

[श्री रामधन]

किरायों में वृद्धि कर रहे हैं तो यह एक बिलकुल गलत चीज़ है। जैसे पिछले साल माननीय नंदा जी ने अपनी बजट स्पीच में रेलों के किराये बढ़ाने का प्रस्ताव किया था लेकिन बाद में अपने वृद्धि वाले प्रस्ताव को वापिस ले लिया था वैसे ही वर्तमान रेल मंत्री महोदय से मैं निवेदन करूंगा कि वह जो उन के दिल में जनता के लिए एक हमदर्दी की भावना है और जनता की कराह से जो वह परिचित है तो यह जो उन्होंने किरायों में बड़ोत्तरी का प्रस्ताव किया है उस को उन्हें तुरन्त वापिस ले लेना चाहिए। बंगलौर में हमारे वर्तमान रेल मंत्री ने बड़े गर्व के साथ भाषण किया था और उन्होंने कहा था कि संसद सदस्य रेलवे के प्रशासन में रोक टोक करते हैं, इंटरफियरेंस करते हैं, दखल देते हैं। लेकिन यह दखल क्यों होता है? इस पर उन्होंने विचार नहीं किया। यह दखल इस लिये नहीं होता है कि किसी को दखल देने का शोक है। वह इस लिये होता है कि रेलवे बोर्ड के जो आदेश होते हैं उन का आप की रेलों में काम करने वाले अधिकारी पालन नहीं करते, बल्कि खुल्लमखुल्ला उन की अवहेलना करते हैं। जो कर्मचारी लोग हैं या दूसरे लोग हैं, आखिर वह किस के पास अपनी गुहार ले कर जाये, अगर संसद सदस्यों से अपनी बात न कहें? जो संसद सदस्य जनता द्वारा चुने जाते हैं, अगर वह उन की बातों को आप तक पहुंचाने की कोशिश करते हैं तो क्या यह उन का गुनाह है? आप कहते हैं कि वह दखलन्द जी करते हैं।

मैं एक उदाहरण देना चाहता हूं रेल मंत्री महोदय को। रेलवे बोर्ड का एक सक्लर है कि शेड्यूल्ड कास्ट्स और शेड्यूल्ड ट्राइब्ज के एम्प्लायोज को उन के घरों के नजदीक पोस्ट किया जाये अगर वह कहीं दूर पर हों। अगर

वह अपना स्थानान्तरण चाहते हों तो भी उन को घरों के नजदीक पोस्ट किया जाये लेकिन मैं जानता हूं कि सन् 1964 से रेलवे कर्मचारी कोशिश कर रहे हैं अपने घरों के नजदीक जाने की। वह अपनी दस-दस साल की वरियता को भी भूल जाते हैं, अपने खर्च से जाना चाहते हैं, लेकिन उन की बातें नहीं सुनी जाती है। फिर कहा जाता है कि ससंद-सदस्य हस्तक्षेप करते हैं। आप खुद जो नियम बनाते हैं, रेलवे बोर्ड जो नियम बनाता है, उन का पालन आप के द्वारा नहीं किया जाता। जब भी आप का ध्यान इस तरफ खींचा जाता है तब आप कहते हैं कि प्रशासन में हस्तक्षेप हो रहा है।

17.32 hrs.

## BUSINESS ADVISORY COMMITTEE

## FIRST REPORT

THE MINISTER OF PARLIAMENTARY AFFAIRS, AND SHIPPING AND TRANSPORT (SANSADIYA KARYA TATHA NAUWAHAN AUR PARIWAHAN MANTRI) (SHRI RAJ BAHADUR): I beg to present the First Report of the Business Advisory Committee.

HALF-AN-HOUR DISCUSSION *Re.*  
REPORT OF COMMISSION ON  
CAR PRICES

SHRI S. M. KRISHNA (Mandya): The automobile industry in the country is one of the most pampered monopolies. It has ruthlessly exploited the sellers' market prevailing in the country. With almost impunity, it has turned a deaf ear to the consumers' needs as well as its obligations to society. I sometimes wonder if there is a conspiracy hatched between the Government of India and the automobile manufacturers. In the last decade, the price of passenger cars have increased by 100 per

cent. In the last 18 months, an upward revision of prices has taken place twice. We know the paradox in the situation in the country. Even a junk on four wheels could be sold.

A study group under the Planning Commission which went into the needs or demands for passenger cars in this country has estimated that in 1973, the annual demand would be to the tune of 75,000 cars. As of Dec. 1968, there was a backlog of demand of about 80,000 cars in the country.

Sir, the Tariff Commission was appointed by the Government in 1968 and they went through the whole gamut of the price structure and the cost structure of passenger cars in this country. They have made certain tentative recommendations, and even while the Government was studying those recommendations, an ultimatum by the three automobile manufacturing companies in this country was thrown, and they said regardless of the fact whether the Government is going to take a decision or not, they are going to raise the prices of motor-cars in this country. The Government for once showed the courage of their conviction and put their foot down on those automobile manufacturers, but the Supreme Court had to intervene because the manufacturers moved the Supreme Court. The Supreme Court advised the Government to appoint a Commission with a former judge of a high court as Chairman, a chartered accountant and an automobile engineer as members, to go into the cost structure of passenger cars in this country.

While dealing with the price structure, I beg your permission to quote one or two paragraphs from the report of the Tariff Commission, just to make out a case that as the situation that is prevailing in this industry today, there could not be a rational or scientific decision—with regard to the cost structure of this industry. Let me quote.

"It was discovered that the practice in case of the different units was far from uniform. One of these needs particular mention on account of the lack of any cost system at

all; two others for having worked them out without meticulous details; the remaining five find their place in the middle.

In the case of Hindustan Motors, satisfactory data for manufacturing cars were not available to obtain the desired accuracy in costing. Its record of issue of raw material and utilisation as against the number of cars manufactured was not at all kept. Even in respect of the purchase of material, data was not available to indicate the rates at which a particular raw material was purchased from time to time in order to arrive at an average rate."

This was the situation, and this is the situation which is prevailing in most of the automobile manufacturing companies in this country. How can we arrive at a rational consensus as to what exactly is the cost structure when we are flooded with demands? For example, for an Ambassador car put up on the roads we will have to pay Rs. 25,000? How many of us and how many in this country can afford to buy that junk which is named as Ambassador? How can we afford to buy that junk for Rs. 25,000. Today, the licensed capacity is to the tune of 35,007 cars a year as against the demand of 60,000 to 67,000 cars a year.

There is another paragraph from the same Tariff Commission's report to which I would like to draw the attention of the House. I quote:

"It is now unmistakably established that this car has been manufactured at a high intrinsic cost over a large number of years and the remedy lies not so much in increasing the price as in reducing the cost. The consumer cannot be burdened by higher costs because of the inability of the unit to conform to certain norms or standards and to exercise the necessary degree of prudence in keeping its cost within reasonable limits. The price of the car cannot, therefore, be related to the

[Shri S. M. Krishna]

cost structure. An alternative has, therefore, to be found for fixing the price of this car by the adoption of some other principles."

On every car that is manufactured, the percentage of taxation is as high as 46 per cent. I do not wholly blame the automobile manufacturers, even though I fix the responsibility for deterioration of quality at their door. But I am not prepared to absolve the Government of its own responsibility. They will have to think in terms of bringing down the price of car, because car is no longer a luxury; it is an absolute necessity today.

In 1969, Japan sold about 3½ lakh cars in their country and about 8 million cars outside, as against 36,000 cars we manufactured. Japan is starting a plant in Hungary and Poland. What is our Government contemplating to do? The small car project remains as illusory as it has always been. Millions of our people are thinking that the small car project would materialise. Is Government going to succumb again to the dictates of automobile manufacturers or will they muster enough courage to take over the 3 units and nationalise the industry? The high price of spare parts and components is also responsible for the high price of cars. Every type manufacturing company is making a minimum of 70 to 80 per cent profit. If the price of tyres is reduced, then there can be a reduction of Rs. 300 to 400 in car prices.

I would like Government to spell out without mincing words when they are starting their public sector project. They have been negotiating with 8 or 10 companies and I believe 5 of them have been asked to send prototypes for testing under rugged Indian conditions. We are sick of dry assurances from ministers about the small car. I want an assurance with a view to implementation from the ministers about the public sector project.

श्री इस्हाक समस्ती (धमरोहा) : डिप्टी स्पीकर साहब, मैं बड़े दुःख के साथ यह खबर सुना रहा हूँ कि दिल्ली का पंजाब नेशनल बैंक

बूट लिया गया है। मेरी दखलबंदी है कि इस मिनिस्टर साहब को इस बारे में बयान देने के लिए कहें।

[شری اسحاق سمعی (دھمروہا) : ڈپٹی سپیکر صاحب میں بڑے دکھ کے ساتھ یہ خبر سنا رہا ہوں کہ دلی کا پنجاب نیشنل بینک لوٹ لیا گیا ہے۔ میری درخواست ہے کہ آپ منسٹر صاحب کو اس بار میں بیان دینے کے لئے کہیں۔]

MR. DEPUTY-SPEAKER : Don't raise it in the midst of this.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : The trick in car price is inflated cost of production. Suppose they have 20 radiators. They deliberately damaged just slightly 8 of them and sell them as scrap for the metal value. If a new one costs Rs. 150, I can get this slightly damaged one for Rs. 110 and by spending another Rs. 5, I can use it. But as far as Hindustan Motors are concerned; in their books of account, it is shown as scrap sold for a metal value of Rs. 15. The balance is collected in cash. So, the trick of inflated cost of production and deflated sales revenue is doing all these wonders. In the world market where there is more competition, where price is determined by demand and supply and not dictated by the Government, in consideration for high subsidy to the election fund, the Indian cars cannot be sold for even half the present value. If they try to sell one Hindustan or Standard in one of the show-rooms in Regent Street or Oxford Street, London, I tell you that they will not even get admission because our cars are so full of defects.

So, I want to ask of the Minister whether a stalwart of the ruling Congress party, a practising barrister, who talks about socialism in the same breath, appeared before the Car Prices Commission as counsel for Birlas and whether that

person, who is a sitting Minister in this House today, counselled and pleaded for increase in car prices. He is Shri Siddhartha Shankar Ray. Secondly, have you any idea to nationalise car production? Thirdly, you must give an assurance that the production in future would be only in the public sector, as you have yourself resolved in your industrial policy resolution, and that you will not scuttle your own resolution.

**SHRI K. LAKKAPPA (Tumkur) :** The manufacturers of Fiat, Hindustan and Ambassador, the capitalists of this country, have put pressure on the government and made them to revise the price of car upwards all these years. It has been mentioned by the World Bank that the cars manufactured in India are costlier by 120 per cent than those manufactured in Europe and USA. Yet, the capitalist automobile manufacturers of this country have been violating the labour laws, pressurising and cheating this government and making them yield to increase in prices. The big business still have influence with high-ups in the Ministry and that is how they are able to get a price rise whenever they want it. The capitalists are also trying to sabotage the small car project with the help of their influence with the high-ups in the Ministry. Taking all these facts into consideration, will the government ensure that they are free from influence of the capitalists and that all future production of cars will be in the public sector or, better still, nationalise all the existing automobile plants in the country?

**THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT (AUDYOGIK VIKAS MANTRALAYA MEN RAJYA MANTRI) (SHRI GHANSHYAM OZA) :** Mr. Deputy-Speaker, Sir, this half an hour discussion arose out of an answer given by the Minister to an Unstarred Question. The points raised by the hon. Member for raising this half-an-hour discussion are these. He has said that nothing has been said about the interference of the Supreme Court when the Government are considering the report. As the House very well knows, the matter is *sub judice*; it is before the Supreme Court and an interim order has been passed. So, how could I reply to that? The delay

in taking a decision on the recommendations, no inquiry regarding the raising of prices—all these matters are *sub judice*. The final hearing is still to take place in the Supreme Court. After the final hearing, I think, we will be competent to discuss all these questions. As a matter of fact, I was happy when I saw that the hon. Member strayed away from the points he had raised and went to some other points of general interest—I am very glad about it—though not pertinent.

The projected demand of cars as put by the Planning Commission is about 80,000 units in 1973-74 and our present production is 35,000 units. Therefore, as the House very well knows, we are putting up a plaint in the public sector. For that we have invited offers. We received from as many as eight companies from abroad out of which nearly four or five were straightaway rejected about the rest we are entering into negotiations. We have asked for further details. Some of them have given a reply and some of them have not replied. We are going to take decision as early as possible so that this backlog, as has been pointed out by the hon. Member, can be cleared.

**SHRI P. K. DEO (Kalahandi) :** We have been getting the same sort of reply for the last 20 years.

**SHRI GHANSHYAM OZA :** Cars can wait in a poor country. After all, resources, both internal and external, are limited and we have to fix certain priorities. Now we have decided to put up a plant in the public sector and we will take a decision very shortly.

**SHRI R. V. SWAMINATHAN (Madurai) :** Within three months?

**SHRI GHANSHYAM OZA :** We will take a decision appropriately when we have received the replies from all the firms abroad. We have still to await certain information from the parties which have made the offers.

We are putting up in the private sector also a plant for 50,000 units. That also we will see that it comes as early as possible.

[Shri Ghanshyam Oza]

About tyres my hon. friend put a pertinent question. The price of tyres is also going up and it adds to the cost of motor cars. That is why about tyres also we have added to the capacity of the existing units so that they can go into commission immediately and produce tyres.

We have also issued letters of intent to private parties who want to put up new units. By 1972-73 we are sure that we will be able to fulfil the requirement of tyres and tubes for cars. Then we will be able to check the price of cars which, as my hon. friend says, is not quite commensurate with the production cost.

Then, my hon. friend has paid compliments to Government by saying that once in a while Government has been bold enough to fix the prices. It is true that the manufacturers have taken unilateral action and fixed up the prices. We put our foot down and said that by a statutory order the prices will be such-and-such. Against that the parties have chosen to go to the Supreme Court. The Supreme Court is seized of the matter. According to the orders of the Supreme Court an inquiry

commission was appointed. The commission has submitted the report. While the commission's report was being considered, the court passed an interim order fixing the prices. The matter will come up in August and after the final order is passed if, according to the final order, the prices are fixed at a lower level, the manufacturers have given an undertaking that they will refund the difference to persons who have bought cars from them. So, I think, that should allay the fears of the hon. Members. Since we are going in a big way for the manufacture of cars, both in public and private sectors, it is a transitory difficulty and I am sure, before long, before 1973-74, we will be in a easier position and we shall not have to worry so much about it.

I am thankful to the hon. Members for saving me the embarrassment about entering into the field where the matter is before the Supreme Court.

MR. DEPUTY-SPEAKER : The House stands adjourned to meet again tomorrow at 11 A.M.

17.56 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, June 1, 1971/Jyaistha 11, 1893 (Saka)*