

tobacco/cigarette industry is that of M/s. Rothmans of Pall Mall (International) Limited, UK. The proposal is for setting up a wholly owned subsidiary with equity investment of upto US\$ 150 million to undertake the following activities:

- Purchase of tobacco for export
- Integrated agronomic development of tobacco principally in the state of Andhra Pradesh.
- Introduction of international brands from the Rothmans for the Indian consumers.
- Transfer of manufacturing technology and knowhow to the designated manufacturer in India.
- Transfer of managerial expertise to its local employees.
- To provide consulting services to its parent companies/subsidiary of the parent company on the investment climate in India.
- Sponsorship of sports events.

The company has given an undertaking to divest 26% of their shareholding to Indian partner/Indian public within 5 year.

(d) No such details have been given by the applicant.

(e) No, Sir.

(f) There has been no change in the guidelines relating to foreign investment in tobacco/cigarette industry. The existing guidelines for consideration of FDI proposals by FIPB do not stipulate any ceiling on the extent of foreign equity participation inter-alia in sectors pertaining to consumer non-durables, which include cigarettes. However, as there has been no precedent of 100% FDI approval in cigarettes so far, it was felt necessary to clarify the position vide Press Note No. 11 (1998 series) dated 27th August, 1998, that proposal for manufacture of cigarette with Foreign Direct Investment (FDI) upto 100% shall be considered by the Foreign Investment Promotion Board (FIPB) subject to the

provisions relating to compulsory licensing under the Industries (Development & Regulation) Act, 1951. This has been done with a view to lending greater transparency in decision making.

Competitors of BHEL

1609. SHRI DIPANKAR MUKHERJEE: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Search on for BHEL strategic partner" published in the Telegraph, dated 30th October, 1998;

(b) if so, the reasons for taking such a decision;

(c) the names of the global competitors of BHEL in power sector;

(d) the names of the strategic partners which Government have in mind; and

(e) the steps Government are taking to protect the commercial interest of BHEL vis-a-vis competitors in the wake of the aforesaid news-item?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI SUKHBIR SINGH BADAL): (a) and (b) Yes, Sir. BHEL is looking for tie-ups with world leaders in technology- to maintain its competitiveness. There is, however, no move to bring in a strategic partner who will have say in management.

(c) A.BB (Sweden), Alstom (France), GE (USA), Siemens AG (Germany), Ansaldo (Italy), Mistubishi (Japan) & SKODA (Czech) are some of the global competitors of BHEL in power sector.

(d) Does not arise.

(e) Technology tie-ups only improve the commercial viability of BHEL vis-a-vis its competitors.