

LOK SABHA DEBATES

1

2

LOK SABHA

Tuesday April 2, 1985, Chaitra 12,
1907 (SAKA)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

WELCOME TO THE VENEZUELAN PARLIAMENTARY DELEGATION

[English]

MR. SPEAKER : Hon'ble Members, at the outset, I have to make an announcement.

On my own behalf and on behalf of the Hon'ble Members of the House, I have great pleasure in welcoming His Excellency Dr. Leonardo Ferrer, President of the Chamber of Deputies of Venezuela and Hon'ble Mr. Carlos Canache Mata, M.P. and Madame Mata who are on a visit to India as our honoured guests.

They arrived here yesterday evening. They are now seated in the Special Box. We wish them a happy and fruitful stay in our country. Through them we convey our greetings and best wishes to the Parliament, Government and the friendly people of Venezuela.

PROF. MADHU DANDAVATE : Sir, one Indian M.P. is sitting in the box. Has he gone abroad ? Has he gone out ?

MR. SPEAKER : Is he still there ?

(Interruptions)

MR. SPEAKER : You have got a very sharp eye, Professor ?

ORAL ANSWERS TO QUESTIONS

[English]

Contract of Maruti Udyog with Suzuki

*284. SHRI HANNAN MOLLAH :
SHRI BASUDEB ACHARIA :

Will the Minister of INDUSTRY AND COMPANY AFFAIRS be pleased to state :

(a) whether it is a fact that had the contract with Suzuki and Maruti Udyog been based on Japanese Yen, the price of Maruti car would have been slashed by at least Rs. 5,000 by now ;

(b) if so, the reasons for signing the contract on the basis of dollar ;

(c) whether any international tenders were invited in this case ;

(d) if so, when ; and

(e) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND COMPANY AFFAIRS (SHRI ARIF MOHAMMAD KHAN) : (a) : No, Sir.

(b) Does not arise.

(c) No, Sir. Selection of Suzuki as a collaborator was made on the basis of evaluation of proposals received against enquiries sent to a number of international reputed car manufacturers. This included determining suitability of proposed car models for the Indian Market, comparative analysis of collaboration terms including willingness for equity participation, export rights and estimated final price of the car taking into account cost of imported components.

(d) Does not arise.

(e) Such foreign collaboration agreements are normally finalised through negotiations rather than tenders.

SHRI HANNAN MOLLAH : Sir, the cost part of the reply is totally evasive specially in the context of the recent price hike of the Maruti cars and vans two days before. We want a correct reply, not such an evasive reply.

While announcing the price rise the Chairman of the Company, Mr. Krishnamurthy, told that the escalation of the Dollar has boosted up the input costs. It means the future is very grim for the buyers because the Dollar will continue to rise against the Yen in the foreseeable future and the Company will pass on the losses to the buyer. So, in this context I want to know—rather I insist on the reply to my question—whether the Government could sign the Yen contract, whether there is any procedure followed for the Yen contract with Japan when you import other articles from Japan. If you follow the Yen contract system with Japan in the case of other imports, why did not you insist on this system in this case? Who advised us to sign a Dollar contract which is very costly for our buyers?

If it is wrong, would the Government accept it and is there any possibility of re-negotiating with the party so that we can reach an agreement on Yen-contract basis?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND INDUSTRY AND COMPANY AFFAIRS (SHRI VEERENDRA PATIL) : Sir it is true that dollar has appreciated. But if you compare the appreciation of dollar with yen, I must say that the appreciation of Yen is more than the appreciation of dollar. I can give the figures.

When the contract was entered in September, 1982 (*Interruptions.*) one rupee was equivalent to 27.86 Yen and the US \$100 was equivalent to Rs. 969.50. Now, at the end of February, 1985, one rupee is equivalent to 19.80 yen which was 27.86 when the contract was entered into. Now, the US \$100 is Rs. 1,307.62. That is why, I have said that yen has appreciated more. At the time of entering into a contract, the company considered and took a considered view on the question whether the contract should be finalised in dollar or in yen and because the contract is in dollar, the company has been able to save a lot in this. I can say that the contract price of yen 5.726 lakhs at the rate

of exchange prevalent at the end of February, 1985 would have meant a price of Rs. 28,920. On the other hand, the dollar equivalent US \$ 2120 at the prevailing rate at the end of February, 1985 amounted to Rs. 27,722. From this it would be seen that the amount in rupees for a CKD pack is lower by about Rs. 1,200 because of the contract having been expressed in dollars. That is why, the company has been able to save nearly Rs. 1,200 per CKD pack.

SHRI HANNAN MOLLAH : Sir, as I have mentioned earlier, dollar will continue to rise and it would in turn increase the price of car. In that context, what about our indigenisation? How far are we successful in producing indigenised components so that we will be able to avoid import and give much relief to the buyers in our country?

SHRI VEERENDRA PATIL : So far as indigenisation programme is concerned, that was also finalised at the time of finalising the project report. In 1984-85, as against the revised target of 23% for indigenisation, the company has been able to achieve 21%. For 1985-86, the revised target is 35% and the company hopes to achieve this target. The company is in contact with the component manufacturers and it hopes that in course of time, the component manufacturers would be in a position to produce and supply whatever the components required by the company.

SHRI BASUDEB ACHARIA : Sir, the Government has recently increased the price of steel by 15% and also the price of petroleum and petroleum products. Will this price-rise not add to the cost of production and ultimately the price of Maruti cars? Or, will the new price of car which was announced day before yesterday remain unchanged despite the price-rise in steel etc.?

Regarding indigenisation of Maruti components at the end of first year, it was 24%. During 1985-86, it is to be raised, as stated by the Hon. Minister, to 45 per cent and, by 1988-89, to 95 per cent. But a doubt has been expressed by no less a person than Mr. Shinohara, a Director of the Maruti Udyog Ltd. that infra-structure for ancillary production in India is extremely weak and the ancillary vendors have also expressed their inability to supply components of good quality. In view of that, how can the programme of indigenisation be achieved?

SHRI VEERENDRA PATIL : The Hon. Member wanted to know the factors that were responsible for increasing the prices of cars and vans. Mainly two factors are responsible. One is an increase in the price of steel and another is an appreciation of the dollar. The Hon. Member also wanted to know how long the price which has been increased recently is going to be valid. I have consulted the officers in-charge of the company. They hope that the prices that have been increased recently may be valid for a period of one year. But if there is again an appreciation of the dollar and if there is an increase in the prices of inputs and all that, then the company may have to think of further increase. They hope that this price will be valid for one year.

About the components, the Company is very anxious to see that whatever indigenisation programme is there, it is adhered to. They are in constant dialogue with the component manufacturers. They have had already one meeting and they are going to have another meeting tomorrow at Madras. They are trying their best by giving technical assistance and all other assistance possible to see that whatever components are required, they are manufactured and the indigenisation programme is adhered to.

[Translation]

SHRI JAGDISH AWASTHI : Is the Hon. Minister aware that the premium on Maruti car is more than its price? If so, what steps are being taken to check that?

SHRI VEERENDRA PATIL : It is very difficult to say that Maruti Car is being sold in black because there is no distribution control and price control. Finance Ministry is trying to find out how Maruti Car is being sold or purchased with black money. I understand, and have information also that the Finance Ministry is taking some action in this regard.

[English]

Production of Fertilizers

*287. **SHRI AMARSINH RATHAWA :** Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state :

(a) the number of public and private sector units which are producing fertilizers in the country; and

(b) the total quantity of fertilizers produced in these units during the year 1984?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND INDUSTRY AND COMPANY AFFAIRS (SHRI VEERENDRA PATIL) : (a) and (b). A Statement is laid on the Table of the House.

Statement

(a) There are at present 38 major fertilizer units producing Nitrogenous and Phosphatic fertilizers of different grades. Of these, 24 units are in the public sector, 11 in the private sector and 3 in the cooperative sector. Besides, there are over 40 smaller units producing Single Super Phosphate.

(b) During the financial year 1984-85 (April, 1984-March, 1985), the final estimate of total production of fertilizers, based on actual production for 11 months and estimated production for one month, is 39.32 lakh tonnes of Nitrogen (Approx.) and 12.62 lakh tonnes of P_2O_5 , (Approx.). The sector-wise production would be as follows :—

	(Production in lakh tonnes)	
	Nitrogen	P_2O_5
Public Sector	18.52	3.47
Private Sector	15.58	5.65
Cooperative Sector	5.22	3.50
Total	39.32	12.62

[Translation]

SHRI AMAR SINGH RATHAWA : In view of the fact that the quantity of fertilizers being manufactured in the country is insufficient to meet the demand in the country, does the Hon. Minister propose to open new fertilizer factories and have the Gujarat Government sent any application for that purpose?

SHRI VEERENDRA PATIL : Our demand for fertilizer is more than the quantity produced. I have certain figures with me—the consumption for 1984-85 has been estimated to be 56.60 lakh tonnes against a production of 39.32 lakh tonnes. Thus, there is shortfall of 17.28 lakh tonnes. The short-fall is being met through import of fertilizer which are distributed amongst the farmers.