

[श्री हुकम देव नारायण यादव]

हूँ लेकिन इस रूल को पढ़ता हूँ तो इस रूल से तो आप को पूरा अधिकार प्राप्त है ? फिर दूसरे रूल का प्रश्न ही नहीं उठता है । वित्तीय कार्य को समय पर पूरा करने के लिए आप सभी शक्तियों का प्रयोग कर सकते हैं ।

**SHRI B. SHANKARANAND** (Chik-kodi): Sir, you look at the Order Paper for today. Item 16 refers to the introduction of the Appropriation Bill. It has been introduced. Now, what is the business before the House about which you are suspending the rule? Rule 218(2) says:

"At any time after the introduction in the House of an Appropriation Bill, the Speaker may allot a day or days, jointly or severally, for the completion of all or any of the stages involved in the passage of the Bill by the House, and when such allotment has been made, the Speaker shall, at 17.00 hours on the allotted day or the last of the allotted days, as the case may be, forthwith put every question necessary to dispose of all the outstanding matters in connection with the stage or stages for which the day or days have been allotted."

Now, what happens if you suspend this? Can the Appropriation Bill come up again? You read the rest of the sub-rules, sub-rules 3, 4, 5 and 6 which follow sub-rule 2. If at this stage this House is going to suspend the rule, I do not know what will happen to the Appropriation Bill. Can you bring it again before the House, because you have to pass it? I think the Minister has chosen the wrong time for asking the House for leave to suspend the rule.

**SHRI VASANT SATHE** (Akola): This is only misappropriation.

**SHRI H. M. PATEL**: It has not taken place yet.

**MR. SPEAKER**: What is the difficulty? Will there be any practical

difficulty if we take up the Bill tomorrow?

**SHRI H. M. PATEL**: No.

**MR. SPEAKER**: Then, suspension is not necessary.

**SHRI H. M. PATEL**: I am quite willing.

**MR. SPEAKER**: Then, we can have it tomorrow. Suspension is not necessary at all. I have fixed tomorrow as the date.

#### BUSINESS ADVISORY COMMITTEE SIXTEENTH REPORT.

**THE MINISTER OF PARLIAMEN-TARY AFFAIRS AND LABOUR** (SHRI RAVINDRA VARMA): I beg to present the Sixteenth Report of the Business Advisory Committee.

18.28 hrs.

[SHRIMATI PARVATHI KRISHNAN in  
the Chair]

#### HALF HOUR DISCUSSION

##### PRICE HIKE ON TYRES.

**SHRI K. P. UNNIKRISHNAN** (Badagara): The discussion that I am raising today is of great relevance and is illustrative of this Government's double-faced economic policies. Nothing illustrates it more than the price hike on automobile tyres announced by the tyre manufacturing companies last month.

This morning we have been given the blueprint of the Janata Party to end what they call industrial feudalism. I must say I welcome it. On the surface it is a good document, but they have also been saying something more for the last one year or so. Particularly my friend the hon. Minister for Industry, comrade George Fernandes, has said that he is opposed to multi-nationals, that he is opposed to monopolies and is very

serious about the implementation of the MRTTP provisions, that they want generation of employment, small-scale industries, primacy of agriculture and what have you.

Now, this collusion which is evident in this price hike affects directly or indirectly over 135,000 of the raw material producers of natural rubber, and over 300 thousand single truck owners particularly in States like Punjab and consequently, there will be an adverse impact on the entire price level.

On March 13, the Minister had a meeting with the tyre manufacturers. I would like to know what has happened in this meeting? After this meeting, all the tyre manufacturers raised the prices of tyres. by 10 to 12 per cent. These two figures are very important because the multinationals raised it at a particular level. The tyre industry is dominated by multinationals to a large extent, their production capacity as well as their licenced capacity. It is done to hoodwink and overcome the provisions of the MRTTP Act. Above all, it violates the Act and the specific MRTTP Order in the case of Restrictive trade practices enquiry number 1 of 1971 where Justice Nain and others have given a clear verdict that:

"The aforesaid restrictive trade practices relating to or arising from the aforesaid clause of the General Code of Conduct and the provisions of Annexure II appended to the amended application of the Registrar shall be discontinued and shall not be repeated by the Respondents or any of them, directly or indirectly or in any manner whatsoever."

So, this is what exactly is being sought to be violated. Now, to overcome these difficulties, they have fixed with the help of this Government two different prices to prove that there is no restrictive trade

practice. It is a total violation of this Order as well as the provisions of the MRTTP Act.

Earlier the Minister, hon. Comrade George Fernandes, had threatened, as he very often does, and charged in the Consultative Committee meeting that these people were jacking up the prices and engineering strikes and lock-outs. We, all of us, welcomed the assertive tone of the Minister. But what has really happened? Take the raw material prices. They have gone down in proportion to the percentage used in the manufacture of tyres. Take natural rubber, the consumption of which is 40 per cent in tyre manufacturing, in Cochin, the price of it has come down from Rs. 10 to Rs. 10.50 per kg. at Cochin price in 1974-75 to less than Rs. 6.50 or around Rs. 6.50 per kg. The demand of the rubber producers is that they should be given a fair price which is being opposed by this Ministry. Lakhs of farmers are demanding that supported by the plantation labour.

Whether it is a question of implementing the MRTTP Act or controlling the multinationals or a fair remuneration for the producer, on all counts this Government in collusion with multinational interests and certain other interests, certain highly influential VIPs connected with this Government—I do not want to name them right now—are pursuing policies which are against their own declared policies and national interest.

There has been a demand for raising the price of natural rubber to Rs. 760, which is being opposed, based on the cost, account study of the Government of India.

There was also in the name of tyre exports a subsidy which they used to give for tyre manufactures. A cess of 10 paise per kg was imposed on natural rubber. The revenue income has gone up from Rs. 3.68 crores in 1975 to Rs. 5.8 crores last year. The cess continues. But the subsidy on

[Shri K. P. Unnikrishnan]

tyre exports has been withdrawn. The subsidy should have helped, in no way affecting the exchequer, to push out a substantial quantity of our tyres manufactured in this country.

On the top of it, they bring this excise. It affects 4½ lakhs of vehicles and, according to a study made by the National Council of Applied Economic Research, 80 per cent of the transport operators belong to the small sector whom they want to encourage. They are self-employed people or pneu-truck owners whose economy has been going from bad to worse, thanks to the high price level. This has been pointed out even in this House on a number of occasions. The Minister has also been threatening the private sector and multinationals that he will go in for tyre manufacturing, the entire tyre industry, in the public sector. We have not heard anything so far after this threat. We would like to know where he stands in relation to his various promises and my allegation which was earlier also made in a different way by my hon. friend, Mr. Jyotirmoy Bosu on 30th March 1978.

I would like to know, firstly, whether the hon. Minister has really colluded as per the allegation or rumours or impressions and, if so, what is his agreement and, if not, what does he propose to do? More important than that is the perspective that he has in helping, as I said, the small truck operators because, I presume, it is the Janata Party's interest to help the small self-employed people. They talk about remunerative price for the small farmers; they talk about the primacy of agriculture. Then, they say that they are against multinationals. Coca Cola is an isolated example. Let him not throw it at us every time. I want to know how he is going to deal with these multinationals in this sphere and also how he proposes to deal with total violation of the MRTP Act

as well as the operation of multinationals. I hope, he will clarify these issues.

SHRI JYOTIRMOY BOSU (Diamond Harbour): Madam Chairman, I would like the hon. Minister to tell us as to how these foreign multinational tyre companies are evading payment of excise through the process of down-grading their products. Secondly, is it also a fact that although there was a price rise only about two or three months ago, they have, in fact, forced a price rise of 15 to 17 per cent whereas the local manufacturers' price rise is much lower? Why is this so? And I would also like to know whether any cost account audit has been done to find out the true first cost of production that the factory gets. And is it also a fact that the Soviet team had said informally that the cost of a tyre in this country is more than 350 per cent, more than the true first cost of production? If so, what action do they propose to take to curb these foreign monopolists like Dunlop, Good Year, Firestone, etc?

SHRI VAYALAR RAVI (Chirayinkil): Can I ask one question?

MR. CHAIRMAN: Only one question. Will you just listen to a what I am saying? Your one question should be a question and not speech.

SHRI VAYALAR RAVI: Whether it is a fact that tyre companies are fixing their prices of the tyres on the basis of thousand rupees per quintal of the raw rubber.

SHRI GEORGE MATHEW (Muvattupuzha): The tyre manufacturers have submitted to DQTD and DGS&D that the price of natural rubber at Kottayam, used by them, is Rs. 750 per quintal of RMA-4 and whereas the actual price or (FOB) at Kottayam is Rs. 655 per quintal for RMA-1. Now there was an USQ

No. 652 to day morning and it was mentioned that the tyre manufacturers were opposing the raising of the minimum price of natural rubber, which is only Rs. 655 per quintal for RMA-1.

MR. CHAIRMAN: What is your question?

SHRI GEORGE MATHEW: I want to know whether the Minister agrees with the tyre manufacturers—when the natural price of rubber is only Rs. 655 per quintal for RMA-1, they, the manufacturers, are still quoting Rs. 760 as the purchase price of the rubber at source. I want to know what is the price they are quoting according to the Minister, and what does he propose to do about it?

MR CHAIRMAN: Comrade Minister.

THE MINISTER OF INDUSTRY (SHRI GEORGE FERNANDES): Comrade Chair, person.

MR CHAIRMAN: This is the cultural background.

SHRI GEORGE FERNANDES: A number of questions have been raised in course of discussion and allegations, rumours, impressions, I do not know which one, have also been quoted perhaps to suggest collusion between Government and also perhaps between the Minister and the Industry.

SHRI K. P. UNNIKRISHNAN: Minister.

SHRI GEORGE FERNANDES: I thought you said that.

(Interruptions)

MR. CHAIRMAN: I think the Minister did not interrupt you.

SHRI GEORGE FERNANDES: Comrade, it is true that there has been an increase in tyre prices from 1st of April. Earlier, there was a

suggestion made or rather a proposal made by the tyre companies in June 1977 for a price increase. But then they told that, in the context of the assurances given by the Industry generally and the Government's appeal to industry in particular, there shall be no price increase till December 1977. They should not discuss this; they should not even think in terms of any price increases. Then they agreed that they would not increase the prices. Soon after December 1977, the tyre companies started raising this question of prices. They came forward with their own case, their case being that the cost of some of the raw-materials used in the manufacture of tyres had gone up.

SHRI K P UNNIKRISHNAN: It is correct.

SHRI GEORGE FERNANDES: Yes, it is correct in regard to certain items.

(Interruptions)

SHRI JYOTIRMOY BOSU: Does it justify this amount of price rise?

SHRI GEORGE FERNANDES: I have not completed.

MR CHAIRMAN: I think if Members will be patient, the comrade Minister is accustomed to reply in a friendly, manner. So, you will be able to ask questions at the end.

SHRI GEORGE FERNANDES: It is true that there has been an increase in the prices of certain items that go into the manufacture of tyres.

SHRI K. P UNNIKRISHNAN: There has been a decrease also.

SHRI GEORGE FERNANDES: I have not completed. Why don't you let me complete it? The case of the tyre companies was that the items that have gone up in prices are synthetic rubber, reclaimed rubber, cotton fabric, rayon fabric, bead wire, carbon black, pigment and chemicals.

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There is a slight increase in the cost of wages, a similar increase in the cost of fuel, electricity and other inputs all of which work out to about 10 per cent of the total cost involved in the making of a tyre. We tried to put across to them, rather we put across to them that while it is true that the prices of certain items of inputs that go into the making of a tyre have gone up, but there has also been a decline in the price of raw rubber which is substantial, from what it was in 1974-75 to what it is 1977-78. It was also pointed out that there has been a decline not only in the price of raw rubber but also in the interest rates. Then the inventories position also had improved. Therefore, in terms of their own interest payments they were able to effect certain economies....

SHRI JYOTIRMOY BOSU: That is 10 per cent again.

SHRI GEORGE FERNANDES: Yes. So, taking the entire picture, we were to tell the tyre industry that there was no justification, as far as we could see, for an increase in the prices. It is true that there was a meeting on the 13th March but at the 13th March meeting it was no so much the price question that was discussed but certain other problems of the tyre industry were discussed. Of course, the tyre industry has been having its own difficulties. The fact is that a number of tyre units have made substantial losses last year....

SHRI JYOTIRMOY BOSU: That is what their balance-sheets show.

SHRI GEORGE FERNANDES: Ultimately one goes by certain figures.

SHRI JYOTIRMOY BOSU: You know how correct they are.

SHRI GEORGE FERNANDES: We, therefore can take effective measures to correct the situation also. But the point is that four of the tyre units

suffered losses. Madras Rubber in 1976-77 locked up with a loss of Rs. 84.71 lakhs. Premier Tyres had a loss of Rs. 1.72 crores. Modi Rubber had a loss of Rs. 2.38 crores. But four other tyre companies made profits. Dunlop made a substantial profit of Rs. 4.24 crores. Firestone—Rs. 21 lakhs. Good Year—Rs. 25 lakhs. Ceat Tyres—Rs. 1.08 crores. This is for 1976-77.

Now, as far as Dunlop is concerned, it has not only tyres but, it has other areas of manufacture also. Therefore their case was, "Our profits are not so much from the tyre business as from other areas." ...

SHRI JYOTIRMOY BOSU: Did the government examine it?

SHRI GEORGE FERNANDES: We have not yet come into the picture. You seem to be too much in a hurry, Comrade Bosu.

SHRI JYOTIRMOY BOSU: Yes, I am.

SHRI GEORGE FERNANDES: The case of the companies, therefore, was, by and large, that the industry has not been doing well and here is the additional cost involved and, therefore, 'we need certain concessions.' They wanted to discuss excise, they wanted to discuss capacity utilisation and how to stimulate the total economy so that the tyre industry could pick up as production has not been upto the installed capacity. Excepting three companies, the rest of the tyre companies have been performing well below their capacity. Inchek—42 per cent.

SHRI JYOTIRMOY BOSU: That is an Indian company.

SHRI GEORGE FERNANDES: Madras Rubber—55 per cent, Falcon—75 per cent, JK.—87 per cent, Apollo—43 per cent Firestone—65 per cent Dunlop—90 per cent. Therefore, there has been a certain set back to the industry generally and these were the various points which they came to dis-

cuss. On prices we were to tell the tyre companies that there was no justification for any increase in prices because even assuming that there has been an increase—there has been an increase in certain inputs—but there were other areas where there has been a decline like the prices of rubber, interest rates, inventories, etc

SHRI GEORGE MATHEW: What is the price quoted by them for natural rubber?

The price of natural rubber as of now...

(Interruptions).

SHRI GEORGE FERNANDES: I would not be able to tell what is the price that the manufacturers are quoting for natural rubber.

SHRI GEORGE MATHEW. To the D.G.T.D. and D.G.S. & D.—the tyre manufacturers have to give the purchase price of natural rubber. They have to give them the break up. Because the Government is purchasing so many tyres, therefore, they have to give them the break up of their price.

SHRI GEORGE FERNANDES I will be able to find that.

SHRI GEORGE MATHEW: It is Rs. 760 per quintal.

SHRI GEORGE FERNANDES: Fair enough, may be 780.

SHRI JYOTIRMOY BOSU: To find out the cost of production at the factory gate exercise must be done by the Government and Government may satisfy itself.

SHRI GEORGE FERNANDES: Please do not be in a hurry. Comrade Chair person, there was no case as far as we saw the problem for a price rise. However, in the end of March the tyre companies were to increase the prices. There are two points. One is that the prices have gone up by about 10 per cent and all the tyre companies have simultaneously raised the prices. Now, clearly there is a breach of the

MRTP Act, MRTP regulations. In fact the breach is not only of the MRTP regulations but also there is a breach of promise because in 1976 tyre companies made a promise before MRTP Commission that they would not any more operate as a cartel. They gave this assurance. This assurance was accepted by the then Government obviously and one assumed that the tyre companies would behave like good boys who give a word and then keep it. It is now obvious...

MR. CHAIRMAN: Like Comrade Jyotirmoy Bosu.

SHRI GEORGE FERNANDES: Like Comrade Jyotirmoy Bosu, this is what the Chair person says. I do not say.

Now it is obvious that the tyre companies have not kept their word. That even while they may not be operating as a cartel in the formal sense of the term, in an informal way they are operating as a cartel.

As far as we are concerned, it does not make any difference whether they operate formally or informally. As far as we are concerned—as a Government, or any person or as MRTP Commission—it does not make any difference because they are functioning just now as that of a cartel.

SHRI JYOTIRMOY BOSU: One used to manufacture for the other.

SHRI GEORGE FERNANDES: Fair enough, may be.

You have knowledge of this subject having dealt with the tyre companies better than perhaps I would have.

SHRI SAUGATA ROY (Barrack-pore): What a compliment!

SHRI GEORGE FERNANDES: So therefore, there is a clear violation of the MRTP regulations and the Government, therefore, would take steps to see that there is an immediate MRTP investigation into this—call it formal, call it informal, but into this cartel formation on the part of the tyre

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companies once again in order to jack up prices, because if there is justification to put up prices and as I said there has been a price increase in certain areas, there is no price control on tyres, so, technically, it is open to the tyre companies, particularly to a tyre company which feels that it is losing and it is not able to market tyre at a price which it must get for the inputs that it is putting into the making of a tyre. It is open to raise its price. There is no statutory price control. But the fact that all of them gang up and put up the price at the same time and on the same basis suggest that it is not one of those exercises where people were concerned with prices generally, but there was a concerted move on the part of all of them to put up price. Therefore, M.R.P. is involved and Government would, therefore, refer this matter to MRTP Commission so that an investigation into this new cartel is made. The other question is of the prices itself. As I said, there is no price control. There is no statutory price control. Just now it is not even the sellers market. For all purposes it is the buyers market. Knowing the state of the automobile industry today, knowing the situation in the tyre industry today, it is, for all purposes, a buyer's market it is not a seller's market. And yet if the companies decide to put up prices, obviously they feel strongly about it. We would therefore now like that the areas where costs have gone up and the areas where costs have come down have to be examined.

And already, Comrade Chair-person, the B.I.C.P. (The Bureau of Industrial Costs and Prices) is seized of this question.

The moment we get a report from the B.I.C.P. we shall be able to deal with the tyre companies and tell them that this is the cost structure...

**SHRI JYOTIRMOY BOSU:** Would you like to lay this Cost Exercise of the B.I.C.P. on the Table of the House?

**SHRI GEORGE FERNANDES:** I would not have any difficulty in doing that.

**SHRI JYOTIRMOY BOSU:** I am much obliged.

**SHRI GEORGE FERNANDES:** I would not have any difficulty in taking the House into confidence on the exact price structure and the cost structure of the tyre industry.

I would have no objection of taking the House into confidence, because, this is not a matter where any State secret or where any official secret is involved. Nothing like that is involved. The costs are there; the prices are there; and we would certainly like to place this before the House, as and when any information in regard to the actual costs comes into our possession.

**SHRI JYOTIRMOY BOSU:** How soon do you think?

**SHRI GEORGE FERNANDES:** The moment I get the information in my hand on the exact situation of costs, I shall take the House into confidence in this respect. There should be no problem on that account.

Therefore, the only submission that I would like to make to you, Comrade Chair-person, is this.

While my friend, Comrade Unnikrishnan is fully justified in getting exercised over the price rise, his other exercise about the Government's collusion was not at all called for. That is the least that I could tell him—that it was not at all called for. I could say something stronger, but he knows that I would not say that.

**SHRI SAUGATA ROY:** You are mincing words..

**SHRI GEORGE FERNANDES:** I would not use any strong language, certainly not with him.

MR. CHAIRMAN: I assure you, he would answer you in a comradely manner!

SHRI K. GOPAL (Karur): This is collusion between you and him!

SHRI GEORGE FERNANDES: He has of course raised wider questions of our attitude towards multinationals. I will not refer to Coca Cola or I.B.M. or any of those things here. I will not discuss the industrial policy here. I do not think it is necessary to do that. We have discussed this quite often in this House. And, in so far as Government's approach to multinationals and large houses is concerned, he very rightly commented on the Economic Policy of the Janata Party which has been published today. He may rest assured that there will be a series of measures which will be forthcoming, which will undo all that you did, for the last 30 years. We shall come forward with a package of measures and I am sure....

SHRI K. P. UNNIKRIISHNAN: I welcome it.

SHRI GEORGE FERNANDES: I am glad that you welcome it.

The only confusion in my mind is, how come that you created such a situation and waited for thirty long years for us to come here so that we could undo it? That is something which I do not understand. Why did you create all these situations? Why did you build up all these 'MRTP' houses? Why did you build up all these large houses? Why did you build up these family enterprises? Why did you wait for thirty long years till did you wait for thirty long years till such time that the Janata Party came into existence here on this side of the House, pushing you to that side of the House? And now, you get up and say, 'Now, fellows, we have created this monster; will you please dismantle this

monster?' Well, you have created this monster. We shall dismantle this monster.

I assure you that the policy that you read in the newspapers today and which you think is a good policy, will be implemented to the last letter.

And I hope that you, who have been victims of these monsters that were created by the powers-that-be—and I hope that you were not a part of the powers-that-be—would not only welcome what we are now planning to do and what we shall be doing, but, you would also find out ways and means of co-operating and supporting us in all our actions in dismantling all these rotten structures which had been built up.

19.00 hrs.

SHRI K. P. UNNIKRIISHNAN: Just one point. On the question of export subsidy for tyres, I mentioned about the Rubber Cess. It was collected in the name of giving subsidy for exporting.

SHRI VAYALAR RAVI: rose.

MR. CHAIRMAN: Mr. Ravi, will you please resume your seat?

Let Mr. Unnikrishnan put his question.

SHRI K. P. UNNIKRIISHNAN: Will you mind giving this information?

SHRI GEORGE FERNANDES: I would need some notice to answer this. I would be most willing to answer that.

MR. CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.

19.01 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the April 27, 1978|Vaisakha 7, 1900 (Saka).