

# RAJYA SABHA-

Monday, the 27th April, 1987/

7 Vaisakha, 1909 (Saka)

The House met at eleven of the clock.  
Mr. Chairman in the Chair.

## ORAL ANSWERS TO QUESTIONS

**Punjab Agro-Pepsi proposal involving manufacturing activity**

\*161. **SHRI SURESH KALMADI:†**  
**SHRI KISHOR MEHTA:**

Will the Minister of INDUSTRY be pleased to state:

(a) what part of the Punjab-Agro-Pepsi proposal does not involve manufacturing;

(b) what is the investment involved in manufacturing and what is the investment involved in non-manufacturing activity; and

(c) the reasons as to why the Ministry of Food and Civil Supplies and the Ministry of Agriculture are involved when usually Juice Concentrate, Snack Foods, Beverage Concentrates are being handled by the Ministry of Industry?

**THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO):** (a) to (c) A Statement is laid on the Table of the House.

### Statement

(a) to (c) The proposal submitted by the Punjab Agro-Industries Corporation for approval for manufacture of various processed foods including soft drink concentrate in financial participation with one of the Tata companies and M/s. Pepsico Incorporated of USA is a composite proposal covering the following activities:—

†The question was actually asked on the floor of the House by Shri Suresh Kalmadi.

(1) Setting up of an Agro Research Centre with an investment of Rs. 65.00 lakhs;

(2) Setting up of a potato and grain based processing unit with an investment of Rs. 8.00 crores;

(3) Setting up of a fruits and vegetable processing unit with an investment of Rs. 7.3 crores; and

(4) Setting up of a soft drink concentrate unit with an investment of Rs. 5.5 crores.

While the Agro Research Centre does not involve any manufacturing activity, the other three components involve manufacturing activities.

Since the project involves the setting up of an Agro Research Centre and processing of potato, grain, fruits and vegetables, the Ministries of Agriculture and Food & Civil Supplies have also been consulted.

**SHRI SURESH KALMADI:** Sir, when thousands of foreign collaborations have been approved in the last one year, I do not know why the Pepsi proposal has not found favour with the Government. Obviously there is something wrong with the proposal. That is why you have not given clearance to it.

**SHRI ATAL BIHARI VAJPAYEE:** Something wrong with the Government.

**SHRI SURESH KALMADI:** Not with the Government, but with the proposal. Government is okay.

**MR. CHAIRMAN:** He is not willing to take your prompting.

**SHRI SURESH KALMADI:** Sir, it is true that the soft drinks industry needs competition. From that point of view the entry of Double Cola, which is the third

largest company in USA after Coca Cola and Pepsi Cola, into this country is welcome. There is no foreign exchange outflow, there is no import of concentrate, there is no repatriation of profit. On the contrary, NRI investment is coming to this country. So when the Pepsi proposal is for the import of Rs. 5.5 crore worth of flavoured ingredients every year, how is it that Government still has not rejected this? What is also not clear, Sir...

MR. CHAIRMAN: You have a second supplementary.

SHRI SURESH KALMADI: I have not asked my question. I will just finish, Sir. You have not shown in your reply that there is Rs. 1.3 crore of technical know-how fee involved. What is this for? When they are not telling the secret formula of Pepsi, why is this not reflected here and why are you paying Rs. 1.3 crore as technical fee when there is no indigenisation, there is no technical knowhow being given to India? My question is specific and I want a specific answer, whether this import is consistent with the policy of the Government as of today and whether it is not the Government's policy that foreign collaboration, as far as consumer goods are concerned, has to be rejected outright. These are my specific questions.

SHRI J. VENGAL RAO: Sir, Mr. Suresh Kalmadi is now in the Treasury Bench.

SHRI SURESH KALMADI: But I have not lost my voice.

SHRI LAL K. ADVANI: Is it relevant to the question?

SHRI J. VENGAL RAO: No, casually I wanted to say that, Sir, the application is pending before the Project Approval Board. It has not yet come to the Government level also. When it comes, we will certainly take a decision on this.

SHRI SURESH KALMADI: Sir, he has not answered my specific questions.

MR. CHAIRMAN: He says, it is before the Project Approval Board and has not come to the Government. When it comes to the Government, he will consider all your points. Second supplementary.

SHRI SURESH KALMADI: Sir, the case has also been referred to the two Ministries-- i.e. the Food and Civil Supplies Ministry and the Agriculture Ministry. I do not know why you have not forwarded this to the Ministry of Home when foreigners are going to roam about in Punjab and why have you not referred to the Ministry of External Affairs where you require visa clearance for foreigners coming into the country. I want to ask when you rejected the Duncan proposal on the juice side, whether there also you referred to the Agriculture Ministry, there also you referred to the Food and Civil Supplies Ministry? My specific question to you is, when you referred this matter to the two other Ministries, whether they have got back to you. What is their thinking specifically on the question of aerated water proposal?

SHRI J. VENGAL RAO: Sir, in the statement laid on the Table, we mentioned it clearly about setting up of an Agro Research Centre with an investment of Rs. 65 lakhs and setting up of a potato and grain based processing unit with an investment of Rs. 8 crores. That is why we referred it to the Agriculture Department and the Food Department. About aerated waters, after this Budget speech of the Prime Minister there is some increase in excise duty. Even after the MODVAT, for soda the increase is only five paise and for other aerated waters and soft drinks the increase is only seven paise.

SHRI SURESH KALMADI: He has not answered any of my questions.

SHRI LAL K. ADVANI: No relevance whatsoever to the questions asked.

SHRI J. VENGAL RAO: He asked why these two issues were referred to the Agriculture Department... (Interruptions)

MR. CHAIRMAN: His other supplementary was, did you refer it to the Ministry of External Affairs?

SHRI J. VENGAL RAO: Where is the need? ... (Interruptions) ... There is no need, Sir.

SHRI SURESH KALMADI: Punjab is a security high-risk area. How can foreigners come there?

MR. CHAIRMAN: You see, you cannot argue. He says there is no need. Mr. Bansal.

SHRI PAWAN KUMAR BANSAL: Sir, I would like to know from the honourable Minister as to what would be the quantity of fruit grown locally that would be consumed by the project there and, secondly, what would be the earnings and expenditure as far as the foreign exchange is concerned.

SHRI J. VENGAL RAO: Sir, the Punjab Government is very particular about this project; they are pressing. The total foreign exchange earning is Rs. 18 crores in this project and the earning in five years is Rs. 55 crores. In five years the flow-out of foreign exchange is nearly Rs. 37 crores.

SHRI GHULAM RASOOL MATTO: Sir, this question was raised in the last session also and the same reply was given, as has been given now, by the Minister.

MR. CHAIRMAN: There is a consistency.

SHRI ATAL BIHARI VAJPAYEE: Not a very good virtue!

SHRI GHULAM RASOOL MATTO: Sir, there is a strong rumour in the country in many circles that a strong lobby of a manufacturer called Parle is thwarting the clearance of this project simply because they enjoy 60 to 65 per cent of monopoly in soft drinks. In order to break that monopoly, would the Minister tell us when he is going to clear that, give a time-frame, so that they will not have to come again in the next session and the same reply will not be given? Will he give a time-frame for the clearance of the project because, apart from the soft drinks, this is important for Kashmir also? We grow apples and these fruit juices and concentrates processed nearby will help a lot our horticultural industry as well as the horticultural industries of Himachal Pradesh and Punjab. This project needs to be cleared at once and the time-frame given so that the rumour of Parle doing something about it is removed.

SHRI J. VENGAL RAO: Sir, there are strong lobbies on two sides. On one side there is a representation from 54 Parliament Members, from Parle side, and on the other side there is a representation with signatures of 50 MPs, on Pepsi-Cola side. This lobby is there.

MR. CHAIRMAN: Are you going to decide by majority?... (Interruptions)...

SHRI K. MOHANAN: Sir, we have no hand in that. It is all from the ruling party.

SHRI J. VENGAL RAO: I never mentioned his name, Sir.

SHRI K. MOHANAN: Not my name, but all the Members are from there.

MR. CHAIRMAN: All Members are honourable Members and, therefore, you should not make a distinction between Congress Members and non-Congress members.

SHRI BIR BHADRA PRATAP SINGH: Mr. Chairman, Sir, through you I want to assure the honourable Minister that I am not a signatory from either of the two sides. But, on principle, when there is a dispute between a multinational and a national we would prefer Tatas to a multinational. That is a question of principle. It is correct that the honourable Minister is consistent on the stand that so far Government level consideration is not there. But before it is decided—therefore the supplementary becomes all the more essential and we want to express our views—would he consider that in comparison to multinationals he can get more national firms involved in such work?... (Interruptions)... I take Tatas as a national firm, so far. It is so that agro-based industries in the country can be increased. I take Kashmir. I take H.P. but the moot question still has to be answered. Why not avoid a multinational firm in comparison to a national firm?

SHRI J. VENGAL RAO: I have clearly answered this question, Sir. Now it is before the Project Approval Board. It has not yet come to the Government level.

When it comes to the Government level, certainly we will consider all these aspects before approving this.

**SHRI KAPIL VERMA:** Sir, I may also make it clear that I do not belong to any lobby. I am neither for this nor for that.

As my friend was saying, when multi-nationals try to come from the back door in collaboration with some local interests, then, certainly eye-brows are raised. I would like to know from the Minister, particularly when the flavour industry of India is quite strong, whether the Government has received any memorandum or any representation from the flavour manufactures not to allow this import of concentrate. And I also want to know whether the Pepsi Cola company has any previous experience in setting up plants in respect of the first three items which have been mentioned, that is agro-research centre, potato and grain based processing plant and fruits and vegetable processing unit.

**SHRI J. VENGAL RAO:** What is the second part?

**MR. CHAIRMAN:** Whether Pepsi Cola has any experience in manufacturing any of the articles which have been mentioned.

**SHRI J. VENGAL RAO:** About the first part of this question, Sir, we have received some representations from the flavour-manufacturing indigenous people not to allow any import. Sir, we are considering it.

About the second part, Sir, I do not know about the experience. I have no information about this, Sir.

**SARDAR JAGJIT SINGH AURORA:** My question is, Sir: Has it been worked out? How many people are going to be given jobs both directly and indirectly if this project comes to Punjab and what effect it is going to have on the situation, political situation in Punjab if a large number of educated unemployed who are the people who are creating the present trouble, are employed?

**SHRI M. ARUNACHALAM:** Sir, according to the proposal, the project involves annual processing of about 80,000 tonnes of fruit and vegetables and 30,000 tonnes of potatoes and grains. It will result in utilisation of about 10,000 acres of agricultural land in the State, which will result in about 20,000 employment opportunities for the workers.

**श्री अश्विनी कुमार :** माननीय सभा-पति महोदय, सरकार कहती है कि यहां पर स्वदेशी और विदेशी का प्रश्न है, वहां स्वदेशी को ज्यादा मदद देंगे। लेकिन पिछले दो-तीन सालों से बहुत से मल्टीनेशनल को उन कामों में लाया गया, जिनकी एक्सपोर्ट-इज और टेक्नी कल-हाऊ भारत में है। पहले तो इसका कारण जानना चाहूंगा अगर ऐसी ही कोई आवश्यकता थी जो हम रे यहां नहीं था, विदेश से लाते तो दूसरा बात है, पर सोफ्ट ड्रिंक और कर्निंग एक्सपोर्ट-इज हमारे देश में बहुत बड़ी मात्रा में उपलब्ध है, आप उसको ला रहे हैं। यह क्यों ला रहे हैं? पहले मेरा प्रश्न यह है। दूसरा, इसके जो आंकड़े उपलब्ध हुए हैं, इनकी प्रोजेक्ट से और इपोर्ट कंटेन है, इम्पोर्ट कंटेन 89-90-91-92 93 में 62 परसेंट से 62.6 परसेंट जाता है, ऐसी मेरी जानकारी है। इस प्रकार का इम्पोर्ट कंटेन है और सरकार की नीति है कि एक परसेंट से ज्यादा एक्सपोर्ट के अग्रेन्स्ट इम्पोर्ट एलाऊ नहीं होना चाहिए तो जो इतन ज्यादा इम्पोर्ट करने वाला है, इसको क्यों मदद दे रहे हैं? यह जानना चाहता हूं।

**SHRI J. VENGAL RAO:** Sir, I clearly answered several times; not only in this session but in the previous session also. This project report, this proposal is before the Board, and it has not yet come to the Government level. When it comes to the Government level, we will certainly consider all these aspects.

**SHRI NIRMAL CHATTERJEE:** Sir, lobbies have been referred to. I believe it is most insulting in the sense that there are outside Parliament two powerful groups of exploiters who are fighting each other and a reference is that MPs are also involved on either side of these groups of exploiters.

MR. CHAIRMAN: He did not say that.

SHRI K. MOHANAN: \*

MR. CHAIRMAN: Don't record Mr. Mohanan, what he says. I have given the floor only to Mr. Nirmal Chatterjee. No other Member will be recorded.

SHRI NIRMAL CHATTERJEE: Sir, I entirely agree that he has not uttered these words as I have done, but the implication of this matter can be brought about from the statement that he has made.

Now, Sir, I belong to a third lobby. That third lobby is the lobby of the Indian people. From that point of view I will pose my question. I know one kind of view that is prevalent is that foreign equity participation is much more desirable than loan from foreign governments or from international authorities. I know such a view is there. And our leader, Dipen Ghosh once pointed out that when you talk of destabilisation, we forget that these Pepsi Colas and Coca Colas or such multi-national companies are the main external sources of destabilisation. My question, therefore, is whether or not there is any guidelines given to the Investment Board, by whatever name it is called, that foreign equity capital that is trying to come in should be allowed in such areas only where we consider it is unavoidable. I would like to know whether or not such a guideline is there.

Part (b) of my question is that such a drinking unit, drinks manufacture unit... (Interruptions)... Sorry, Sir.

MR. CHAIRMAN: Mr. Chatterjee, is it drink unit or not drinking unit?

SHRI NIRMAL CHATTERJEE:... Drink manufacturing unit is considered a must for the purpose of economic development in the country.

I may point out the third absurdity. Grains and potatoes can be stored for a

long time in cold storages. The relevance of processing these two items is just not there in the present stage of the country. That also is provided as an item for which they will give a technological process, which is not necessary at this stage even if there is an advanced technology. Therefore, part (c) of my question is whether it is being asked as a measure to improve technology. The question still remains and it has not been disposed of because they are bringing in some funds and not technology. These are the three parts of my question.

SHRI J. VENGAL RAO: Generally in soft drinks there is no need for taking a licence. These are delicenced items. But if foreign exchange is involved in these, then applications should come before the Investment Board. This project is before the Projects Investment Board. After clearance it will come to the Government.

MR. CHAIRMAN: Have you given any guidelines to the Investment Board that in respect of multinational investments it should be in areas which are unavoidable?

SHRI J. VENGAL RAO: The Punjab State Government's application is based on the plea that economically the State has suffered a lot and this project will give a fillip to the economic development. This application is under consideration.

SHRI NIRMAL CHATTERJEE: Have you got any guideline given to them that foreign equity capital is to be considered only in areas where it is a must in our country?

SHRI J. VENGAL RAO: We don't issue any guidelines to the Projects Investment Board. When it comes to the Cabinet level, then we will certainly look into it.

SHRI LAKSHMI KANT JHA: What bothers me about this case and the replies given is that even in the last session we were told that the case is under consideration and it still continues to be un-

der consideration. It has not yet been considered by the Project Approval Board. I would like to know, is there no time limit for these purposes? I do not care for the reasons, but this state of long indecision only exposes the Government on the suspicion that there are lobbies pressurising the Government one way or another. Projects Approval Board should have some time limit within which the pending applications must come to the Government. Will the Government consider ways of giving that direction?

SHRI J. VENGAL RAO: Sir, instructions have already been issued to let us know whether they are agreeing to this or not. They will decide very quickly and inform us. We are not afraid of this lobby or that lobby and whatever action is necessary, we will take it.

SHRI A. G. KULKARNI: Mr. Chairman, Sir,...

MR. CHAIRMAN: It is not obligatory to put a question.

SHRI A. G. KULKARNI: Sir, you have called me at the end although I was very much interested in putting a supplementary. I have heard many question being put by the hon. Members and the stock reply given by the Minister that the matter is still under consideration. When I entered this House in July, 1986 the same reply was given. Now in April, 1987 also the same reply is given. I agree with my hon. friend, Mr. Jha that this creates suspicion and all rumours spread that the multi-nationals are working on the Government but for heaven's sake that should not be the case. Sir, as the House is aware the Duncan proposal was rejected for manufacture of Pepsi Cola by this very Government. I do not agree with Mr. Nirmal Chatterjee's suggestions that potatoes, etc., can be stored. But here is a proposal to have value added for the potatoes and other horticulture products wherein the resources of the farmers are increased. So I requested long back...

MR. CHAIRMAN: This will also be considered.

SHRI A. G. KULKARNI: Sir...

MR. CHAIRMAN: You are only making a suggestion.

SHRI A. G. KULKARNI: Last point, Sir. May I know from the Minister whether he would agree to the horticulture proposal and reject the Pepsi proposal?

SHRI J. VENGAL RAO: Sir, it is a comprehensive project report. How can you reject one portion and accept another portion?

MR. CHAIRMAN: All that you will consider. Next Question.

#### Amendment in Indian Companies Act

\*162. SHRI V. NARAYANASAMY:

SHRI J. P. GOYAL:†

Will the Minister of INDUSTRY be pleased to state:

(a) whether Government propose to amend the Indian Companies Act;

(b) if so, what are the salient features of the proposed amendments; and

(c) by when the proposed legislation is likely to be introduced in Parliament?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) Yes, Sir.

(b) The Bill is mainly to give effect to some of the major recommendations made by the Sachar Committee and for rectifying certain difficulties experienced in the administration of the Act.

(c) Subject to the necessary formalities being completed in time, the Bill is likely to be introduced in the course of this session.

SHRI J. P. GOYAL: Sir, I want to draw the attention of the hon. Minister to a news item dt. 11th March, 1987 that the Companies Act is likely to be amended. The Minister has stated in

†The question was actually asked on the floor of the House by Shri J. P. Goyal.