

Unutilized capacity of Wagon Industry

*140. SHRI DHAMANKAR: Will the Minister of INDUSTRY AND CIVIL SUPPLIES be pleased to state:

(a) the present capacity of wagon-building industry;

(b) the total number of orders on hand including orders from abroad and the reported decision regarding fresh orders by the Railways to the tune of 1400 wagons;

(c) whether the Industry will still be left with large unutilized capacity and if so, to what extent; and

(d) whether any survey has been made of the countries abroad with a view to finding suitable markets for rail wagons?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES (SHRI A. C. GEORGE): (a) The present effective capacity of wagon-building industry is 27815 nos. in terms of 4-wheelers. In addition, a capacity of 5,000 nos. is available with Railway Workshops.

(b) As on 1st October, 1974 the wagon industry have orders for 31,686 wagons in terms of 4-wheelers on hand. The export orders with the wagon builders are for 4,422 nos.

(c) Backlog of orders for wagons is sizeable. Execution of these orders is grossly unremunerative. Fresh flow of orders has, however, slowed down substantially. As a result, there is no optimal or remunerative utilization of installed capacity.

(d) Projects and Equipment Corporation of India Limited, which is the agency for export of wagons from the country, regularly monitors export enquiries from other countries and surveys the possible markets. An inter-Ministerial Committee has been

constituted to identify markets and work out time-bound strategy to cater to them.

SHRI SAMAR MUKHERJEE: My question was whether the Government has made a scientific study about actual requirements and the production capacity. The two can be adjusted. According to the requirements, the production could be adjusted. If sufficient orders for wagons are not there, at least some other orders may be placed so that this industry remains in running condition.

SHRI A C GEORGE: In reply to earlier question also; I pointed out that we have projected the production for the Fifth Plan. I accept the suggestion of the hon. Member that it will be worthwhile to have a long-term strategy so that the industry is kept alive and it functions properly. It is because of the financial difficulties and the unremunerative nature of the orders which are already contracted that four units which fell sick had to be taken over by the Government. Recently, one year back, we took over the Burn Co. and the I.S.W. We took over the Arthur Butler Co also Five months back, we took over the Mokhame unit of the Britania Co. Apart from all these things, we have set up a new enterprise by the name, the Wagon India Limited, to coordinate the activities of all the wagon manufacturing units so that supply and demand and marketing can be streamlined.

SHRI DHAMANKAR: May I know whether the Government is aware of the fact that private units manufacturing wagons are creating unutilised capacity artificially by selling the raw material in the market, making huge profits, instead of manufacturing the wagons?

SHRI A C. GEORGE: If specific instances are given, we will be only too glad to look into them

SHRI DHAMANKAR: I asked specifically. . .

MR. SPEAKER: Both of us have not understood the question, neither the Minister nor myself.

SHRI DHAMANKAR: Along with the Railways, the wagons are manufactured by private sector units also. They are creating unutilised capacity artificially by selling the raw material supplied to them in the market instead of manufacturing wagons. Will the Government look into this?

MR. SPEAKER: This is a suggestion for action.

SHRI RAGHUNANDAN LAL BHATIA: The hon. Minister in his statement has stated that Rs. 15 crores were given to the private companies who are engaged in manufacturing wagons. On the other hand, the public sector companies are suffering for want of finance. They have reduced their capacity. In the Amritsar Railway Workshop, last year, they produced 1500 wagons. This year, they have a target of 200 wagons because they do not have enough finances. May I know from the hon. Minister if he has got enough finances to give to the private sector while the public sector units are suffering for want of finance?

THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES AND SCIENCE AND TECHNOLOGY (SHRI T. A. PAI): There seems to be some confusion. The Question related to the information about orders placed with the private sector wagon units. Most of the wagon industry was in the private sector. Only when it fell ill that we have now taken over some of them under the Industrial Development Regulation Act. The Railway Workshops are making 2000 to 3000 wagons. Now, they say that they have the capacity of 5000 wagons. The Railways place orders with the rest of the wagon industry only after their own units are not able to make what they want. The point is that, the

Railways being the main buyer of the wagons, the wagon industry depends upon their orders that flow from year to year. We have been trying to secure, whatever the financial problems of the Railways may be, in the interest of the wagon industry, to maximise the orders from the Railways, to get the revision about prices regarding old orders which cannot be implemented now in view of the escalation in cost. And the other alternative before the wagon industry which has to be explored and which is being explored is not to depend only on the Indian market and do our best to see that the utilisation of the capacity is fully undertaken by having an export bias also for this industry.

SHRI SAMAR GUHA: I want to know from the hon. Minister whether it is a fact that more than 70 per cent of the wagon industry is located in the area of Greater Calcutta, and if that is so, what is the rationale behind setting up the headquarters of the wagon company in Delhi. Secondly, I want to know the countries abroad which have placed orders for supply of wagons to them.

SHRI T. A. PAI: The wagon industry is a very small unit which only tries to coordinate between the Railways and the wagon manufacturers. We thought that, ultimately, the location of this in Calcutta would neither provide employment nor make for better coordination. Therefore, we decided, since most of our dialogue is with the Railways on behalf of the various wagon units, it would be desirable to locate it in Delhi.

So far as exports are concerned, while we have the capacity for export, the logistic of transport also has to be taken into consideration. While the export cost of a wagon might be about Rs. 90,000, we have found, in some cases, that transporting complete wagons costs us as high as Rs. 60,000. Unless we become competitive also and try to see how best the

transport cost could be reduced, it becomes difficult for us to operate in the international market. All these questions are being looked into

SHRI PRIYA RANJAN DAS MUNSI: May I know from the hon Minister whether it is a fact or not that, consecutively for the last three years, heavy orders came from Poland, specially Poland, and other socialist countries for wagons. The orders were placed on the units which have been taken over by the Government recently and we could not fulfil the contract in time, as a result of which those countries, specially Poland, have refused to give any more orders. Secondly, is it not also a fact that the export commitment which we used to fulfil earlier in the private sector are not satisfactorily done now after we have taken them over under the public sector and the Ministry is thinking of stopping the manufacture in the public undertakings and send back the orders to the private sector units?

SHRI T A PAI: The first part that Poland has cancelled its orders because we have not been able to fulfil the orders is not correct. We have fulfilled the orders from Poland even by making some losses. In respect of the order from Yugoslavia we have found that the costs of escalation were so high that execution of those orders would have run us into losses and, therefore, we are still containing our negotiations with Yugoslavia for revision of prices. I think the problem of export is not so much our inability to fulfil. I think, after the reorganisation we shall be in a position to keep up all our commitments; in the new phase we would like to explore the possibility of getting into this business without making losses as in the past.

श्री श्रीकार लाल बेरवा : भरतपुर, राजस्थान में एक डिब्बा बनाने की फैक्ट्री है जिस की क्षमता का पूरा उपयोग नहीं हो

रहा है। साल में तीन महीने तक रा मैटोरियल न मिलने की वजह से वह बन्द पड़ी रहती है। उसको रा मैटोरियल न मिलने का क्या कारण है और साथ ही उसको काट्रेकट न देने के क्या कारण है ?

SHRI T A PAI. In the case of railway wagons when the Railways have given orders and when they have also undertaken to supply some of the basic components to the wagon industry and if as a result of some dislocation, something has happened in a factory, I think, it is a matter between the Railways and the particular factory concerned

Recession in industrial production

*125 **SHRI S R DAMANI**
SHRI P M MEHTA

Will the Minister of **INDUSTRY AND CIVIL SUPPLIES** be pleased to state

(a) whether in Government's view the stagnation in industrial production in 1973 through 1974 is a sign of the trend towards recession,

(b) the industries where stagnation is more pronounced and the reasons which have brought about this, and

(c) the major steps taken to stop it and to give a fresh start to save the country's economy as a whole?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND CIVIL SUPPLIES (SHRI B P MAURYA) (a) to (c) A statement is laid on the Table of the House

Statement

Data on the official CSO index of industrial production are available upto April, 1974 and indicate a growth rate of 12 per cent during January—April, 1974 over the corresponding period of 1973. A detailed analysis of the index by major