

15.15½ hrs. 349

COMMITTEE ON GOVERNMENT ASSURANCES

Sixth Report — 22.11.88

[Translation]

PROF. VIJAY KUMAR MALHOTRA (Delhi Sadar): I beg to present the Sixth Report (Hindi and English Versions) of the Committee on Government Assurances.

15.16 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

Reported disappearance of seventy Maruti Vehicles during transit

[Translation]

PROF. VIJAY KUMAR MALHOTRA (Delhi Sadar): I call the attention of the Minister of Industry to the following matter of urgent public importance and request him to make a statement thereon:—

“Situation arising out of the reported disappearance of seventy Maruti Vehicles during transit from the factory to showroom and action taken by the Government in regard thereto.”

[English]

SHRI SONTOSH MOHAN DEV (Tripura West): You can drive your Maruti in the House. (Interruptions).

THE MINISTER OF INDUSTRY (SHRI AJIT SINGH): The system of sale being followed by Maruti Udyog Ltd. (MUL) is that the dealers buy vehicles against ‘C’ form. The vehicles are the property of the Dealer when they leave the factory. MUL, however, covers the transit risk and on the basis of a fee levied per car, undertakes to pay the cost of repair/replacement of vehicles damaged in transit. A good proportion of Gypsies are, however, directly invoiced

in the name of the purchasing customer and in such cases, the transit risk is covered by the customer by insurance. When vehicles are damaged during transit, and it is assessed that such vehicles cannot be repaired satisfactorily to make them saleable, these are returned to the factory. In such cases, MUL writes off the cost of these vehicles from fee collected to cover transit damage and new vehicles are supplied to the Dealer in lieu of the returned vehicles. Where possible, the vehicles are repaired and used as company vehicles. In cases where repair is not possible, the vehicles are dismantled and the good components including the engine, are reused.

During 1988-89, it was found that the documentation relating to the returned vehicles and the reuse of components for the period 1986-88 had not been kept upto date. The exercise to complete this work was accordingly taken up. It was found that the records of 70 vehicles were to be completed, in view of such vehicles having been damaged beyond repair, dismantled and their components reused. Out of these 70 vehicles, the engines of 53 original vehicles had been salvaged and reused in new vehicles and these vehicles were sent out to different dealers again. The engines of the remaining 17 original vehicles had not been reused and had been dismantled.

It was found that during the period 1986-88, when the 70 vehicles had been originally produced and the replaced vehicles sent out to the Dealers, excise duty had not been paid on the vehicles which had been damaged and dismantled. It was under a mistaken notion that the excise duty was not to be paid on the vehicles which were not sold to customers. To correct this position, hand-written gate passes were made and the excise duty deposited on all these vehicles produced, as per law, irrespective of the fact whether they were damaged or not damaged. The gate passes were prepared for these non-existing

[Sh. Ajit Singh]

70 vehicles only for the purpose of payment of excise duty and therefore, the question of these vehicles being despatched to the Maruti Showrooms did not arise because these vehicles had been dismantled much earlier. It may be pointed out that when replacement vehicles were sent to Dealers against damaged vehicles brought back to the factory, the original invoice details were not kept stored in the computer records. This explains why some of the vehicles do not exist on computer records.

It may also be relevant to mention that the Company has had a surplus every year in the fee collected to meet transit damages after meeting all liabilities. As such the write off of these 70 vehicles has not caused any damage to the Company.

[Translation] ३५१-५५

PROF. VIJAY KUMAR MALHOTRA: Mr. Deputy-Speaker. Sir, since the day the news of disappearance of 70 cars from the Maruti Udyog has come to light, it is becoming more and more intriguing and serious. I wonder that instead of holding a thorough enquiry into it to reach the truth, efforts are being made to hush up the case. I am also surprised the way the Chairman and other officials of the company gave a useless and foolish statement in their defence and the hon. Minister, just read out the statement in the House. I would like to refer to the following lines in particular:

[English]

"The gate passes were prepared for these non-existing 70 vehicles only for the purpose of payment of excise duty and therefore, the question of these vehicles being despatched to the Maruti Showrooms did not arise because these vehicles had been dismantled much earlier."

[Translation]

It means that the vehicles were not there. The vehicles were dismantled

earlier whereas the gate passes were prepared for 70 vehicles to be despatched to the Maruti showrooms. When these vehicles did not exist then who prepared the bogus document? Is preparing a bogus document not a crime? Preparing a document for the vehicles which do not exist at all and writing that those vehicles are being despatched to the showrooms, is a crime in itself. Raising the false document and the way justification has been made, are also very astonishing. The document says that these vehicles were despatched, however, they got damaged and thus were returned. Suddenly it was detected that excise duty was not paid on them and in order to pay the excise a false document was prepared. Would it not have been appropriate that when it was detected that excise was not paid the concerned department should have been intimated to collect it? What was the need to prepare a false document showing the despatch of 70 vehicles to the Maruti Showrooms?

A document was prepared that 70 vehicles will be despatched on that day. They did not want to pay the excise duty. Actually excise was paid after two months in June. Then what was the need to despatch those vehicles on March 31. The gate pass is issued by the excise department and not by the company. There is a pre-condition that excise duty will have to be paid before the vehicle is despatched.

[English]

Gate passes for removal of course from a factory or a warehouse on payment of duty.

[Translation]

How the vehicles were removed from the factory without paying the duty? This is a serious crime and the punishment is imprisonment. I would like to ask that when 70 vehicles were despatched how was it that excise was not paid. Payment of excise duty is a must before the removal of items from a factory. When

these vehicles were despatched, then why excise was not paid. Did they already know that these 70 vehicles will be returned after getting damaged? The person who did not pay excise before the removal of 70 vehicles did commit a crime. If this can happen with 70 vehicles, it can happen with any number of vehicles. 70 vehicles were despatched they got damaged and therefore, were returned. Then it was noticed that excise duty had not been paid. Today it is being said that the company was ignorant about the payment of excise on those damaged vehicles which were not handed over to the dealers. Afterwards it was realised that excise had to be paid on them also. I know how many vehicles were returned after they got damaged during the last two years. During this period 212 vehicles were returned, and on 70 vehicles duty was paid but what about the remaining 142? Where are those vehicles? Has excise been paid on them or not? If 70 vehicles can be despatched without paying the excise duty then why not thousands. I believe thousands of other vehicles might have been despatched without paying excise duty on them. Who has swindled that amount? Why these matters were not investigated? Mr. Deputy Speaker, Sir, it is not a casual matter that the Minister may simply say that we wanted to pay the excise honestly and we therefore paid it. They say that computer did not keep the record of those 70 vehicles which returned and therefore the lapse was not detected. If computer did not keep the record, where did these components disappear, where these components were dismantled and in which vehicles were they fitted, who stole these components? Is there any information in this regard? One more surprising thing is that 5 vehicles out of the total 70 vehicles were left hand drive. These vehicles are exported; why excise duty was paid on them? It is also true that these type of vehicles are not driven in India then why excise was paid on them twice. Why is the matter being

covered up? This incident took place in 1988-89 when the Congress Party was in power but it is surprising why the present Government is trying to cover up the matter. I have not been able to understand why there are so many irregularities in Maruti Udyog and why so many persons get involved in them. What is more important is that within 24 hours of the payment of excise duty, the vehicle should be removed, while it is being asserted that all the 70 vehicles were non-existent, this is not true. In fact a false document was fabricated. My submission is that this is not the only incident. There have been a number of other bungling incidents earlier too. Recently, booking for Maruti 1000, was thrown open and two and a half lakh vehicles were booked. However, only 25000 will be manufactured and money will be returned to the rest. The American Bank along with other Bank extracted the major profit. Maruti company also did not lag behind in making profit.

Mr. Deputy Speaker, Sir, there have been large scale irregularities in Maruti Udyog. Even in allotting the agencies, there have been irregularities. This is only a small incident which has come to light. It is just a tip of an iceberg. Why there should be irregularities in public sector undertakings and why efforts should be made to cover it up? The basic question is how a false document was fabricated. The hon. Minister has not clarified what action is being taken against the accused persons. If it was just a matter of paying the duty to cheat what was the need to prolong the process. A simple statement that excise duty has not been paid would have been sufficient. A CBI enquiry or any other independent enquiry into the matter would reveal startling facts. With these words I conclude.

355-57
SHRI HARISH RAWAT (Almora): Mr. Deputy Speaker, Sir, the functioning of Maruti Udyog Limited and its management has been commendable and at present it is a leading organisation. If something comes into light which creates doubt in regard to the functioning and sincerity of the management, it would be appropriate on the part of the hon. Minister to hold a high level enquiry into it. Instead, he tried to evade the matter by putting it in a casual way. The statement given in this regard creates suspicion as to why he is evading. The question is not whether the previous Government was responsible for this irregularity as Shri Malhotra pointed out or the Government prior to that but as public money is involved it is the responsibility of the Members of Parliament to draw the attention of the present Government to it.

Mr. Deputy Speaker, Sir, Shri Vijay Kumar Malhotra related the incident of the disappearance of 70 vehicles which has come into light recently.

No one knows the number of vehicles which were allowed to be taken out of the factory premises, without paying excise duty which should have been paid under the rules. How were the vehicles allowed to move out of the factory gates? No vehicle can go out of the factory gate without a gate pass. Now the Management has come out with an explanation that it happened under a wrong notion that excise duty was not to be paid, if any damaged car comes back to the factory. They have detected this mistake on their part. I would like to know from the hon. Minister as to how such a large number of vehicles were allowed to be taken out of the gate when the gate pass is issued after paying excise duty. Apart from this, when these damaged cars came back to the factory, definitely they would be as excise paid vehicles, then how a 'wrong notion' has developed suddenly among the management. This company has been manufacturing Maruti cars since 1983, but the

inference one can draw from the information given to the House by the management through the hon. Minister is that after three long years having been in the business, the management suddenly came to know that they had committed some error, that they forgot to prepare some documents or that they felt that perhaps it was not necessary to prepare those documents. One suspicion that emerges in one's mind from this is how many vehicles might have been taken out of the factory, without paying the excise duty, I, therefore, would like to know from the hon. Minister through you who is going to inquire into all this? Who will inquire into the reasons as to why such false documents have at last been prepared. When those vehicles were never taken out of the factory, what was the necessity of tampering with the documents pertaining to excise duty payments? Instead of doing all this, as Shri Malhotra said right now, they could have simply written to the Excise Department saying that ours is a public undertaking (Interruptions).

[English]

MR. DEPUTY SPEAKER: Do not repeat what Mr. Malhotra has said.

MR. HARISH RAWAT: I am not repeating that. I am adding something to that.

[Translation]

Instead of that, they could have simply informed the Excise Department that they have committed a mistake and that has come to their notice. Further, they could have sought the advice of the Department to rectify their mistake. Unfortunately, instead of going about it in this manner, they preferred to tamper with the documents. Apart from this, after doing the whole exercise and being satisfied with its exercise, the company prepared the gate passes and fulfilled all other necessary formalities; and after two months, it paid the actual excise duty. As soon as they came to know that they had not paid the Excise

duty as to why the company did not pay the excise duty immediately? I understand that it has been the standard procedure of Maruti Udyog Limited to keep some money in reserve for the payment of excise duty at the time of taking out the vehicles. They make the arrangements in advance that a definite number of vehicles will be manufactured and taken out of the factory; but in this particular case, the company paid the actual excise duty after two months. I therefore, would like to urge upon the hon. Minister that the documents which are prepared by the company are doubtful. Besides this, we have doubts on the statement also given by the hon. Minister. I believe that it is such a grave matter as needs a high-level inquiry and needs to be thoroughly investigated. I reiterate my friend's demand for handing over this matter to the C.B.I. The C.B.I. should thoroughly investigate the whole matter, so that we may come to know the truth.

[English]

SHRI M. V. CHANDRA SHEKARA MURTHY (Kanakapura): Mr. Deputy Speaker, Sir, I rise to participate in the alleged missing of seventy Maruti vehicles. I am surprised at the statement of the Minister and some parts of the statement is quite funny. Seventy vehicles were discharged from the factory. Gate passes were issued. Excise duties payments were made and on the transit it was damaged. Was it reported to the police authorities and to the Excise Department? The Minister has totally failed to explain to this House how the damage was caused and when was it reported. This is a very serious matter. Also, the Chairman of that undertaking has come out with two explanations. But he could not justify the missing vehicles. On the contrary, on 8th of August, he was confronted with a fresh evidence admitting that gate passes issued were genuine and all these vehicles got damaged and they had to pay excise duty. This has created a serious

doubt and suspicion in the minds of the people. More than that, the people and the nation is losing confidence in the Executives of the public sector. That is the most important factor that the Minister has to bear in mind.

I want to put some specific questions. Firstly, how did the chasses that did not exist, suddenly came in to existence. Secondly, how did the engines that had been fitted on other cars and had been despatched, suddenly appeared and excise duty was paid on them. Once again I doubt it that the dismantled left-hand drive vehicles suddenly became alive and got despatched to Malcha Sales and Service Centre. More than that, when the company sells the vehicles, some stock transfer challan has to be prepared. But that has not been done. One can easily infer that all this was done in connivance with top officials. They are now trying to cover up this scandal and to hush up this scandal. I want to know from the hon. Minister whether he is prepared to have a thorough inquiry conducted by the CBI and punish the guilty. That is most important. The Executives have prepared a statement. We are not prepared to accept whatever they say. Especially the public sector undertakings are gaining momentum now. If these things are allowed, then in the near future, the entire public sector will be after such activities only. So, we have to be very cautious. I, therefore, urge upon the hon. Minister and join the other friends in demanding a fresh CBI or a high level inquiry by the Department.

[Translation]

SHRI ASHOK ANANDRAO DESHMUKH (Parbhani): Mr. Deputy Speaker, Sir, I would like to draw the attention of the House towards the seventy damaged vehicles. The Maruti Udyog Limited is the weakest among all the Public Sector Industrial Units in the country. Its financial condition was already poor,

[Sh. Ashok Anandrao Deshmukh]
 and in spite of that these 70 vehicles were also disappeared. I would like the hon. Minister to give us details about the dealers to whom these cars were despatched, the trailers on which they were loaded, the details of gate-passes issued at the time of taking out these vehicles; the place where they got damaged; the date on which they came back; the trailers on which they came back etc. etc.

First of all, they should not have allowed the cars to be taken out, without the payment of excise duty. Let us agree that it could have been a mistake but what are the reasons of changing their numbers and sending them out again? Shri Malhotra has already referred to the gate-passes. All this goes on to prove that the gate passes Nos. 32390-32397 were forged. While a computerised system has been in existence in the company for the last 7-8 years and in that context, there is no question of any handwritten pass. They were to tell only about the gate-passes, but the challans were not filled in, therefore, the officials who were responsible for the disappearance of the vehicles should be suspended forthwith and an inquiry should be conducted against them. This is the highest corruption. They should be given severe punishment for their misdeeds. With these words, I conclude.

[English]

359-66
SHRI MORESHWAR SAVE (Aurangabad): Mr. Deputy-Speaker, Sir, I rise to participate in this Calling Attention discussion. As a matter of fact most of the points have been covered by earlier speakers and I would touch only some of those points which are left out; I would not take much of your time.

First of all, I fail to understand why the hon. Minister is trying to cover up his matter. This episode had taken place during 1983 to 1986 and since then whenever the matter was raised some different statements were made and some explanations

were given and if all those explanations or pieces of information are put together, you will find all sorts of contradictions. Basically, as my friend, Mr. Malhotra has mentioned, about 5 vehicles were of left-hand drive and supposed to be for export purposes. Nine vehicles which were high-roof vans the model of which was discontinued three years back, why these nine vehicles could come within the damaged vehicles?

I will give the details now. These 70 vehicles consisted of 11 standard cars, 15 A.C. cars, 5 cars of left-hand drive, 13 flat-roof vans and 9 high-roof vans, 6 soft top Gypsies and one hard-top Gypsy. I fail to understand how a discontinued model would come within these 70 vehicles during that period. In fact, the highest level management was aware of all this *modus operandi*, and they were fully a party to that affair and in spite of that, all sorts of false information were furnished whenever such inquiry has taken place. Unfortunately, at the time of reconciliation of stock it was found that it is not only 70 vehicles that were missing, but almost more than 200 vehicles were missing and thereafter, there were clarifications and all sorts of things. As a matter of fact, as far as my information goes, such vehicles which were passed without payment of excise duty have been sent to Hyderabad and they have been sold actually to different parties and when this matter was raised in Parliament and different newspapers published it, thereafter they tried to recover these vehicles from different parties to whom these vehicles were sold. The whole matter is completely a sort of a Master Plan with the connivance of the highest authority in the management.

This matter is a matter of public interest and it is very important for this House and as such I request that the hon. Minister should take personal interest and should not try to cover up this matter or hush up this matter and he should go into the

depth of all this either through CBI or through a Parliamentary Committee. (*Interruptions*). They should look into the matter and go into the details.

[*Translation*]

SHRI SARWAR HUSSAIN (Bulandshahr): I am on a point of order, why is he repeating such things, why is he accusing the hon. Minister that he is trying to hush up the matter? (*Interruptions*).

[*English*]

SHRI MORESHWAR SAVE: Sir, I have not alleged anything against the Minister. On the other hand, I have only requested him to go into the depths and investigate the matter thoroughly.

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SHRI AJIT SINGH: Mr. Deputy Speaker, Sir, I would like to state that it is heartening to note the level of interest the hon. Members have in Maruti Udyog Limited; whether it is freight increase or whether it is model change or car allotment or delivery or dealership, there is a fascination with Maruti Udyog Limited. There are other public sector units like HMT, CMC etc., which deal with consumer items. They are hi-tech public sector units. But the interest in Maruti, as I said, is heartening to note, especially in the car allotment and the dealership. I would like to state here that the Maruti Udyog Limited is one of the public sector units which has exceeded all its targets every year, whether it is the production target from the first year or whether it is profit target. Same is the case for productivity per person also. I will try to explain as to how the system works and I am sure Mr. Malhotra, Mr. Rawat and others will understand that one cannot have non-existent vehicles. You cannot pay excise on non-existent vehicles. Mr. Malhotra raised some questions about dealership. I agree with him and I am sure everyone on this side knows that a lot of—if I can use the word—‘hanky-panky’ was done in allotting

dealerships and to get over that problem and to remove the discretionary power with the Board or with the Minister, we have instituted a new system whereby after qualifying the people who want to apply for dealerships, there would be a bid, sealed tenders would be invited and a foundation would be set up with the money collected and the highest tenderer would be awarded the dealership. We would also make sure that the existing dealers are excluded from getting new dealership.

[*Translation*]

SHRI MADAN LAL KHURANA (South Delhi): Let the existing dealers also be in the same line. (*Interruptions*).

SHRI SOMNATH CHATTERJEE (Bolpur): They have set up even a hotel. (*Interruptions*).

[*English*]

SHRI HARISH RAWAT: Now, it is time for the Lok Dal people.

SHRI AJIT SINGH: We do not believe in that. As I said, with the money collected a foundation will be set up which will train the young men from the rural areas in the trades so that they can get employed in Maruti Udyog Limited or in its ancillaries. Regarding this particular misunderstanding, as I would call it, I will explain the system. When the cars go out, excise is paid. From 1983 to 1986, the Insurance company was handling any damage or anything. The cars would belong to them and they did not come back to the factory. Therefore, there is no question of so-called missing cars from 1983 to 1986. From 1986, Maruti itself covered the transit damages. So, when the cars came back, the excise was paid at the end of the month. The letters are sent at the end of the month. If during that month a car was to be replaced, they took the old excise papers and replaced the numbers of the new cars being sent. So, the old numbers were replaced by the new numbers in the mistaken

[Sh. Ajit Singh]

belief that excise was not to be paid since the cars have not gone to the dealer or were not used. Our record says that only 112 cars were damaged and not 212 cars. If it was the next month or a month after when any such thing took place then on the new car excise was paid on that also. For the 70 cars which were replaced during the month, records were not sent.

So, in the records, the number was changed.

SHRI BANWARILAL PUROHIT (Nagpur): Over-writing or scratching is prohibited as per excise law.

SHRI AJIT SINGH: I admit. When this came to the notice of the authorities, they decided that the excise should be paid on those 70 vehicles.

Let me remind you once again, every year two audits are done on the records—commercial audit and statutory audit—and nowhere there was any mention of any wrong-doing. But the management as soon as they came to know of these 70 vehicles, in order to pay the excise duty on them, they prepared the gate passes. That is why, we call non-existent because those cars were not there. I admit, it could have been done in a better way as Shri Malhotra suggested or as Shri Rawat suggested. Excise Department could have been informed and without this procedure, excise could have been paid. But there was no *mala fide* intention in this. But I admit, it was a wrong-doing but no *mala-fide* was involved. (Interruptions). They did all the wrong thing including in regard to Maruti dealership and awarding of other contracts. But this is the money being paid by one Government department to Excise Department. There could not be any intention of not paying it or hiding it. I do agree, the procedure could have been better.

SHRI SOMNATH CHATTERJEE: How were they damaged?

SHRI AJIT SINGH: During 1986-88, 100 and odd cars were damaged. (Interruptions.)

MR. DEPUTY SPEAKER: What is going on? Order, please.

SHRI AJIT SINGH: I would like to reassure Mr. Malhotra and other Members that we will not try to cover up or hide any wrong-doing done whether in this Government, or during the previous Government.

Now let us come to the question of left hand drive Maruti.

[Translation]

SHRI MADAN LAL KHURANA: Why don't you order an enquiry into the dealership issue?

[English]

SHRI AJIT SINGH: That is a different question. (Interruptions). Now about the question of left hand drive vehicles for which no excise was paid. I would like to state that left hand drive vehicles are only for export. There is no excise paid when they leave the factory but when they return damaged, there is the question of paying excise for those vehicles. Excise is not paid only when they are actually exported. When left hand drive vehicles were not exported—when they were damaged and came back—there is no question of not paying excise on them.

I admit again that this was a wrong procedure. But no *mala fide* was intended though making any adjustment in the record was also wrong in the law.

Again I would say that no *mala fide* was intended. As soon as this error was found out, the management said that it was wrong in law.

PROF. VIJAY KUMAR MALHOTRA: That was wrong in law.

[Translation]

It may not be *mala fide* but they have violated the rules. (Interruptions).

[English]

SHRI AJIT SINGH: Whatever action is to be taken, can be taken at the Maruti Udyog level. I do not think that the Members of Parliament should be exercised over it. I am admitting it was wrong in law. Wrong procedure was followed. Whatever action is needed against that will be taken in that case.

(Interruptions)*

MR. DEPUTY SPEAKER: This will not go on record.

(Interruptions)

MR. DEPUTY SPEAKER: Mr. Chandra Shekhar, you please take your seat.

SHRI CHANDRA SHEKHAR (Ballia): I am entitled for a reply. I am an hon. Member of this House. I put specific queries. The hon. Minister has failed to reply.

MR. DEPUTY SPEAKER: First sit down. I will tell you. If you have studied the rules and if you understand things properly and if you understand the procedure properly, the rule which has been framed says:

“There shall be no debate on such statement.”

SHRI CHANDRA SHEKHAR: I know it very well.

MR. DEPUTY SPEAKER: Why are you raising it then? The rule says:

“There shall be no debate on such statement at the time it is made but each Member whose name stands in the List of Business may, with the permission of the Chair, ask a clarificatory question, and the Minister shall reply at the end of all such questions...”

SHRI CHANDRA SHEKHAR: The reply by the hon. Minister that excise duty was not paid on the left-hand driving vehicles is not correct. You see the photostat copy.

MR. DEPUTY SPEAKER: I will explain to you later. You sit down.

SHRI CHANDRA SHEKHAR: No stock transfer challan was made out at the time of delivery. I am entitled for a reply.

(Interruptions)*

MR. DEPUTY SPEAKER: It is not allowed.

(Interruptions)

MR. DEPUTY SPEAKER: You all want that all important matters should be discussed on the floor of the House. It is in your interest. If you are not taking the time of the House unduly, you would be able to discuss important matters. Punjab Budget is an important issue. You are discussing it. If you get up again and again, that will not be proper. If you take the time of the House unduly in this manner, then you suffer and no one else. It is not the Hon. Speaker or the Presiding Officer who is speaking in the House. It is you who are speaking in the House. It is in your interest to please cooperate and please understand that after the Calling Attention Motion, questions are put by the Members. The Hon. Minister replies and we do not carry on, we do not prolong, and we do not extend the discussion. We end it there. Now, you will not spring up.

*Not recorded.