

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2691
ANSWERED ON:07.03.2003
SALE OF HINDUSTAN VEGATALBE OIL CORPORATION
SURINDER SINGH BARWALA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the breakfast food unit of Hindustan Vegetable Oil Corporation is functioning profitable and without any Government aid and the companies like TATA, ITC etc. are interested to buy its brand name;
- (b) if so, the details thereof;
- (c) whether the Government propose to close the above unit;
- (d) if so, the reasons therefor;
- (e) whether the Disinvestment Commission had recommended for hiving off this unit into a new company and subsequent sale of its hundred percent holding;
- (f) if so, the details thereof;
- (g) whether the Government are encouraging industry in food processing sector and offering assistance, in such scenario; and
- (h) if so, the reasons for not exploring the possibility of privatisation of a premier food processing unit?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SREENIVASA PRASAD)

(a)&(b): The Breakfast Food Unit (BFFU) of the Hindustan Vegetable Oils Corporation Limited (HVOC) has been making profit for the past few years except for the year 1999-2000 in which it incurred a loss. Some companies have expressed interest in the brand name of the products of this unit.

(c)&(d): The Government decided that it was not feasible to attempt revival/rehabilitation of the HVOC, including the BFFU, and accordingly informed the Board for Industrial and Financial Reconstruction (BIFR) to whom the company had already been referred. The BIFR, in its Order of 07.12.2001 recommended the winding up of HVOC, including the BFFU.

(e)&(f): The Disinvestment Commission observed that with increasing globalisation strengthening of the business of the BFFU would require significant funds as well as managerial inputs which were lacking in the company and therefore recommended hiving off of the breakfast food business into a new company and subsequent sale of its 100% holding.

(g): Yes, Sir.

(h): The BIFR, after taking into consideration all relevant factors, including the technical, economic and financial viability, recommended the winding up of the company, including the BFFU.