Member has said is very relevant. In fact, in view of that, we are calling a review meeting for considering further import of components, and the question of winding up of these things. We will take up all these aspects, then finalise and enforce it.

PROF. P.J. KURIEN : Sir, it should be taken as an assurance from the Government.

SHRI MADHUKAR SARPOTDAR : Sir, in part (e) of the reply, if you read the lines very carefully, it is mentioned:

"This does not arise since no formal export obligation has been enjoined upon these joint venture companies."

So, this was not there within the parameters of the MoU. We do not know what was the total MoU. Five parameters have been discussed in this august House. However, the fulfilment of export commitments made by these firms is a matter for consideration while granting further licences. So, what was the commitment made by them in the MoU; whether that commitment was fulfilled by them or not; if not, how can the Government give a misleading reply ?

DR. BOLLA BULLI RAMAIAH : Sir, as I mentioned very clearly, this export obligation depends upon the concessions that we are giving, whereas for all these things we are collecting

full duty. Once they paid the full duty their obligation is also reduced. In spite of that we are again calling them for a further review meeting in which we want to finalise further strategy as to how go about it.

SHRI MADHUKAR SARPOTDAR : It should not have been mentioned here like this.

[Translation]

Outstanding Dues of Coal India Limited

*144. SHRI RAVINDRA KUMAR PANDEY : Will the MINISTER OF COAL be pleased to state :

(a) the suggestions given by K.S. Chari Committee constituted for coal industry on 'Integrated Coal Policy' to ensure disposal of disputed bills and also ensuring the recovery of amount of Coal India Ltd. which is outstanding against power sector;

(b) the action taken by the Government in view of the suggestions of Chari Committee; and

(c) the corrective steps taken/proposed to be taken by the Government for recovery of outstanding dues of Coal India Ltd. towards power sector and dispute between the two parties ?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) to (c) : A Statement is laid on the Table of the House.

Statement

(a) and (b) The conclusions and recommendations of the Committee on Integrated Coal Policy do not contain suggestions on disposal of disputed bills or on ensuring the recovery of coal sales dues of Coal India Limited (CIL).

(c) Following steps have been taken by the Government/ Coal India Limited to recover the outstanding dues from the State Electricity Boards :

(1) Coal India Limited (CIL) have been advised to supply coal to power utilities only against advance payment or letter of credit. Cash and Carry Scheme is being implemented with greater rigour since 1.1.97.

(2) Coal India and its subsidiary coal companies have been persistently following up with the consumers in diverse sectors for settlement of dues.

(3) Recovery of dues by way of adjustment against energy bills is also being done in respect of certain Power utilities. State Government have been requested to persuade/enable SEBs to clear the outstanding dues at the earliest.

(4) Umpires have been appointed for resolving the disputed dues between the coal companies and SEBs.

(5) Government has recently decided to deduct outstanding dues as on 31.12.1996 of public sector undertakings under the Ministry of Power/Railways/Coal/Atomic