

all these factors will be taken into consideration.

SHRI JAGANNATH RAO: Are the private industrialists allowed to own their planes in these days of fuel shortage? Is Government thinking of benefiting private industrialists who own their planes?

SHRI J. B. PATNAIK: Private industries have got their planes. They are permitted to ply their planes.

SHRI JAGANNATH RAO: New ones.

SHRI J. B. PATNAIK: That would be considered if they apply to the Government. It is already covered by their contract.

DR. KARAN SINGH: There seems to be confusion. He has mentioned about the third line feeder services. That is a public sector corporation, whereas the question is with regard to private air taxi. Am I to understand that third line feeder services are going to be given to private parties or are you going to set up third line public sector corporation and in addition supplementing it by private service. There is an important confusion here.

SHRI J. B. PATNAIK: There is no confusion. A part of the feeder airline that is contemplated by the Government, will be in the public sector particularly North-East area where no State Government is going to operate its own airlines. In other sectors where private parties are interested or the State Governments are interested, they would be allowed to operate their services.

SHRI SANJAY GANDHI: In view of the fact that the number of operators are already operating air taxis on charter basis, would these operators be permitted to operate on routes like Delhi Agra where there is great demand by foreign tourists?

SHRI J. B. PATNAIK: They would be permitted to operate on the lines they are now operating.

DR. KARAN SINGH: Existing operators, Indian airline routes.

SHRI J. B. PATNAIK: It may be airline routes. Air taxi is different altogether. We are selecting an aircraft for air taxi which would be twin engine piston aircraft only carrying eight passengers or less. So, that is not going to affect our traffic. On the other hand it is facilitating air traffic between the two points.

Payment of Additional Excise Duty by Parles

*166. **SHRI SANJAY GANDHI:** Will the Minister of FINANCE be pleased to state:

(a) whether Government have asked the Parle Group of Companies, who manufacture a soft drink known as 'Thums Up', to pay additional excise duty then applicable to soft drinks containing cola; and

(b) if not, do Government propose to do so now?

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): A statement is laid on the Table of the House.

Statement

(a) The concessional rate of assessment at 25 per cent *ad valorem* as against the statutory rate of 55 per cent *ad valorem* for aerated waters or soft drinks (as they are known) became operative from the 4th of July, 1977 and was dependent on the absence of extracts of cola nuts in them. This concessional rate was also conditional on a quantity limitation of the number of bottles being not in excess of 50 lakhs in a financial year, cleared by or on behalf of a manufacturer from one or more factories.

The chemical test conducted on "Thums Up" showed the presence of caffeine. Caffeine is the active ingredient of cola nuts, but there are other

sources of caffeine in tea dust or decaffeinated coffee. It is understood that while it is possible to establish the presence of caffeine by chemical test it is not possible to determine its source.

Hence even though "Thums Up" contained caffeine, the manufacturers declared it as "not containing extracts of cola nuts" and the concessional rate had to be allowed to them subject to the quantity limitation as prescribed in the Notification.

(b) In the circumstances explained at (a) above, concessional assessment under Notification dated the 4th July, 1977, as it then stood could not be denied to the manufacturers. It may, however, be stated that the Notification of 4th July, 1977 has since been rescinded on the 1st March, 1979. The concessional rate which is now 30 per cent *ad valorem* has been made dependent on the absence of caffeine as such, and has not been related to the number of bottles cleared.

SHRI SANJAY GANDHI: In view of the statement laid on the Table of the House, the Government has not established that the cola nuts are not used in Thums Up. As cola nuts are not used as the test shows it could be used, there is a loss in revenue to the Government to the extent of Rs. 2,55,00,000. This is a concession given to a single company. Would the Minister confirm that they are taking any action to see that this loss of revenue of Rs. 2,55,00,000 is made up to the Government?

My second question is that there was a case registered against this Company for the violation of the Foreign Exchange Regulations Act. Under pressure from the then Prime Minister Shri Morarji Desai this case was withdrawn. No substantial reasons were given for the withdrawal of the case. Is that case being reinstated as such a substantial amount of public money is involved?

SHRI R. VENKATARAMAN: As regards the first point I have to give a little long answer because it requires

explanation. By the Budget proposals of 1977 certain changes in excise duties were introduced for soft drinks. In that category those which were classifiable as plain soda had 25 per cent excise duty and all others were classified as those coming under the excise duty of 55 per cent. After that was passed, the then Government issued a notification in which the Government said that those drinks which do not contain extracts of cola nuts and which have a clearance upto first Rs. 50 lakhs will be entitled to concessional excise duty of 25 per cent. This Thums Up declared itself as not having any extract of cola nuts. There was a dispute raised about it whether it contained extracts of cola nuts or not. It was then referred to the chemical examiner of the customs department. The chemical examiner certified that there was no caffeine in it and he could not say that it contained cola nuts extract. On that basis the Government gave them concessional rate of excise duty of 25 per cent. The matter was further agitated by some members, as a result of which it was again referred to the Chief Chemist to the Government. The Chief Chemist then certified that this contained caffeine, but he also said that he could not say whether this caffeine is a result of use of cola nut extract or of other things like tea dust or decaffeinated coffee. Since the original notification said that only drinks which contained extract of cola nuts are liable to the higher excise duty no higher excise duty was levied on this. Therefore, as the law then stood, the excise duty levied was appropriate and proper. (*Interruptions*). As regards the second question about FERA, I would like to have notice because I have to collect a lot of information and give it.

SHRI SANJAY GANDHI: This drink is advertised as a cola drink. The then Minister of Information and Broadcasting stopped the advertisement on television and radio as a cola drink. But then again under pressure from the then Prime Minister, the advertisement was again re-introduced under the name of cola. Is this not cheating the

public by misleading them into believing that they are buying cola if it does not contain cola nuts? And, if it does, they are liable to pay Rs. 2.25 crores of extra excise duty.

SHRI R. VENKATARAMAN: It is true that this company advertise that this is a cola drink. In fact, they advertise in the press saying that it is a cola or they call it refreshing cola. Unfortunately, still it would not attract the tax liability because the definition of excise at that time was that only those drinks which contain an extract of cola nut are liable to tax. It is true that it contained caffeine. I may inform the House that subsequently this mistake was found and it has been rectified. All drinks containing caffeine are now liable for the higher excise duty of 60 per cent. But at that time as the notification stood, it could not be taxed on the ground that it did not contain cola nut extract. About the second question whether this is not cheating, there are two things—the etymological meaning and the legal definition of cheating. The Law Ministry considered it and that it said would not amount to cheating under the Indian Penal Code. Nevertheless, it was certainly a misleading advertisement.

SHRI JYOTIRMOY BOSU: Will the hon. Minister kindly tell us whether this particular drink which is wholly Indian-owned, managed and controlled, I understand

AN HON. MEMBER: No.

SHRI JYOTIRMOY BOSU: I said, I understand; I am subject to correction. May I know whether this beverage was sent to the Central Food Research Laboratory in Hyderabad...

AN HON. MEMBER: In Mysore.

SHRI JYOTIRMOY BOSU: There is also a laboratory in Hyderabad. Was this beverage sent to those two laboratories for making analysis that

it contained cola nuts and secondly, whether it was injurious particularly to children of growing age as it was in the case of Coca Cola which was found to be having ingredients which were very much damaging to the children of growing age? I want a categorical and specific answer as to whether this drink was sent to these... (*Interruptions*).

SHRI DHARAM DASS SHASTRI: What is he doing?

MR. SPEAKER: Mr. Shastri, please take your seat.

SHRI RAVINDRA VARMA: How is it pricking him?

PROF. MADHU DANDAVATE: Why does the shoe pinch him?

SHRI JYOTIRMOY BOSU: Recent Atlanta visit, I know. You have answered the questions very well, I must congratulate you for that. Kindly give further details whether this beverage was sent to these two Government laboratories.

MR. SPEAKER: Why are you repeating it? (*Interruptions*).

SHRI EDUARDO FALEIRO: He is speaking in a manner as if he is advocating for that Company.

SHRI JYOTIRMOY BOSU: Which Company? Mr. Faleiro, do not try to see your face in the mirror everywhere.

(*Interruptions*).

SHRI EDUARDO FALEIRO: **

SHRI JYOTIRMOY BOSU: No. (*Interruptions*).

SHRI EDUARDO FALEIRO: Those who live in glass houses should not throw stones on others. Don't cast aspersions on me. (*Interruptions*).

SHRI RAVINDRA VARMA: 'Black-mail' is unparliamentary. This remark should be expunged.

SHRI INDRAJIT GUPTA: This must be expunged.

(*Interruptions*).

MR. SPEAKER: That will be done. You cannot say it. Do not say like that. (*Interruptions*) This is not the way. Use parliamentary words.

(*Interruptions*)

SHRI JYOTIRMOY BOSU: I want to know whether this drink was sent to the Government laboratories to find out firstly, whether it contained cola or not and you must know that in similar cases, in the case of Coca Cola which was sent to the laboratory, it was found that it contained ingredients which were harmful to children of growing age. That is why I am asking whether this drink was also sent for similar report.

SHRI R. VENKATARAMAN: This drink was sent to CFTRI and also to the Food Laboratory at Hyderabad. The question that was asked was not whether it was injurious or not but whether it came within the definition of the excise, viz. whether it contained extract of the cola nuts; I would be giving the answer partially if not fully. The results of the tests now available show that colanut extract also gives caffeine. There are other items also which give caffeine like tea-dust. While they found that there was caffeine in it, they could not say, whether it was due to the use of cola nuts or tea-dust or decaffeinated coffee.

SHRI K. LAKKAPPA: In the previous Lok Sabha, we had raised this issue not once but many times, of the shady character of Parle Group of Industries. They were hand in glove with the previous Government. Mr. Kanti Desaj and his son i.e. the grandson of Mr. Morarji Desaj, were also involved. They reply given by the Minister is not only vague but it is not befitting to the question that the hon. Member, Mr. Sanjay Gandhi, has raised. He has stated that when ingredient like colanut is not there, whatever concessions are there, they are due to them. I can understand that. The Ministry of Information and

Broadcasting, vide their letter No. 610/5/78 dated 16-12-78, asked the radio and TV not to allow Thumps Up to advertise as a refreshing cola. With respect to the opinion of the chemical engineers and CFTRI, whatever certificate has been issued has been done on the recommendation of the then Industries Minister and at the instance of Shri Kanti Desai. (*Interruptions*). They are in league with the Chemicals Department. In view of the fact that they owe Government Rs. 2.55 crores and in view of the fact that the Ministry of Information and Broadcasting has issued a directive not to advertise Thums Up as Refreshing Cola, and in view of the shady characteristics of this group of Industries...

MR. SPEAKER: What is the question, after all?

SHRI K. LAKKAPPA: Recently, Limca, a company belonging to this group, was convicted and fined Rs. 10,000 for fraud. So, I want the Government to institute a full CBI probe into the entire gamut of the Parle group of industries. Secondly, the hon. Minister said that this is a subsidiary company of the Italian Distillery Company. So, I would like to know whether foreign collaboration is involved, either directly or indirectly, in this. I want a categorical answer to all my questions.

श्री मनीराम बागडी : ये इलिंग पार्टी वाले ऐसे भाषण देंगे तो हम क्या करेंगे ? (ब्यवधान)

MR. SPEAKER: Let the Minister reply.

SHRI R. VENKATARAMAN: From the file I find that my esteemed friend, Shri Lakkappa, has taken a great deal of interest in this matter and has put a lot of questions in the past. As regards the advertisement, I wish to inform the House that though Government could not prosecute them, a private party has complained against this company for cheating. It is pending in a court.

AN HON. MEMBER: Which is that party?

SHRI R. VENKATARAMAN: I can't give that.

SHRI RAVINDRA VARMA: If a case has been filed, why can't you give the name of the party?

SHRI R. VENKATARAMAN: Then I will ask for notice.

So far as the loss which he referred to is concerned, it is true that on hindsight, if we go through all the files now, it would have been easier and better to have defined it, not as containing extract of cola, but containing caffeine. Then it would have been possible to collect the excise revenue. But, at that time, as the notification stood, there was no duty leviable and, therefore, I said there is no loss.

Now he has referred to a certain cheating by Limca. I have no information. I want notice on this question.

With regard to Limca's connection with the Distillery Company, if he gives notice, I will answer it... (*Interruptions*).

SHRI K. LAKKAPPA: He has not answered my question properly.

MR. SPEAKER: He has answered. (*Interruptions*)**

MR. SPEAKER: That is not the way. Without my permission, whatever is said will not be recorded.

(*Interruptions*)**

MR. SPEAKER: The Minister has replied.

(*Interruptions*)**

MR. SPEAKER: The Minister In-charge has replied. I cannot force him any more.

(*Interruptions*)**

MR. SPEAKER: He has already replied (*Interruptions*). That is not the way.

(*Interruptions*)**

MR. SPEAKER: Mr. Minister, do you want to say anything more? (*Interruptions*)

SHRI R. VENKATARAMAN: I do not know what I have been called upon to reply.

(*Interruptions*)

MR. SPEAKER: I have asked him. Let him reply something. Behave properly.

SHRI R. VENKATARAMAN: Sir, unless there are specific charges of misdemeanour and some malpractice against some persons, one does not order a CBI inquiry into some vague things. As far as this is concerned, I have given the facts. Hon. Members may go through my answer and then put again another question arising out of these answers. If there are any particular points on which they think that an inquiry is called for, then they can ask: Sir, just on mere statements the Government does not immediately undertake a CBI inquiry.

(*Interruptions*)

श्री धर्मदास शास्त्री : माननीय अध्यक्ष महोदय, क्या मंत्री महोदय यह बतायेंगे कि तत्कालीन वित्त मंत्री द्वारा दिल्ली के उपराज्यपाल को आदेश देने के बावजूद कि जो लाग रिफेशिंग कोला लिखकर एक्साइज ड्यूटी की चोरी करते हैं उनके खिलाफ कार्यवाही की जाए, वह कार्यवाही अभी तक क्यों नहीं की गई ? हम भी बार-बार उपराज्यपाल के ध्यान में ये बातें लाए थे और जहाँ तक तथ्यों की बात है हम तथ्यों से ही मंत्री महोदय के ध्यान में लाना चाहते हैं कि क्या मंत्री महोदय उनके खिलाफ इन्कवायरी कराने का आश्वासन देंगे..

MR. SPEAKER: This is a repetition.

(*Interruptions*)

श्रीमती प्रमिला बंडवते : मैं सम्मानित मंत्री महोदय से जानना चाहती हूँ कि जो कम्पनियाँ मिसलीडिंग एडवर्टिजमेंट दे कर चीटिंग करती हैं उनके खिलाफ आप क्या कार्यवाही करने वाले हैं...

अध्यक्ष महोदय : यह प्रश्न तो पूछा जा चुका है ।

श्रीमती प्रमिला बंडवते : जनता पार्टी के समय में जो बातें हुई थी, उन को अब खरम कर के जो नया कार्यक्रम शुरू हुआ है, क्या उस के मृताबिक सरकार कोकाकोला कम्पनी को, जोकि एक मल्टीनेशनल कम्पनी है, उस को फिर से यहां बुलाने वाले हैं ?

MR. SPEAKER: Question dis-allowed.

SHRI MALLIKARJUN: I would like to know from the hon. Minister whether he has taken cognizance firstly of the directions given by the then Health Ministry and the Information Ministry, secondly of the violation of the Foreign Exchange Regulation Act, and thirdly of the fraudulent activity of Mr. Romesh Chavan, Managing Director of the Parle Group and Dr. Rothi, a non-resident Italian, who are involved in this affair, and whether Government is going to take this matter seriously and institute a probe immediately and take necessary action for the recovery of the excise due from them.

SHRI R. VENKATARAMAN: I know there is a lot of excitement on this issue, it was there in the last Parliament also, but we must confine ourselves to facts. The probe that you ask for is in respect of what, I do not know.

SHRI K. LAKKAPPA: CBI probe.

MR. SPEAKER: It is upto the Government.

SHRI K. LAKKAPPA: It is not the reply that we want.

MR. SPEAKER: You will not be given what you want.

SHRI R. VENKATARAMAN: Then, Mr. Lakkappa should be here to say what he wants.

So far as I am concerned, the question is whether there has been any cheating of the revenues due, and I have clearly pointed out that we have examined the law and according to the definition as it then stood there is no cheating in respect of the revenue due to the Government.

श्री चन्द्रदेव प्रसाद वर्मा : अध्यक्ष महोदय, शीतल पेय बनानेवाली कोई भी कम्पनी 'कोला' शब्द का प्रयोग नहीं कर सकती है, लेकिन सब लोग सरकार को धोखा दे रहे हैं। मैं सरकार से साफ तौर से जानना चाहता हूँ

कि सरकार इन के खिलाफ क्या कार्यवाही कर रही है ?

SHRI R. VENKATARAMAN: It is just a hypothetical question. The question really is whether caffeine is in the drink or not. Caffeine is in the drink by various processes, that I have already explained. Cola nut was the definition given in the excise notification. Certain people may use the cola nut extract or may not use it. If they use the cola nut extract, then it comes under the definition and they are liable to pay higher excise duty and if they do not use the cola nut extract, even though there is caffeine, legally, under the law as it then stood, as the notification then stood, they would not be liable.

श्री मनीराम बागडी : अध्यक्ष जी, जिस घेय स मंत्री जी ने सवालो का जबाब दिया है, उस के लिए मैं उन को धन्यवाद देता हूँ क्योंकि कुछ लोग एक साथ मिल कर हमला कर रहे हैं। मैं एक सवाल मंत्री जी से पूछना चाहता हूँ कि क्या सारी कम्पनियो क, ख, ग तमाम पेयजल बनाने वाली कम्पनियो की बिना किसी लिहाज के, जिन के खिलाफ शिकायतें हैं, कोई कमीशन बना कर जाच करवाएंगे। इन सारी कम्पनियो मे क्या क्या अष्टाचार होता है, इस की जाच कराने का इरादा एक कमीशन बना कर मंत्री जी रखते हैं बिना किसी भेदभाव के कि यह तुम्हारी कम्पनी है और यह उस की कम्पनी है, ताकि मुकम्मिल तौर पर इन सब का भंडाफोड़ हो सके ? एसी जाच कमीशन मंत्री बनाने का इरादा रखते है या नहीं ?

MR. SPEAKER: Do you agree for setting up any Commission of Inquiry in respect of all these companies?

SHRI R. VENKATARAMAN: At present, I cannot agree to any Commission being set up.

More Bonus by L.I.C. to Indians Residing Abroad

*167. SHRI KRISHNA PRATAP SINGH: Will the Minister of FINANCE pleased to state:

(a) whether it is a fact that the Life Insurance Corporation has announced more bonus to Indians resid-