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PART I—Section I

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इस भाग में भिन्न-पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(Department of Industrial Development)

RESOLUTION

New Delhi, the 12th February 1968

No. 1(95)/67-A.E.Ind.(I).—In view of the widespread complaints about the quality of motor cars manufactured in India, the Government had, in exercise of the powers conferred by Section 15 of the Industries (Development and Regulation) Act, 1951, appointed, in their Resolution dated the 14th July, 1967, a Committee under the Chairmanship of Shri G. Pande to investigate and make recommendations in regard to the following:—

- (a) The extent of deterioration in the quality of motor cars, the circumstances and reasons therefor,
- (b) Whether minimum standards of quality and performance have been laid down and ensured by the car makers for the raw materials, components, and sub-assemblies, bought out or manufactured by them, and for the assembled cars.
- (c) Whether the equipment, facilities, and arrangements with them are adequate and effectively used for proper testing and inspection, and what are the additional requirements in respect of the same to ensure better inspection and quality control,

- (d) The part played by the indigenous, ancillary and other industries in this deterioration and the steps to be taken for effecting improvements therein,
- (e) The nature of effectiveness of the warranties and the adequacy and promptness of the after-sales service rendered by the dealers and other concerned, and, finally,
- (f) The necessary and feasible steps to be taken by the Central Government in regard to these matters.

2. The Committee submitted its report on 1st December, 1967. It is a very comprehensive study of the working of the industry relating to the manufacture of motor cars and its ancillary industries and has drawn attention to the reasons for the deterioration in the quality of cars manufactured in the country, the inadequacies in the quality control procedures of car and ancillary producers, the lack of proper organisation, inadequacies of technical know-how, equipment and testing facilities and difficulties in obtaining the right type and quantities of raw materials etc. The Committee has also made recommendations for the rectification of various defects and improvement of the quality of motor cars produced in the country.

A summary of the various recommendations and Government's decisions thereon is given in the Annexure.

3. The implementation of the recommendations would require concerted and detailed action by the industry, Government and dealers over a period of time. In order to ensure that the necessary improvements are effected speedily, Government intend to arrange for periodical review of the steps taken to implement the recommendations.

4. Government wish to place on record their high appreciation of the thoroughness with which the Committee has studied the various problems and made practical and constructive recommendations.

ANNEXURE

S. No.	Recommendation of Committee	Government's decision
<i>Concerning Car Makers</i>		
1	The management should become fully quality conscious and instill this consciousness at all levels of their staff and workers, through periodical lectures, demonstrations, circulation of pamphlets, awards, and incentives.	Accepted. The industry will be asked to have discussions among themselves and put forward a common programme for implementing the recommendations with a definite time schedule.
2	The managerial staff should be given training in one of the organized institutes on modern management techniques.	
3	Training courses in inspection and quality control techniques for the staff posted in these departments should be organised along with periodical refresher courses.	
4	A separate Inspection Department manned by well qualified personnel should be established in each plant and should be directly responsible to the top management.	
5	There should be a separate quality control Department manned by proper qualified personnel.	
6	Every plant should have a Company Standards Department to liaise with the Indian Standards Institution and also to lay down required company standards.	
7	Proper inspection and statistical sampling procedures and statistical quality control methods should be evolved for adoption in the three plants.	

Serial No.	Recommendation of Committee	Government's decision
8	Statistical control methods should be employed from the inspection of the incoming raw materials and components, through the assembly lines and right up to the finished products.	Accepted. The industry will be directed to obtain specifications, standards and test procedures established for this purpose from the Indian Standards Institution and to purchase materials covered by the ISI Certification Mark.
9	Indian Standards for raw materials, components, statistical quality control methods and test procedures should be followed wherever they exist. Raw materials and components carrying the ISI Certification Mark should be purchased wherever they are available.	Accepted. The industry will be directed to approach Government for any assistance needed for import of equipment etc. and to indicate the test rigs already with them and what additions they propose to make, either individually or jointly, within a period of six months.
10	Every plant should have adequate testing facilities for raw materials and components.	Accepted. The car makers will be directed to approach Government for any assistance needed for import of equipment etc. and to indicate the test rigs already with them and what additions they propose to make, either individually or jointly, within a period of six months.
11	Test rigs for testing of performance requirements of components and for evaluating the life of the bought-out components should be installed. Samples of bought-out components should also be continuously tested on test cars and test tracks. Adequate number of test cars, should be earmarked for this purpose.	Accepted. The manufacturers will be directed to implement the recommendations and confirm compliance.
12	The layout of some of the departments of the car makers should be revised whenever an opportunity arises to enable smooth flow of materials and components and to avoid duplicate handling.	Accepted. The manufacturers will be directed to implement the recommendations and confirm compliance.
13	A Research and Development Section should be established at each of the plant for re-designing components, developing new designs and analysing defects with a view to taking corrective measures.	Accepted. The manufacturers will be directed to consider this point, even in their own interests, to ensure maximum utilisation of the equipment.
14	The spare equipment capacity available should be allowed to be utilized by other plants ancillary producers.	Accepted. Manufacturers will be directed accordingly.
15	Detailed and specific requirements of standards should be furnished to the ancillary producers in addition to making available to them the testing facilities at the car maker's plant.	Accepted. Manufacturers will be directed accordingly.
16	Proper and uniform purchase and payment policies and contractual agreements should be laid down between the car maker, the ancillary producer and their suppliers, on a long term basis. Necessary provisions for penalties and compensation for non-compliance should be introduced in these agreements to ensure consistency.	Accepted. The industry will be directed to discuss with the Association of ancillary Manufacturers and the Development Commissioner, Small Scale Industries evolve a uniform purchase policy within six months.
17	All materials should be accepted only after proper inspection and testing, and not on the basis of previous supplies or brand names.	Accepted. The industry will be directed to lay down a detailed code of inspection and testing in consultation with the suppliers. The code should be strictly adhered to thereafter.

Serial No.	Recommendation of Committee	Government's decision
18	A thorough pre-delivery inspection of all cars should be made by the car maker before delivery to the dealer.	Accepted. The manufacturers and dealers will be asked to lay down a full pre-delivery inspection procedure and report compliance. A case history of the car should be maintained.
19	No car with deficient supplies of parts should be sold to the dealer. Cars should have the stipulated service tools of proper quality.	Accepted. Manufacturers will also be directed to specify the accessories and tools to be supplied with each car.
20	Tamper proof speed governors should be fitted to the cars to minimise reckless driving of the cars from the car maker's plant to the dealer's establishment.	Accepted. The industry will be advised accordingly.
21	Proper procedures for preventive maintenance and timely repair of machinery and equipment should be laid down.	
22	A proper system of collection of field data with regard to the performance of passenger cars should be evolved so that information regarding complaints, defects and failures is fed back to the car maker with a view to analysing their causes and also for taking corrective measures.	Accepted. The manufacturers will be requested to discuss among themselves and their respective dealers and evolve a uniform practice of reporting performance data.
23	The warranty with which cars are sold should be uniformly valid for a period of 12 months or a distance covered of 16,000 Kms. whichever occurs earlier. Also, all defects due to faulty manufacture or bad workmanship should be rectified and defective parts replaced during this period without passing any part of the burden, including incidental charges, to the customer.	Accepted. The manufacturers will be directed to comply with the recommendation.
24	Car makers should evolve a proper procedure for disposal of rejected material and parts so as to ensure that they do not find their way back to their plants.	Accepted. The manufacturers will be asked to evolve a proper procedure within 6 months and inform Government of the steps taken.
25	The car makers, together with the ancillary producers, should try and develop as many interchangeable components as possible for the three cars in order to increase productivity, reduce cost and improve quality.	Accepted. The manufacturers will be asked to take immediate steps in consultation with ancillary manufacturers.
26	The dealer's workshops should be visited periodically by the car maker to ensure that the spare parts that go into the original equipment are being stocked, for use during the warranty period.	Accepted. The manufacturers will be directed to take immediate action and report compliance.
27	When defects in critical components are reported from the field, the owners of all cars from that batch should be notified so that the cars are brought immediately to the nearest dealer's service station for check and rectification of defects.	Accepted. The industry will be directed to comply strictly with this recommendation.
28	The car makers may be induced to give up the production of certain components which they are currently manufacturing, which could more profitably be manufactured by the ancillary producers.	Accepted. The manufacturers will be advised accordingly.

S. No.

Recommendation of Committee

Government's decision

Concerning Ancillary Industries

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| <ol style="list-style-type: none"> 1 The Management should become fully, quality conscious and instill this consciousness at all levels of their staff and workers, through periodical lectures, demonstrations, circulation of pamphlets, awards and incentives. 2 The managerial staff should be given training in one of the organised institutes on modern management techniques. 3 Training courses in inspection and quality control techniques for the staff posted in these Departments should be organised along with periodical refresher courses. 4 A separate Inspection Department manned by well qualified personnel should be established in each unit and should be directly responsible to the top management. 5 There should be a separate quality control department manned by proper qualified personnel. 6 Each unit should have a company standards department to liaise with the Indian Standards Institution and also to lay down required company standards. 7 Proper inspection and statistical sampling procedures and statistical quality control methods should be evolved for adoption in each unit. 8 Statistical quality control methods should be employed from the inspection of the incoming raw materials and sub-components through the assembly lines and right upto the finished products. | <p>Accepted.</p> <p>The All India Automobile and Ancillary Industries Association will be requested to evolve a uniform practice after discussions among the individual ancillary units and formulate a plan of action within six months.</p> |
| <ol style="list-style-type: none"> 9 Indian Standards for raw materials and sub-components, statistical quality control methods and test procedures should be followed wherever they exist. Raw materials and sub-components carrying the ISI Certification Mark should be purchased wherever they are available. | <p>Accepted. The All India Automobile & Ancillary Industries Association will be requested to take up the matter with the Indian Standards Institution for obtaining ISI standards that have been evolved either for specification or raw materials or test procedures and existing ISI marking practice already introduced.</p> |
| <ol style="list-style-type: none"> 10 Each unit should have adequate testing facilities for all raw materials and components. Alternatively, where possible a group of ancillary units should establish testing facilities for use by all of them. | <p>Accepted. The individual ancillary units will be directed to take stock of the test facilities available with them for raw materials and make out a list of additional facilities they propose to establish. This should be further discussed at the Association level so that duplication of facilities could be avoided as far as possible.</p> |
| <ol style="list-style-type: none"> 11 Test rigs for testing of performance requirements and evaluating the life of the components should be installed. | <p>Accepted. The ancillary producers will be directed to take action accordingly.</p> |
| <ol style="list-style-type: none"> 12 A Research & Development Section should be established at each unit for redesigning components, developing new designs and analysing defects with a view to taking corrective measures. | <p>Accepted. The Ancillary producers will be asked to implement the recommendation and report the action taken.</p> |

Serial No.	Recommendation of Committee	Government's decision
13	Proper and uniform purchase and payment policies and contractual agreements should be laid down between the ancillary industry and their supplies.	Accepted. The manufacturers will be requested to consider the matter at the level of the All India Automobile & Ancillary Industries Association and evolve a uniform purchase and payment policy and a standard contractual agreement between the ancillary units and their suppliers. Similar policy should be applicable for the purchase from units in the small scale for which the Association should conduct discussions with the Development Commissioner, Small Scale Industries.
14	All material should be accepted after proper inspection and testing and not on the basis of previous supplies or brand names.	Accepted. The manufacturers will be directed to take action accordingly.
15	A proper system of collection of field data with regard to the performance of their component should be evolved so that information regarding complaints, defects, and failures are fed back to the producer with a view to analysing their causes and also for taking corrective measures.	Accepted. The manufacturers will be requested to discuss among themselves and evolve a uniform practice of reporting performance data.
16	The ancillary producers, together with the car makers, should try and develop as many interchangeable components as possible for the three cars in order to increase productivity, reduce cost and improve quality.	Accepted. The Ancillary producers will be directed to take up the matter at the Association level to evolve a provisional list of components that could be made interchangeable among the 3 makes of cars.
17	Proper procedures for preventive maintenance and timely repair of machinery and equipment should be laid down.	Accepted. The ancillary producers will be directed to take action accordingly.
18	The All India Automobile and Ancillary Association should devise ways and means to make its constituents observe the code of conduct evolved by it under pain of being disaffiliated under public notification if there is a breach of it by any producer.	Accepted. The Association will be addressed accordingly.

Concerning Dealers

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| <p>1 Every dealer should have proper equipment and adequate facilities for servicing and repair of the cars as recommended by the car maker.</p> <p>2 A dealer should have adequate stock of such parts as are used in the original equipment and should use no others for replacement of defective parts during the warranty period.</p> <p>3 The pre-delivery inspection should be thoroughly done and all defects rectified before delivering a car to the customer.</p> <p>4 The dealer should make available a list of charges for standard jobs to the user.</p> | } | <p>Accepted. Each car maker will be directed to evolve the standard procedures for their dealers and to introduce the procedure within six months.</p> <p>Accepted. All the dealers will be advised through the respective car makers to comply with the recommendation.</p> |
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S. No. Recommendation of Committee

Government's decision

- 5 The dealer should ensure that the cars transported by road do not exceed the speed limits specified by the car maker to minimise defects arising during their transportation.
- 6 The dealer should be given full authority to settle complaints regarding defective parts irrespective of the agreement that the car maker might have obtained/entered into with the concerned ancillary suppliers and thus ensure that complaints are attended to promptly without the customer having to wait for long period.
- 7 The dealer should maintain proper record of complaints received from car users and the action taken.

Accepted.

Each of the car makers will be directed to evolve standard procedure in these respects and to direct their dealers to introduce them within six months.

Concerning the Government

- 1 The Indian Standards Institution should be requested to formulate on priority basis, standards for raw materials and components with the assistance of the car makers, ancillary producers and their suppliers.

Accepted.

The Indian Standards Institution will be requested to initiate action for drawing up standards according to priorities to be assigned to various items. The representatives of producers will also be associated with this work. Efforts should be made to complete the work relating to priority items within 12 months.

- 2 The car makers should be directed to adopt and implement Indian Standards as and when these are formulated.

Accepted.

The industry will be directed to adopt such standards as and when formulated.

- 3 ISI Certification Marks Schemes should be made compulsory for all the ancillary producers on the basis of priorities to be established.

The Indian Standards Institution will be requested to prepare a list of priority items in consultation with the ancillary producers and in respect of these items ISI marking scheme might be made compulsory.

- 4 The public sector steel plants should be directed to make available raw materials of the qualities required by the industry, irrespective of the quantities involved.

Accepted.

The Department of Iron & Steel will be requested to take appropriate steps after a list of requirements and quantities in each category is drawn up by the Associations concerned.

- 5 The fabrication of special two-tier bogie wagons for transporting multiple cars by rail should be expedited.

Accepted.

The Ministry of Railways will be requested to take appropriate steps.

- 6 The Government should stop assistance to the ancillary producers whose products are found consistently sub-standard and take other corrective action. They should also not be permitted renewal of their foreign collaboration, if any.

Accepted.

S. No.	Recommendation of Committee	Government's decision
7	All the three car makers should be directed to sell cars under a warranty which should be uniformly valid for a period of 12 months or a distance covered of 16,000 kilometers, whichever occurs earlier. Also, all defects due to manufacture or workmanship should be rectified and defective parts replaced during this period without passing any part of the burden including incidental charges, to the customer.	Accepted. The manufacturers will be directed to take action accordingly.
8	In order to ensure that the car makers and the ancillary producers adopt the relevant recommendations enumerated above, technical audit cells should be set up in the car makers plants and also in the ancillary producers units, individually or collectively, as considered necessary, with a view to arresting the deterioration of quality and giving trouble-free service to the customers.	Accepted in principle. A detailed scheme for establishment of an organisation will be prepared for further action.
9	Foreign exchange should be made available for purchasing such raw materials/components of the required quality as are not available at present in the country and the industry should be assisted in getting their men trained in overseas countries.	Accepted.
10	The Government may also consider permitting the car makers to manufacture 'de-luxe model' without price and distribution control, to provide necessary incentive for technological development and also for improving the quality of the cars which are now being manufactured.	This recommendation will be examined after all the other recommendations are implemented.
11	The Government should assist in the early setting up of the Co-operative Research and Development Organisation for the automobile industry which has already been agreed in principle. Till such time as this organisation is set up, the facilities for testing cars available with the Ministry of Defence should be utilised by the car makers.	Accepted. The Indian Automobile Manufacturers Association will be asked to expedite the establishment of the research organisation and steps will be taken to ensure that definite progress is made within six months. The car makers will also be directed to utilise the testing facilities available with the Ministry of Defence.
12	The Government may also consider giving a rebate on the taxes to the car makers and the ancillary producers in proportion to the expenditure on inspection and quality control.	This recommendation will be examined in consultation with the Ministry of Finance.
13	Government should consider imposing stricter driving tests before driving licences are granted.	Accepted.

Miscellaneous

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| 1 Registration for purchase of a car should be made with the regional representative of the car manufacturers and customers should stipulate the dealer through whom the car will be accepted. | Accepted. |
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S. No.	Recommendation of Committee	Government's decision
2	Proper conditions of working, adequate amenities, awards and incentives should be provided to the workers so that quality consciousness could be instilled in them.	Accepted. The manufacturers will be advised accordingly.
3	The quality of paints should be improved. Suitable rubber components should be developed to withstand severe atmospheric conditions obtaining in the country. The manufacture of plate glass should be expedited and till then strict inspection and control methods should be adopted.	Accepted. Appropriate steps will be taken to improve the quality of paints and rubber components and, where necessary, imports also will be allowed to the required extent. Even now plate glass for windscreens are being imported pending development of indigenous industry.

ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India Extraordinary.

N. SUBRAHMANYAM, Spl. Secy.

