

[English]

SHRI K.S. RAO: If it is not included, will you kindly include that also? It is because coal washeries are very important and are part and parcel of it. I would like to know on this point from Shri Yashwant Sinha.

SHRI YASHWANT SINHA: According to the list that we have, coal washeries are not included as part of infrastructure. But the hon. Member has made an excellent suggestion for action which we will take note of.

[Translation]

SHRI P.S. GADHVI: Mr. Speaker, Sir, in reply to this question it has been said in part (C) that an amendment in section 80 IA has been proposed in the Finance Bill, 1998. However, there is no proposal regarding above mentioned special training of Gujarat Government. Hon'ble Minister has informed that he is going to include the suggestion regarding training in the amendment of the Finance Bill.

[English]

I want to know whether this is right or whether what he says is right. The hon. Minister has told that they are going to think of an amendment in the Finance Bill. But they are denying it here. What is the correct position? I would like to know it from the hon. Minister.

MR. SPEAKER: Actually, this is not a supplementary.

[Translation]

SHRI P.S. GADHVI: But this was the intention of Gujarat Government and now in the reply to the question it is being said that there is no proposal regarding special suggestion given by Gujarat Government for training.

[English]

MR. SPEAKER: Please take your seat. Would the Minister like to reply?

MR. KADAMBUR M.R. JANARTHANAN: The main question deals with ITIs. So, his supplementary does not arise from the main question.

Automobile Units

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*545. SHRI ANANT GANGARAM GEETE:

SHRI MADHUKAR SIRPOTDAR:

Will the Minister of COMMERCE be pleased to state:

(a) whether the Automobile units set up with foreign collaboration have failed to meet their export commitments;

(b) If so, the details thereof; and

(c) the steps taken by the Government to enforce this commitment?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (c) : A Statement is laid on the Table of the House.

Statement

The Government had taken a decision on 26th June, 1995 that the foreign joint venture companies which had obtained permission for establishment of production facilities for passenger cars should enter into a Memorandum of Understanding (MoU) with the DGFT specifying, inter-alia, their projected export earnings from the export of intermediate and final products of the company. No minimum export commitment was stipulated by the Government and the joint venture companies with foreign collaboration were required to give their own projections regarding exports over a period of five years. The first licence for import of CKD/SKD kits was to be given to such companies only on signing the MoU and the subsequent licences, after the first year, were to be issued on the basis of the progress achieved by these companies in relation to their own projections regarding exports etc. Accordingly, six joint venture car manufacturing companies signed MoUs in 1995 and were granted licences for the import of CKD/SKD kits. When the export performance of these companies was assessed it was found that only two out of the six companies had achieved their export projections. Keeping this in view and with a view to bringing about uniformity and transparency, a new policy was announced vide Public Notice No. 60 dated 12.12.1997 stipulating that all these companies would sign fresh MoUs committing themselves to achieving, inter-alia, a broad neutralisation of foreign exchange in terms of balancing the actual CIF value of imports of CKD/SKD kits/components and the FOB value of exports of cars and components over the period of MoU. The period of export obligation as per the fresh MoU is to begin from the third year of commencement of production. The MoU is to be enforced through the import licensing mechanism. The MoU signing companies are required to submit annual reports to the DGFT and the joint annual review of the progress made in this regard would be undertaken by the Ministry of Commerce, Deptt. of Industrial Policy and Promotion and the Deptt. of Revenue. If the stipulated conditions in the MoU are not fulfilled, the companies continue to remain within the ambit of MoU and further import licences can be denied to such companies by the Government.

[Translation]

SHRI ANANT GANGARAM GEETE: Mr. Speaker, Sir, in reply to my question the Hon'ble Minister has said that six car exporting companies of joint venture had signed MoU in 1995 and they were granted licence to import CKD/SKD kits. When export performances of these companies were assessed, it was found that out of those six companies only two could achieve their export targets.

I want to know from the Hon'ble Minister as to what are the names of those two companies which have achieved the export target and what are the names of the remaining four companies which have failed to achieve the said target. I also want to know whether the companies which have been granted licence, was for the whole country or for a particular area?

[English]

SHRI RAMAKRISHNA HEGDE: Sir, the joint venture companies, which have failed to fulfil the obligation, are in this list. I am going to lay it on the Table of the House.

The difficulty is that practically no joint venture company producing automobile passenger cars has been able to fulfil the obligation. Therefore, we had to devise another method in 1997 under which a periodical review was taken by the Joint Committee regarding the value of components, etc., imported by the company and to what extent they have been able to export.

Even if they are able to neutralise it, we would be very happy. But it is a matter of regret that, so far, no company has been able to fulfil that obligation.

[Translation]

SHRI ANANT GANGARAM GEETE: Mr. Speaker, Sir, I have not got the reply to my question. I had asked as to what are the names of those four companies which did not achieve the estimated target of export, but the Hon'ble Minister has not given any reply to that.

[English]

MR. SPEAKER: You can ask about it in the supplementary also.

[Translation]

SHRI ANANT GANGARAM GEETE: Mr. Speaker, Sir, the Hon'ble Minister has said in his reply that :

"If the terms and conditions as given in the Memorandum of Understanding is not fulfilled, the companies will continue to be within the purview of MoU and the Government may refuse to grant export licence to such companies in future."

My second supplementary question is which are those companies whose licences have been cancelled and the and what is the number thereof.

SHRI RAMAKRISHNA HEGDE: Mr. Speaker, Sir, I would like to inform the hon. Member that the licence of no company has been cancelled. I said that a Joint Committee would review the matter every year. The companies have expressed their inability in fulfilling all the terms and conditions. The MOU will continue and there is no question of cancelling the licence.

SHRI MADHUKAR SIRPOTDAR: Mr. Speaker, Sir, six different companies were granted licences under joint venture. At the same time, an exercise had been going on since 1995. More or less, three years are over. By granting these licences, what has been achieved by our country? How many unemployed people have got employment because of this joint venture? While inspecting their progress, if they have not at all come up to the mark as joint venture companies, why have these companies not been able to achieve the desired results?

At this particular rate of progress, are these companies going to survive in future? While reviewing this situation

properly, what action does the Government propose to take in view of unemployment in our country in future?

SHRI RAMAKRISHNA HEGDE: I am not in a position to give you the exact figure in regard to how many unemployed people were given employment. For that, I want a notice. If the Hon. Member has another question, I will certainly give the information.

So far, the policy of the Government has been that it is not with a view to earn foreign exchange only that they have permitted the joint venture.

But if we do not permit the manufacture of passenger cars, then we have to import. That means, there would be a big outgo of foreign exchange. The idea is that at least, the car manufacturing companies would meet the requirement of foreign exchange by exporting the finished goods. As I said, it is going to continue like this for quite some time unless we are in a position to compete with other joint venture companies in other countries.

Sir, I would like to tell the hon. Member about one more thing and that is, these companies are facing several problems, particularly in regard to excise duty, customs etc. These matters are being discussed and I am hopeful that we are going to solve them.

[Translation]

SHRI MOTILAL VORA: Mr. Speaker, Sir, hon'ble Minister had taken a decision on 26 June, 1995 under which car companies were given permission to manufacture and export cars. In one of the clauses of MOU it is provided that they will have to particularly mention the estimated export income. I want to know from the hon'ble Minister as to how many companies have given the details of their estimated income or amount of income out of those six companies which were given permission to manufacture cars. It has been mentioned that permission to facilitate production was sought and they will have to give details of the estimated export income from the export of finished products at the time of filing the return and they will have to state as to how much the company earned from that. I want to know whether the above said six companies have given the details of income? If they have not done so, what action has been taken against them?

SHRI RAMAKRISHNA HEGDE: It is compulsory to do so. Those who do not do so we will surely take action against them. It means the companies who fail to fulfil this, they would not be given permission to import.

SHRI MOHAN SINGH: Mr. Speaker, Sir, the MOU was signed in 1995 and as the hon'ble Minister has admitted that only two companies have fulfilled the export obligations and the rest did not. There were four major reasons to grant permission to these companies. Firstly, to create competition in automobile industries, secondly to provide low cost quality cars to the people. Thirdly, to improve the balance of payment situation in the country and boost the inflow of foreign exchange. For this, these companies put the condition that the major portion of the cars which they would manufacture here, would be for export. This condition they did not fulfil.

When they did not fulfil that condition then after two years i.e. the condition which was imposed in 1995 was changed in December 1997. The reasons cited for the change was that after three years of production, even those three years are complete now but the hon'ble Minister is now saying that the excise duty had increased during this period. I can vouch on the basis of the information that in the name of giving incentive to automobile sector, excise duty has been continuously decreased in the past five Budgets and has been brought down from 35 per cent. Except the present budget, previous five budgets have followed this pattern.

I would like to know from the Hon'ble Minister that the companies which are not fulfilling export obligation, does the Government propose to impose any penalty against them as you have said that you would only examine periodically. Besides, I also want to know whether the Government propose to encourage these companies to manufacture medium category vehicles like trucks apart from small cars?

SHRI RAMAKRISHNA HEGDE: The Government would certainly consider.

VAIDYA VISHNU DATT: Mr. Speaker, Sir. I would like to know whether the shortfall in the production in automobile industries is due to shortcomings of the Government or the administration or whether the industries are not having proper infrastructure?

[English]

SHRI RAMAKRISHNA HEGDE: I am sorry, Sir, I could not understand the question. Would you please repeat it?

[Translation]

VAIDYA VISHNU DATT: I want to know whether the shortfall in production is due to lack of coordination between the Government and administration of the industry or whether the industries were lacking proper infrastructure?

SHRI RAMAKRISHNA HEGDE: There are many reasons for this General industrial recession is also one of the reasons, lack of purchasing capacity is another reason and lack of raw material is also one of the reasons. I cannot say that certainly this one or that one is the reason.

[English]

SHRI BASU DEB ACHARIA: Is it a fact that the foreign exchange outgo, for the collaboration with the foreign companies to manufacture motor cars, is much more than the foreign exchange we earn from exporting the motor cars?

SHRI RAMAKRISHNA HEGDE: Sir, I have already said, there are cases where the passenger motor car companies, that is, joint ventures have not been able to fulfil the obligation. Our aim is to at least neutralise from exports by earning foreign exchange to the extent we spend on importing the components. We have not been very successful in that till now.

Duplicate Share* Certificate

*546. SHRI GORDHANBHAI JADAVBHAI JAVIA: Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have completed the investigation into the printing of Duplicate Share Certificates by leading industries in the country;
- (b) If so, the findings of the investigation; and
- (c) the action taken or proposed to be taken by the Government against the persons found involved therein?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) :
(a) to (c) A Statement is laid on the Table of the House.

Statement

- (a) Government have not undertaken any investigation into the printing of duplicate share certificates by leading industries in the country. However, SEBI conducted an inspection of the books of accounts, records, documents and computer data of M/s Reliance Constancy Services (RCS), Registrars and Share Transfer Agents to M/s Reliance Industries Limited (RIL) to inquire into the issue of duplicate share certificates of RIL by RCS.
- (b) The Inspections Reports of SEBI contain, inter alia, the following main findings:
 - (i) A total number of 4.89 lakh duplicate shares were issued by RCS during the period April 1990 to October 1995. RCS by issuing some duplicate share certificates while the original share certificates were in existence, may have violated provisions of Section 84 of the Companies Act.
 - (ii) RCS, by not transferring and delivering the shares lodged by some investors before April 1, 1994, within two months, may have violated provisions of Section 113 of the Companies Act, 1956;
 - (iii) RCS, while acting as Registrars to the Issue and Share Transfer Agents to RIL, has violated the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations.

(c) **Action by SEBI:** SEBI has suspended the certificate of registration granted to RCS under the SEBI (Registrar to an Issue and Share Transfer Agents) Rules and Regulations, 1993 with effect from February 1, 1997 to July 31, 1997 (the date of expiry of the validity of the certificate of registration) subject to the condition that from October 17, 1996 till January 31, 1997, RCS will not take up any work as a registrar to an issue and share transfer agent of any company other than seven principals who appeared before SEBI. RCS, after the expiry of the suspension period, ending on July 31, 1997 did not apply for renewal of registration as Registrars to an issue and Share Transfer Agent. Further, SEBI has amended the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 to provide for an arms length relationship between an issuer and the Registrar to an issue.