

is a fundamental right.

MR. SPEAKER: That's what it is. If we can't ensure the right to live and exist, what sort of law is it? The law of the jungle prevails. Even the law of the jungle is much better because they don't kill without reasons. At least, we have become much more than that. I am sorry, Professor Sahib, I really feel sorry for anybody who has lost his life. I like to uphold the dignity of the judiciary as well as this House. Whatever is done according to the law should be upheld.

SHRI VIJOY KUMAR YADAV (Nalanda): I just want to know from the Minister of Parliamentary Affairs whether the House is going to be extended or not. What about the Electoral Reforms Bill? The whole house is in suspense.

SHRI V. SOBHANADREESWARA RAO: We have to chalk out our programme. If he announces tomorrow, what is the use? *(Interruptions)*

SHRI THAMPAN THOMAS (Mavelikara): We have to plan our travel. He wanted extension. He discussed this with the Opposition leaders. *(Interruptions)*

MR. SPEAKER: For me, if the House says and if there is business, I will continue it.

SHRI V. SOBHANADREESWARA RAO: Why is he so tight-lipped? *(Interruptions)*

SHRI S. JAIPAL REDDY (Mahbubnagar): Minister should say whether the Government has business has business or not.

*[Translation]*

MR. SPEAKER: Mr. Jaipal, you could have consulted the Minister.

*[English]*

SHRI S. JAIPAL REDDY: We are

appealing to him through you, Sir.

MR. SPEAKER: I have to be informed. *(Interruptions)*

MR. SPEAKER: So far, I have not got any information. So, I can't convey it.

*(Interruptions)*

THE MINISTER OF PARLIAMEN-  
TARY AFFAIRS AND MINISTER OF IN-  
FORMATION AND MINISTER OF INFOR-  
MATION AND BROADCASTING (SHRI  
H.K.L. BHAGAT): Sir, the process of consul-  
tation with the leaders of the Opposi-  
tion groups is over. The Law Minister is seized of  
the matter and is preparing the Bill. What  
would be the latest position, I might be able  
to inform by this evening or by tomorrow  
morning.

SHRI AMAR ROYPRADHAN (Cooch  
Behar): Inform us by this evening. *(Interrup-  
tions)*

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12.14 hrs.

CALLING ATTENTION TO THE MATTER  
OF URGENT PUBLIC IMPORTANCE

*[English]*

**Decision of Government of India to set  
up a Joint venture in collaboration with  
M/s. Pepsico Inc., U.S.A.**

SHRI S. JAIPAL REDDY (Mahbub-  
nagar): Sir, I call the attention of the Minister  
of Food Processing Industries—which I may  
add, Sir, is a new Ministry—to the following  
matter of urgent public importance and re-  
quest that he may make a statement  
thereon:-

"The situation arising out of the deci-  
sion of the Government of India to set  
up a joint venture in collaboration with  
M/s. Pepsico Inc., U.S.A."

12.15 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI JAGDISH TYTLER): Sir. The salient features of the proposal of Punjab Agro Industries Corporation for setting up a joint venture in Punjab with M/s. Voltas and in collaboration with Pepsico include the following:-

- (1) An Agro Research Centre.
- (2) Potato/grain processing unit.
- (3) Fruit/Vegetable processing unit.
- (4) A soft drink concentrate manufacturing unit.

On full capacity utilisation the project is estimated to utilise 80,000 tonnes of fruits and 30,000 tonnes of potatoes and grains per year.

As per the Industrial Licence application, the proposed subscribed and paid up share capital is Rs 9 crores. The break up of this is as follows:

- |             |  |
|-------------|--|
| (1) PAICO   | 36.1% equivalent to Rs 3.25 crores                           |
| (2) Tatas   | 24% equivalent to Rs 2.16 crores.                            |
| (3) Pepsico | 39.9% of the total investment equivalent to Rs. 3.59 crores. |

It will thus be seen that the company proposed to be formed is within the rules and it will be an Indian company whose major shareholders being Indian firms.

One of the problems faced by Indian agriculture is to enhance rural incomes and provide employment to the unemployed youth and women in the rural areas. To

achieve increased rural areas, a concerted effort should be undertaken to apply cost effective technology in relation to rural activities with provision of corresponding market facilities. The following factors assume significance:-

- (i) Sustained research and development to develop high yielding, disease resistant and machine-processable plant/seed varieties through tissue culture, genetic engineering etc. Introduce better crop management systems and improve post harvest technologies.
  - (ii) Establishment of a net work of processing units which operate on high volumes and low costs, taking full advantage of economies of scale and incorporating the latest processing technologies.
  - (iii) Upgradation of technology relating to packaging particularly towards bringing packaging costs down.
  - (iv) Developing a substantial export market not only for earning valuable foreign exchange but also for developing quality products.
- The Punjab Agro Pepsi proposal will fetch the following benefits:
- (a) Employment generation of 50,000 both direct and indirect.
  - (b) Tax revenues to the exchequer amounting to Rs 174 crores over a period of 10 years.
  - (c) Export of 50% of the turnover of Rs. 388 crores over a 10 year period. Normally export commitment obtained is only for 5 years.
  - (d) No foreign brand names will be used for the sale of products in India.

- (e) The Punjab Agro-Pepsico venture will be giving a bank guarantee/undertaking for fulfilling the export commitments as given by standard clause 4 of foreign collaboration approval at indicated below:-

"For undertaking the export obligation specified in the approval letter, the requisite guarantee i.e. legal undertaking bank guarantee as may be required, should be furnished according to the detailed instructions issued by the Chief Controller of Imports & Exports (EO Cell), the Ministry of Commerce (EP) and Administrative Ministry who may be contacted in the matter".

The dividend will be repatriated in a particular year only after the export commitment of that year is fully met.

- (f) Imports will be guided by the Import policy in force at the time of clearance of imports.

The Agro Research Centre proposed to be established as part of this project will be working in close coordination with the Punjab Agricultural University, Ludhiana and ICAR. Development of improved varieties by testing and evaluating the best germplasm available elsewhere, developing optimum production technologies on the farm, multiplication of high quality seeds and producing seed for oilseeds crop with higher productivity are some of the tasks that will be undertaken by the Agro Research Centre.

Although the number of similar food items as proposed by Punjab Agro Industries Corporation are manufactured in India, the quality and costs are not internationally competitive as evidenced from the fact that our exports in this area are minimal. It is not the policy of the Govt. to allow import of technology only in respect of items not manufactured in India but such import of technology can be considered where it will result in improving the quality, reduction in

cost, creation of better export market, etc. It is the constant endeavour of the Government to help manufacturers in improving their quality through various policy measures. Potato and grain processing constitutes approximately 40% of the capital cost of the project 35% fruits & vegetable processing and only the balance of 25% of drink concentrates. Foreign collaboration with Pepsico is aimed at improving the existing technology covering the entire spectrum from plant productivity to food processing and marketing with a view to maximise production, reduce costs and ensure higher return to the farmer in addition to opening up better export markets.

SHRI S.JAIPAL REDDY : Mr. Deputy Speaker Sir, since the return of Congress (I) to power in 1980, the Government has been pursuing a policy of indiscriminate liberalisation. But, even as indiscriminate liberalisation goes, the Pepsi tie-up represents the ultimate in the nation's sell out.

It is a tragic irony that this should have happened in the centenary year of Pandit Jawaharlal Nehru, who was undoubtedly a doughty champion of our policy of national self-reliance. Sir, we must note with pride that India is the only country which has its own vibrant and throbbing soft drink industry. Mr. Tytler and his friends often talk of destabilisation by foreign powers. If ever they were to look for evidence, they must see the evidence of destabilisation of Indian economy in their own Pepsico tie-up proposals.

Sir, I may now refer to the manner in which this Pepsi tie up has been cleared. It reveals a lot about the comprador character of the ruling elite and our Government in the country. Sir, I may confine myself to two cardinal characteristics of the manner in which this proposal has been cleared. One of them Sir, is guilty conscience. The other is political shamelessness and effrontery. Sir, since the Government is apologetic and ashamed about.....

SHRI JAGDISH TYTLER: What is there to be ashamed of ? I object to his words

[Sh. Jagdish Tytler]

'ashamed of'. He surely has a better vocabulary to use. There is nothing to be ashamed of. We have done something about which we are proud and I have come here to Parliament to tell about it.

SHRI S. JAIPAL REDDY: I feel the Government has a lot to feel ashamed of. There is nothing unparliamentary about it and I stick to my words. I repeat Sir, since the Government feels apologetic and ashamed, it had to resort to a series of subterfuges. First, it had to bring in Punjab. They wanted to give an impression that the clearance of Pepsi proposal is a part of the grant solution that they have been envisaging for the Punjab problem. Secondly, they have to bring in horticulture which is only a minor and perhaps non-existing part of the entire package. Thirdly Sir, they have to talk of export conditionalities which as we all know, are more honoured in breach than in observance.

Fourthly he had to talk of employment opportunities. I should only say that the Government after such mega scandals as Bofors Guns and German Submarines, has lost all sense of honour and become so brazen that it could openly embrace even Pepsi Cola and is soon going to embrace Cocoa Cola too. To clear Pepsi Cola, I may refer to an important political fact, new Ministry of Food Processing has been created.

SHRI HARISH RAWAT: (Almora)  
Rightly so.

SHRI S. JAIPAL REDDY: I must give credit to Mr. Tytler. He has accelerated and expedited the process of clearance of Pepsi Cola. He is of late burning midnight oil to clear even Cocoa Cola proposal. So one might as well legitimately call him the Minister of Pepsi Cola and Cocoa Cola. In his anxiety to defend this indefensible project, the Minister made many misleading statements. I may refer to a few of them. Firstly he said that this would generate employment opportunities for 50,000 persons.

SHRI JAGDISH TYTLER: Directly or indirectly.

SHRI S. JAIPAL REDDY: Now today he says direct or indirect.

SHRI JAGDISH TYTLER: Right from the first day onwards I was saying directly or indirectly. I can prove it... (Interruptions)

SHRI S. JAIPAL REDDY: Punjab Agro Industries Corporation when it applied for licence said that this project would provide employment only to 489 persons. He has increased the figure by more than hundred times. This is in black and white. If you want, I will provide the documentary evidence. He said that the conditions under which Cocoa Cola was thrown out in 1977 were totally different. To substantiate this proposition, he contended that Cocoa Cola was not manufacturing concentrate in the country. May I bring to the notice of the Minister that Cocoa Cola had a manufacturing plant at Fari-dabad. It has since been bought by somebody else. What Cocoa Cola did not provide at that time was its secret formula. Even now Pepsi Cola is not parting with its secret formula. If Mr. Tytler is so fond of Pepsi Cola, let him purchase the secret formula. The nation would not mind paying 100 million dollars in one go but the nation cannot put up with this constant outgo of India's precious scarce foreign exchange.

Mr. Tytler also misled the Parliament in regard to other conditions of Cocoa Cola. May I bring it to the notice that Cocoa Cola was prepared to bring down its equity participation to less than 40 per cent! The Minister had stated - I am tabling a Privilege Motion in respect of that because I have a documentary evidence...

MR. DEPUTY SPEAKER: You give a separate notice for that.

SHRI S. JAIPAL REDDY: I am giving a notice right now.

[Translation]

SHRI HARISH RAWAT: Are you threat-

ening the Ministry?

[English]

SHRI S. JAIPAL REDDY : Mr Tytler is not made of that stuff. He cannot be threatened by us. He can only be threatened by Cocoa Cola or Pepsi Cola and not by us. The Minister contended Cocoa Cola did agree in 1977 to reduce its equity participation to less than 40 per cent. The Minister with his tongue in his cheek, which he normally keeps, stated that the rules were not bent in any way.

May I draw the attention of the Minister to the answer given by his own senior colleague, Shri J. Vengal Rao? It is stated "that the consumer items were not a priority area for import of technology." You will agree that the soft drink is an elite consumer item in this country and not a common man's consumer item. The Minister in his original statement should I call it aboriginal- stated that certain brands in this country were having a monopoly. I am one with him, if he makes a determined effort to dismantle the domestic monopoly. I am all for the formulation. But the Minister wants to say that domestic monopoly can be dismantled only by foreign monopoly. I am afraid that I will not be able to go along with it. Why can't we ask Tatas, the most illustrious industrial house in the country, to enter the field of soft drink and end the domestic monopoly of many other smaller guys? Tatas, whatever be our reservations, have their own reputation. It is to the ever lasting discredit of Tatas that they have to collaborate with a foreign company to counter the domestic monopoly.

He talks of horticulture. Well, I am so happy to note that horticulture has become so dear to Mr. Tytler and his mentor Prime Minister. If he has examined the proposal, he will find that only Rs 1.64 crore is earmarked out of Rs 21 crores and odd for the research and development for a period of 5 years. Annually, it comes to an average of Rs. 25 lakhs. The Pepsi is going to spend only Rs 25 lakhs on horticulture research per year in the country in the first five years to come. You

know the budget estimate of our various universities and laboratories in the area of horticulture research for the budget year 1988-89 is Rs. 38.83 crores; that means our national budget for horticulture research is 200 times more than that of Pepsi allocation. We all know that this is only a thin end of the wedge; it is a ploy; it is a decoy. Pepsi's main interest —Mr. Tytler knows more than all of us do- is soft drink. The Pepsi President, Roberst Beeby, told the Fortune International in an interview in its November issue, "we are selling them (Indians) non-essential." He himself confessed. "So, we have to give them more than what they get".

He was referring to the export conditionalities. But, then, these export conditionalities which are being so proudly flaunted to mislead the nation, to throw a veil of secrecy over the project will not be observed. Even if they are observed they are only valid for ten years. When we ask them as to what the Government can do if the conditionalities may not be observed, the ready answer of the Minister is that if they do not fulfil the export commitments, "We will not allow them to repatriate the dividend".

SHRI JAGDISH TYTLER: If you read my statement which I have just made, I gave you an answer very clearly what exactly the thing is now.

SHRI S. JAIPAL REDDY: You may clarify. I am referring to dividend.

SHRI JAGDISH TYTLER: That means you were not listening to me, when I was speaking. You would not have put me this question if you had heard me.

(Interruptions)

MR. DEPUTY-SPEAKER: Please do not interrupt. Mr. Reddy, you continue.

SHRI JAGDISH TYTLER: I just wanted to say that, when I was speaking you had not heard. I just wanted to remind you that I have already said it.

SHRI S. JAIPAL REDDY: Sir, dividend will not be repatriated in case the export conditionalities are not implemented or observed. Such a huge multi-national giant like Pepsico can afford not to get back the dividend for ten years. It can get back this money by thousand other devious and dubious ways. One method is that it could over-invoice its imports. Forty per cent of the proposal is for potato chips and pop corn. Potato chips and pop corn!

SHRI JAGDISH TYTLER: You are laughing, but in Punjab you see. Mr. Ramoowalia will answer. That will get more jobs.

*(Interruptions)*

It is easy for you to speak. You please go to Punjab. Ask Mr. Ramoowalia. You go to Punjab and see.

*(Interruptions)*

MR. DEPUTY-SPEAKER: Nothing will go on record. Only Mr. Reddy's speech will go on record.

SHRI JAGDISH TYTLER. I can also give the reply. I am going to Punjab every day. *(Interruptions)*.

SHRI S. JAIPAL REDDY: The point is that potato chips and pop corn can be made in the country without import of any technology. We have developed technology in the country in regard to both potato chips and pop corn. And what is important to note is that potato chips and pop corn cannot be exported. They are meant for domestic consumption. Mr. Tytler, will you address yourself to this question?

Sir, 25 per cent is for soft drinks. When he tells us, "after all why do you bother about soft drinks which only constitutes 25 per cent of the project?" he cannot take the whole House and the nation for a ride. He is aware of the far reaching and devastating implications of this seemingly innocuous provision. They would have only a concentrate plant.

They would supply the concentrate to various persons in the country through franchise. Right now, I know that people have already stood up in the queue before the Government. I would not like to blame Mr. Tytler personally, a good friend of mine, for the franchise in various States. So, though it might mean only 25 per cent at the point of plant, the overall sales of soft drinks alone could be 200 per cent of the turnover of the entire Pepsico project.

SHRI JAGDISH TYTLER: Will it create only 480 jobs?

SHRI S. JAIPAL REDDY: No. May I tell you? Those remaining jobs which he is talking of would have been created anyhow, because the softdrink industry is expanding. The market is expanding. Therefore, the market will expand. Pepsi or no Pepsi; Coca Cola no Coca Cola; there could be Tata Cola; if they like Ambani, there could be Ambani Cola. We are not opposed to more Colas. We are all for dismantling the monopoly of domestic companies *(Interruptions)*

SHRI SHANTARAM NAIK (Panaji): There could be Reddy Cola also.

SHRI S. JAIPAL REDDY: Sir, if they introduce Reddy Cola, it will definitely sell more than Pepsi cola... *(Interruptions)*.

MR. DEPUTY-SPEAKER: Winding up Cola. Wind up. You have taken twenty minutes.

SHRI S. JAIPAL REDDY : Only thirty five per cent is meant for horticulture. It is admitted on all hands including our scientific experts that Pepsi Cola does not have any expertise, notable expertise, whatsoever in the area of horticulture and foodgrain processing. There are many companies in the world like Dole, Castle & Cook, Hunt & Wesson which have far greater expertise in the area of horticulture. Why do you want to fool the nation in the name of farmers of Punjab? I know Mr. Ramoowalia is one to say though the Government of India failed to

unite the various Punjabi Akali factions, Pepsi Cola has united them. One really needs to investigate the reasons that prompted this kind of unity....(*Interruptions*).

SHRI BALWANT SINGH RAMOOWALIA (Sangrur) : All our farmers stand united over this issue....(*Interruptions*).

SHRI S. JAIPAL REDDY: That only means the farmers of Punjab have been taken for a ride by this Government.... (*Interruptions*).

Recently, Godrej has entered into a collaboration agreement with Unicorn. They have specified as to what they get from Unicorn. They said that they would be able to get improved variety....(*Interruptions*).

MR. DEPUTY SPEAKER: You come to the question.

SHRI S. JAIPAL REDDY: At this rate, we would soon be entering into collaboration for Chewing-gum. You remember, Cadberry entered with the condition that they would produce apply juice and now their apply juice plant has been closed.

Sir, on September 6, 1988, a group of Ministers which went into the question suggested that the export contents must be of the order of not less than sixty per cent. The Cabinet sub Committee on Economic Affairs on September 19, 1988, also said that the export content must be of the order of sixty per cent. I would like to know from the hon. Minister, who brought down the export content to forty per cent, he or his mentor Prime Minister. The Cabinet Committee on Economic Affairs also recommended specifically that the soft drinks must also be exported, but such a condition is not reflected in the contract or the agreement.

Sir, now to re-paraphrase, Shelley if Pepsi comes, can Coco Cola remain far behind. By the way Coco Cola is entering, it makes Pepsi-tie up look a bit clownish. Coco cola is trying to enter through hundred per cent export guarantee scheme. The name is

hundred per cent export guarantee scheme. But 25 per cent can be sold within the country. And is this country to be caught up in the coils of Cola wars as if the cold war is not enough far our country to face? Are we to allow the foreign brand names? The Minister has said in his statement now and earlier that the policy in regard to the foreign brands will be observed. But in what way? If it is called Voltas Pepsi, it will amount to literal observance of rules. But the consumer knows what it is.

SHRI JAGDISH TYTLER: If the consumers want, what can you do?

SHRI S. JAIPAL REDDY: The consumers want many things. There are many consumers in this country who want Being cars. Are you going to provide that? Which consumer you are referring to? Are you here interested in catering to the elite consumer?

All this shows that Mr. Tytler and this Government are a conscious privy to a gigantic fraud played on the country. I want the Government to re-consider the proposal entirely, consider it de novo. Let them not stand on false prestige and let them be on guard against Coca Cola. We know what these multi-nationals means. If the Government is earnest about preventing de-stabilisation, they will never allow Pepsi Cola or Coca Cola to get into the country.

SHRI VIJAY N. PATIL (Erandol): On Colas our friends from the opposition are having a nausea. In 1977 they stopped this Coca Cola. Now they are opposing Pepsi Cola. In 77 they started some other soft drink. But they did not find its name. After some time, they named it as '77 drink. I do not know whether Mr. Jaipal Reddy is still drinking it. But it has disappeared by the year 1987. Here also he is opposing on the ground that the figures given as far as employment generation potential is concerned, are exaggerated. I would like to say that in Pepsi Cola's case, both its merits and de-merits are exaggerated. I would like to know from the hon. Minister the exact potential, the time frame of employment that will be

[Sh. Vijay N. Patil]

created by this.

The idea behind the creation of the Food Processing Ministry at the Centre is to give added value to the farmers produce. If he sells it in raw form without processing, he gets less price. Not only that, sometimes even the raw product is not sold. Some years ago, there was a bumper crop of potato. No storage facilities were there and heaps of potato were lying abandoned on the roadside because they were not getting the market. If a company is coming forward to process these potatoes to give more value and assured market to the farmers of a State, then naturally those farmers will definitely back it. It is not that farmers of Punjab are taken for a ride. I have read that Bharatiya Kisan Union has supported this proposal. They are having faith in the company. I want the Minister to say categorically whether they will not be betrayed because sometimes back, Cadburys committed some mistake or some fraud in the agreement. Of course, for exports, you have decided to take bank guarantee. But if the production of the processing side of the industry is very low, then the export potential, which has come to 200 crores and for ten years, may not come true. Your 5:1 import-export ratio appears to be very good. But how are you going to safeguard it? What are the steps you are going to take to see that they adhere to this commitment.

We know that till today, India could export only mango pulp *chutneys* and pickles. For want of international quality of products, we could not enter the markets for processed vegetables and processed fruit products. If this company is going to provide us doors in various international markets, in various other countries for export of processed vegetables and fruits, it is a welcome feature and we should go in for this immediately. But the quantum of their purchase of vegetables and fruits from Punjab is to be planned in a phased manner so that ICAR and Punjab Agricultural Universities and other organisations can provide the farmers

proper seeds, fertilisers and other facilities to grow horticultural crops and vegetable crops, specially potatoes.

In the end, I would like to know from the Minister whether a survey has been conducted that after the purchase from the farmers and then conversion into chips, how much added value will these farmers get over the local market for potatoes or for horticultural crops. What is the theoretical calculation about this added value? Of course, we know that they will get a definite market but what more benefit will they get as compared to the local sales?

As Shri Jaipal Reddy has mentioned, there are other very good industries in the world which can have more processed quality products and more potential for international markets. I would like to know whether you are going to have collaboration with such companies in other States also for processing of fruits and vegetables.

Lastly, I would say that the drinks part of it is shown to be 25 per cent. But if patents are given in other States by this company for providing powder and allowing them to bottle and sell it in those States, then how are you going to control it? Will the production then be 25 per cent or it will go to 50 per cent because it will be difficult to monitor the turnover of those people who will be having the supply of this powder. Through that link, this Pepsico may try to increase this 25 per cent production and sale of drinks to even fifty per cent. So, what are the steps which you will take to check these loopholes?

SHRI SHANTARAM NAIK (Panaji): Mr. Deputy Speaker, Sir, the hon. Member Mr. Jaipal Reddy, calling the attention of the hon. Minister has made certain wild charges, certain wild insinuations on this issue, specially with reference to equity. He has compared past equity, present equity, likely equity. I would like to request him to first try to have a reasonable equity for his party in the Janata Dal and then speak about others' equity and equity participation.



One thing has to be admitted that no project in this country for the last several years has been so thoroughly examined. One could castigate the Government or blame a Minister if a project with some ulterior motives is passed over at night without the knowledge of the country. We can understand that. But it is not like that, Sir. The project has been discussed threadbare through all the media of this country. The newspapers have brought out articles and the people have spoken about it; debates have taken place. Only after considering the entire aspect of the case, the Government of India has taken the decision. Therefore, it cannot be accepted if the hon. Member. Shri Jaipal Reddy, has some wisdom in him to say that this project is not in the interest of the country. Sir, we have to consider the interest of the farmers and when the entire community of Punjab supported this project, there must be something. As per the study I have made with whatever material available, in one acre of cultivation of rice and wheat, a farmer can get an income of Rs 7000. But by mere shifting this to horticulture, the income will be not less than Rs. 15,000 or Rs 20,000. It is only of arithmetical calculation. (*Interruptions*). The question is that you are supporting Mr. George Fernandes. (*Interruptions*). He had driven away Coca Cola and he has said that if the Plant comes, he will physically remove the plant, and if the plant comes, he will physically remove the plant, and in the same manner he had removed the rails and that had caused accidents. He was collaborating with the foreign countries against the interest of the country and now he is speaking of the interest of the country today. You are saying that you are very proud of it. (*Interruptions*).

MR. DEPUTY SPEAKER: Nothing will go on record.

(*Interruptions*)\*

MR. DEPUTY SPEAKER: I am not allowing anybody except Mr. Shantaram Naik.

(*Interruptions*)\*

SHRI SHANTARAM NAIK: Sir, he said that because of the utilisation of fruits by the processing plants, prices may be increasing. This is what he submitted. Sir, at the most I can say, at the initial period for a few months, till the production increases, the prices may increase. At the most there may be some increase in the prices. The Minister can correct me. But once the production of fruits increases, the prices are not going to increase. But on the contrary, they may collapse for the purpose of the consumers; almost 40% of the fruits which will become waste will be utilised. Therefore, ultimately you are not going to use the table variety, the fine variety. So, Sir, 40% of waste which you are throwing out can be utilised in this plant and that aspect should be considered.

Another thing is that it has been argued that the Government of India has shifted its policy. It has not shifted its policy. This is the policy of the Government of India initiated this year. You say that this is in violation of this particular policy. It is not so. On the contrary, it is the shifting of cultivation for the benefit of the farmers of Punjab. Whereas they will be growing wheat and rice, now they will be shifting from that for the purpose of growing fruits. By this they will be benefited by getting higher income. Shifting of policy is not there. Even this point of view has been brought out in an article in 'The Tribune'. They say, it is very wonderful. I will read out the relevant portion:

"With over 84 per-cent of the geographical area of the State under cultivation, two crops — wheat and rice in rotation claiming most of the cropped area, the intensity of cropping running above 180 percent, and the use of 169 kgs. of fertilisers (nutrients) per hectare, besides an intensive application of insecticides and pesticides, the agro-ecological balance of the State has become extremely fragile."

[Sh. Shantaram Naik]

".....From April end to the middle of June, when temperatures range between 40° C, and 46° C, the air gets loaded with dust because of the threshing of wheat. From June end to early September, with the temperature still hovering around 40° C, humidity goes above 95 per cent. From mid-October to mid-December the air is full of smoke because of the burning of paddy straw. Thus, the environment in the State remains unliveable for full six months in a year. The total society sweats and suffers in summer months because of power cuts and thus, pays heavily for the irrigation water for rice."

So, this writer justifies shifting of cultivation to a certain extent to certain areas even from the point of ecology.

Secondly, as far as jobs are concerned, the Minister has stated that 50,000 jobs will be created. In fact, some figure states that 20,000 extra jobs will be created; I do not know whether that figure is correct, but nevertheless 50,000 jobs will be created; about 80,000 tonnes of fruit will be utilised; on 30,000 tonnes of vegetables we will get a tax revenue of around Rs. 150 crores per annum and export to the extent of 50 per cent of the produce.

Sir, we are going to have our food Research Institute spending about Rs. 1.5 crores. This Institute itself will increase the production.

SHRI S. JAIPAL REDDY: In a period of...

SHRI SHANTARAM NAIK: The question is, the Research Institute does not take ... (Interruptions).

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI JAGDISH TYTLER): Look at the project also.

SHRI SHANTARAM NAIK: Are you going to deprive the people of Punjab of this? What is the motive of the opponents? (Interruptions). They would not like the people of Punjab and farmers to prosper thereby the Congress (I) can be blamed. The whole aim is, they are aware that the Green Revolution will come in Punjab. In case the Green Revolution comes in Punjab, the entire credit will go to the Congress(I). That is why they are objecting to this, Sir, (Interruptions).

MR. DEPUTY SPEAKER: You wind up, please.

SHRI SHANTARAM NAIK: I would only like to talk about one aspect on which I would like the hon. Minister to satisfy the House and that is that in case of non-fulfilment of various aspects, what are the clauses that we can invoke in the agreement because today we cannot project or foresee certain contingencies. Therefore, I would like to know what are the clauses more or less which we can utilise for the purpose of assuring that each and every clause of this agreement will be fulfilled; secondly, what will be the extent of the participation of farmers in the administration and management of this venture. That is all.

SHRI S. JAIPAL REDDY: You are asking for the impossible, that is all. You ask Mr. Tytler for implementation.

SHRI JAGDISH TYTLER: Don't worry, I will be there. (Interruptions).

[Translation]

SHRI HARISH RAWAT (Almora): Mr. Deputy Speaker, Sir, I have been listening to my friend Shri Jaipal Reddy with due respect and attention. After listening to his speech, I came to the conclusion that he and his other friends belonging to the opposition have resolved that if a lie is repeated thousand times by thousand persons, lakhs of people will take it to be true. To level allegations against individuals has become their pastime and they have to carry it on. Instead of critically examining the whole matter and

drawing the attention of the Government towards some aspects upon which the Government should take action, he has only criticised the hon. Minister in a very derogatory language. Shri Jagdish Tytler is working very efficiently in his Ministry and discharging the responsibility put on his shoulders not only by the hon. Prime Minister but also by crores of farmers of this country who are looking hopefully to what he and his Ministry is going to do for them in the field of food processing. To utter such cheap words against him is not good. He might not have felt bad because the hon. Member uttered these words in English and the hon. Minister might have a liking for English words. But Hindi translation of these words is very derogatory and I cannot say how one can tolerate these words?

I welcome the intention of the Government that there is a need for bringing some revolutionary improvements in the field of food processing, particularly, in the field of agro-based food processing industries. But the question is whether some improvement should be made or not. It is the demand of all that improvement should be brought. It is for the Government to think as to who should be entrusted with this work.

I would like to request Shri Jagdish Tytler that he must reply to some of the points at this stage. All of us know that the area in which PEPSICO is going to be set up is a low technology, non-priority area and there has been no change in our priorities even today. They continue to be as they were. Then for what reasons is Government allowing the multi-national companies to enter in such a non-technology, non-priority area? Now we hear that Coca Cola is also entering the field. Through the propaganda and paper war started by PEPSICO, high hopes have been raised with the people that there will be a total change in the entire sector if this company enters into collaboration with the Punjab firm. But I am doubtful whether there will virtually be any revolutionary change in all the food processing industries as is being made out. The hon. Minister should make it clear, under what circum-

stances Government is allowing the multi-national companies to enter into collaboration with the Indian firm in the non-priority area?

This company will function in a sensitive area like Punjab. What is the history of this company in Chile and other countries? The type of propaganda it has started here raises doubts. Have the Government got the information about the history of this company? The area of Punjab is a very sensitive one and there is complete disorder in Punjab. Have the Government satisfied themselves that after the company sets up its plant in Punjab, it will not get involved in any undesirable activity?

On 11th August, 1981, the then Industry Minister had said in this very House that question of entering multi-national companies in non-priority areas did not arise. The same thing was said in 1985 in this very House. Now when the company is being allowed to enter, should it be taken as a shift in the stand? We hear that Coca Cola will follow suit. I want to know whether the Government have allowed them to enter into agreement keeping in view the requirements of the country. The hon. Minister must allay our apprehension during the course of his reply and say whether this thing does not apply in the case of Soft Drink Companies and the multi-national companies.

As I have said earlier a paper propaganda has been started by this company saying that this is state-oriented project and will earn foreign exchange. In this process the State will get the value of Agro-based products and the company will sell its products in other countries. Almost 40 per cent shares of this company belong to PEPSICO. According to the existing agreement, if an import worth Re. 1 is made, it is obligatory on their part to export products worth Rs. 5. But this agreement is valid for 10 years only. Will this export obligation continue indefinitely, because the dividends of this company will go on increasing? Will the balance between the export and import be maintained till the company remains in existence? Or it should

[Sh. Harish Rawat]

remain applicable just for ten years. For, it is suspected that after ten years, the company would keep the entire amount of its profit in foreign countries. It would mean a heavy loss of foreign exchange to us.

The hon. Minister has stated in his reply that the company would not only set up an Agro-Research Centre but also work for the Agricultural Research Centre, particularly for the development of oil seeds. There is no record on the basis of which it can be said that the company has ever been able to keep its promises in any field. This company entered Russia and assured to export Vodka and market it in America. But the company failed to fulfil its obligation. I have objection against its participation in the field of agricultural research. It is beyond doubt that our scientists are doing a good work of their own. So what would this company accomplish in this field. Even the total investment being made is quite nominal.

It is obvious that they are trying to gain advantage through the projection of Agricultural research. In fact, it does not intend to contribute in this field. So I would submit that there is no need to associate it with this field. If at all, the Government consider its participation to be useful what would be its substantial contribution? To say that it would do this or that in the field of seed development and horticultural research is not going to serve the purpose. Moreover, the amount which it is going to spend is so nominal that we would not be able to achieve anything. In his reply, the hon. Minister has stated that:

[*English*]

" Potato and grain processing constitutes approximately 40% of the capital cost of the project, 35% fruits and vegetable processing and only the balance of 25% soft drink concentrates."

[*Translation*]

This is what has been said about the

capital investment which is said to be made at the initial stage. At present, it is under the control of the Government but once the company enters this field, it would be able to prepare a team of its sympathisers and then pressurise the Government to let it increase the products of soft drink. It should, therefore, be made clear whether soft drink would constitute 25% of the total production or of the capital investment. In the latter case we would not be able to meet our requirements.

Regarding employment generation, our hon. Minister has assured to provide employment to 50 thousand people. The poor has thus started hoping as if the Government is going to distribute funds in charity. Such a propaganda is virtually being made by you. We know that when a new industry is set up, some people do get employment. But the hon. Minister has not made it clear as to what would be the future of the existing Food Processing Industries and of the small companies which are involved in its marketing network and in which public money is invested, if this big company is permitted to enter this field. We should rather be very concerned about small companies and see that these instead of being liquidated, prosper and are benefitted thereby. The Government should clarify as to what they propose to do in this direction.

SHRI BALWANT SINGH RAMOOWALIA (Sangrur): Mr Deputy Speaker, Sir, I listened to Shri Jaipal Reddy and other Members of the House who expressed their views about the setting up of a PEPSICOLA unit in Punjab. Like other Members, we also oppose the idea of allowing multinational companies to set up units here. But the whole House should consider the problems being faced by the farmers. Farmers in Punjab are facing three problems. Firstly there is the problem of marketing the produce which the farmers produced there amply. Secondly, they do not get an opportunity for diversification of crops. Thirdly, they should get the same fair prices of their produce as the farmers in other States are getting. These are the problems which are being faced by almost all the farmers. But the

farmers of Punjab, Haryana and some parts of Uttar Pradesh have to face more serious problems. Sometimes the situation is so worse that in case of 40% of the crop sown in an area of 50 thousand hectare, it is said that the price which the farmers get is even less than the transport charges incurred by them.

**SHRI JAGDISH TYTLER:** This is what is happening even to-day.

**SHRI BALWANT SINGH RAMOOWALIA:** I am myself a farmer, I may tell you that my expenses exceeded the income when I want to sell onions in the market. So it is essential to find out a way for processing the perishable food commodities like meat, fruit, vegetables, etc. By setting up a food processing unit in Punjab, the farmers there would be able to get more price for their produce and this will also generate more employment opportunities. As the water level in Punjab is going down, it is, therefore, desirable that the farmers in Punjab should be allowed to grow vegetables, fruit, etc. instead of sugar-cane and rice which require more water. That is why I fully support the project. I would like to refer to the statement of the Secretary of Food Processing, Shri P. Murari in which he said:

[English]

"That Food Processing Industry meets research requirements to tap its rich potential."

[Translation]

He said that we should allocate more funds for research work. The Minister incharge of food processing in the Ministry of Industry, Shri Jagdish Tytler said:

[English]

"Food Processing, packaging and Preservation industries will be treated as a high priority industry for securing bank credit...."

[Translation]

So I think that there was and there is a

need for such an industry despite the fact that it is being opposed. When we started converting jaggery and *Khandsari* into sugar, even then the idea was largely opposed. If at all the Government intends to do something for the farmers of the country, they should soon find out some means to process the raw materials. We will go on using the big shellers, which are now available but if the rice sheelling machine capable of shelling one tonne rice per day, is provided to every farmer, he would send rice to the market after separating the husk in his field and thus gain Rs. 40-50. So it is not proper to oppose every proposal without considering its pros and cons. It is for the benefit of the farmers in Punjab and they do require it. According to the statement of Shri Murari, more money was required for this project but only an amount of Rs. one crore has been sanctioned which is inadequate and it should be increased in order to extend more help to the farmers. I have also read that with the taking up of this project, various big industrialists like Shri H.P. Nanda, the present C.M.D. of GOETZ and others have started taking interest in the Food Processing Industry. So I would like to urge the Government to encourage more and more industrialists in the country to contribute more and more in this industry so that more employment opportunities are created and development of the country is assured. I want to ask a question. You have said that 50 thousand people will be provided with job opportunities, directly or indirectly. But Punjab Agro Industrial Corporation, the applicant for the project, has mentioned job opportunities only to 489 people. Secondly I want to say that strict measures should be taken in this regard. If soft drink part is increased then, the whole country is aware of this fact that this company does not act accordingly to what it says, How are you going to ensure that the soft drinks part will be strictly limited to 25 percent only. It is your responsibility now. This unit will be set up in Punjab. Malerkotla, which is my constituency also, is the best locations for this project. There, 80 percent Muslim population is engaged in cultivation work, in growing vegetables and fruits. Malot, Abohar and

[Sh. Balwant Singh Ramoowalia]

Faslika, a fruit belt in Punjab is also near to this place.

SHRI HARISH RAWAT: We all support it.

SHRI BALWANT SINGH RAMOOWALIA: Malerkotla should be declared right now as the location for this project.

With these words I conclude.

[English]

SHRI JAGDISH TYTLER: Mr. Deputy Speaker, sir, I am very grateful to all the members who took part in this debate and gave their suggestions...*(Interruptions)*

SHRI HARISH RAWAT: Including Mr. Jaipal Reddy.

SHRI JAGDISH TYTLER: Yes, for highlighting something which I did not want.

[Translation]

I think when there is any reference to pepsico, people take it as if the American Company is going to dominate here in the country. But I want to make it very clear that this contract has not been awarded to any American company. The contract and the licence has been given to the Punjab Government. Most of the shares are with the Punjab Government and with the Tatas. Reference to pepsico is being made here in Parliament again and again. You talk of destabilisation. But you should know that where this company is dominating, it is having 100 per cent shares there. In those countries license has been given in the name of this company and again it is the company which appoints the directors, frames the policy to and takes decision as to when the bottling plant is to be given and how the sale is to be organised. But here the Indian company and Punjab Government will decide as to whom the bottling plant is to be given, where the research work is to be

carried out, which persons are going to be absorbed the jobs and with whom the decision taking power will rest. Pepsico's shares are small in number. You talk of research work. You have criticised the investment of Rs. 1 crore to be made in five years. A sum of Rs. 1 crore and 74 lakhs has been allocated to be spent in Seventh Five year Plan on Research University in Hyderabad. In Seventh Five Year Plan, a sum of Rs. 37 crore 70 - lakhs has been allocated for 25 universities. What is wrong if the company has been given small share in it. Are you aware of the company has been given small share in it. Are you aware of the prices of potatoes. Farmers are crying today. Last year in Himachal Pradesh potatoes and cauli-flowers had to throw on roads. The farmers have to suffer a loss of Rs. 3500 crore every year in the absence of proper storage facilities. Our farmer is in pitiable condition and the middlemen are making money out of farmer/s produce. You talk of Punjab problem. There is no Member in this House who do not want that help should be extended to those youths in Punjab who are misguided and are looking towards Pakistan which is harming the interests of Punjab and assisting in killing the innocent people there because they are unemployed. Our Prime Minister felt the need of job oriented schemes for the youths in Punjab. This project has, therefore, been given to Punjab Government. I think you love the country most and for that, almost everyday, you are criticising the policy of the Government regarding Punjab. *(Interruptions)* You have referred to pepsico which is a non entity. *(Interruptions)* Sit down, please. I can reply. I know the things you always raise Punjab issue. You criticise the Prime Minister, the Home Minister for petty things and when the government want to take some action in this regard you object even to that. *(Interruptions)* Take the case of bottling plants in Delhi. One thousand people get directly employed even if it is a small bottling plant. Then there are truck-drivers, loading unloading labour and Pan shopkeepers etc who also get indirect employment there. Thus 5-6 thousand people get employed and you are expressing your apprehensions

about so much of the job-opportunities there. The report regarding the project implementation is with the Punjab Government. Why do you make reference to Punjab Government here in this House? Have you got a brief from the American company? There are a number of Multi-nationals in the country, you did not say anything regarding them. Multi-nationals have invested crores of rupees here. You cannot prevent them. Under the law of this country they may have 40% shares in the company. (*Interruptions*)

[*English*]

SHRI S. JAIPAL REDDY: In high technology areas and not in low technology areas, in high priority areas and not in low priority areas.

[*Translation*]

SHRI JAGDISH TYTLER: I did not want to say anything about pepsico but I have been completed to do so. I would like to tell you that pepsico has set up 18 bottling plants in Russia. You will be surprised to know that now Russia has made another agreement with them. This fresh agreement involves investment of 2 billion dollars. I want to quote what Punjab Government has told me.

[*English*]

" In a recent public meeting with USA business, the President of the USSR has asked for candid endorsement of business prospects of USA business in USSR."

[*Translation*]

The K.G.B. should be afraid of C.I.A. but they are inviting them to their country. They want to earn one dollar with the investment of one dollar. They are importing concentrate from Ireland, and from America and we are asking them to manufacture the same here in our country. Did you ask anything about the import of raw material etc. ? But, I want to tell you that whatever raw-material for concentrate is available in this country,

we will not allow them to import it from foreign countries. (*Interruptions*)

[*English*]

SHRI S. JAIPAL REDDY: When he does not know what ingredients come through the imports, how can he say that ?... (*Interruptions*)

[*Translation*]

SHRI JAGDISH TYTLER: Their formulation costs 200 billion dollars. Who will tell you about that?

[*English*]

SHRI S. JAIPAL REDDY: How can the Minister say that the imported concentrate does not contain ingredients available in India? You do not know the formula.

SHRI JAGDISH TYTLER: Actual formula nobody would tell you, but what goes in part of the formula available in the country is a part of the contract. That will not be brought into country, if it is manufactured here. What more do you want? This would at least ensure that they are not going to bring in things which are not available in the country.

SHRI S. JAIPAL REDDY: I am talking of the concentrate imports.

[*Translation*]

SHRI JAGDISH TYTLER: You please sit down.

Secondly you have made a reference to the Cabinet Committee on Economic Affairs. But, I would like to make it clear that the Economic Affairs Committee had agreed to 50 percent turn-over obligation in stead of 60 percent. (*Interruptions*)

I want to tell you that from the very begining of the session I have been receiving a number of letters from hon. Members. They have given notices of questions also. Hon. speaker also forwarded these ques-

[Sh. Jagdish Tytler]

tions to me. I decided to give a detailed statement both in Lok Sabha and Rajya Sabha.

[English]

When I made the detailed statement in Lok Sabha and Rajya Sabha, 99 percent of the members were satisfied and they said that their queries have been properly answered.

[Translation]

I think that there is no need to tell anything now about pepsicola because this has to be decided by Punjab Government as to how will it be controlled. Our Research Universities are here. Yes, we shall allow the import of Germplasma which will increase the yield. But we have imposed a condition in this regard. Lakhs and crores of rupees are being spent on research. Therefore, our condition was that the germplasma which we import should be deposited in our plasma banks, and it shall become our property. We shall see as to how to utilise it, where to provide it, how to multiply it and we shall have full authority over it. We may provide it to Andhra Pradesh or Jammu and Kashmir.

Secondly, everybody is apprehensive about the fact whether they are going to fulfill the export obligations or not? In this connection, I had made my statement in the very beginning.

[English]

Clause 4 of the foreign collaboration approval says that for undertaking the export obligation specified in the approval letter, the requisite guarantee, that is, legal undertaking and bank guarantee as may be required should be furnished according to the detailed instructions issued by the Chief Controller of Exports and Imports. That means, they have to give bank guarantee as well as a legal guarantee that they will meet export obligations. We will see to it that this is done.

Hon. Members may kindly keep this in mind that all this is being done for the sake of the farmers. 25 percent of the total foodcrop in Punjab will be exported and that is not a small amount. While the farmers till now are getting a particular amount of yield per hectare, with the introduction of the new germplasma, they will be getting much more and thereby earning much more. Shri Ramoowalia also mentioned about the small shelling machine. We are only trying to see that the farmer gets the best out of their produce so that they do not get panicky when they go to the market to sell their produce. With all these things, they will be getting very good returns. The hon. member has rightly said that he has to spend more to take his potatoes from the farm to the market than what he gets in return when he sells the potatoes.

SHRI S. JAIPAL REDDY: Why all these crocodile tears for the farmer?

SHRI JAGDISH TYTLER: If you say that these are crocodile tears, they do not become so. If you had the courage, your party should have objected to it when we called a meeting of all political parties in Punjab. Why are you raising these points now? Your party is a part and parcel to it.

SHRI S. JAIPAL REDDY: Our party has been opposing it right since its inception. Right from day one, right from the word 'go', we have been objecting to it.

SHRI JAGDISH TYTLER: It is really interesting. In Punjab, we have called a meeting of all the political parties to discuss the issue because we knew that this issue might become political ... (Interruptions)

SHRI JAGDISH TYTLER: Let me speak please. I am on my legs, and I am answering you. You have mentioned that I am shedding crocodile tears. Let me reply. I just want to tell you one thing. I wish your counterpart in Punjab should have said that I am going to give you something good so that in Lok Sabha, the crocodile tears do not come from Shri Reddy. I would have been happy. I would say that when the Punjab



Government had a dialogue with the farmers, at that time you looked at the situation in Punjab and you agreed with it. Now you are saying that you are shedding crocodile tears. I would like you to go to Punjab and say this thing. (*Interruptions*)

SHRI S. JAIPAL REDDY: For the sake of record, I would like to say that Janata MLA of Punjab was not present at the meeting...(*Interruptions*)

SHRI JAGDISH TYTLER: Janata Party MLA was not a party to it. You have a President. You have a General Secretary. You have a full Unit. What are you taking? Just because Mr. Shekhar is speaking, you are saying all these things...(*Interruptions*)

SHRI NARAYAN CHOUBEY: His party is not a party to which you belong. He does not belong to your party.

[*Translation*]

SHRI BALKAVI BAIRAGI (Mandsaur): Mr. Deputy Speaker, Sir, as hon. Shri Narayan Choubey has stated that may God save him from our party. I want to submit that his wife is a member of our party so may God save him from his wife.

[*English*]

SHRI NARAYAN CHOUBEY: They are very much attached in the art and science of mis-representation. My wife has not joined their party. (*Interruptions*)

KUMARI MAMATA BANERJEE: Yes, Sir; she has joined the party. (*Interruptions*)

MR. DEPUTY SPEAKER: No please, Why are you speaking about the family matters?

SHRI NARAYAN CHOUBEY: The control of the Federation by INTUC and the Government is not the same thing. The INTUC and the Congress is not the same thing. AITUC and the CPI is not the same

thing. CITU and the CPM is not the same thing. My wife joining an organisation controlled by the INTUC and my wife joining the Congress is not the same thing. (*Interruptions*)

SHRI JAGDISH TYTLER: Mr. Reddy, I would like to correct what I have said about your party. You may be right. But subject to my clarification, I beg to withdraw because I am not very sure of your party's participation. I just want to make it very clear that you should not come up with a Privilege Motion against me on this particular issue. With a very heavy heart I would like to say that everywhere they had attacked this PEPSICO. They do not know what they are doing. I would say that they are operating in 149 countries and they deal mainly with food and beverages. They deal in small percentages as far as the cold drinks are concerned. This is according to my information. Their Annual turn-over is over 12 billion dollars. Its subsidiary FRITO LAY has sales of over 3 billion dollars and has the largest system of restaurants worldwide. They use all the fruit products in making PIZZA HUT, KENTUCKY FRIED CHICKEN, TACO-BELL.

PEPSICO has also developed packaging technology and is the largest bulk aseptic packager of concentrate fruit juice in USA which they would be taking from Punjab with the same company.

PEPSICO has a number of joint ventures practically with the Eastern countries also. I would also convey to the Governor a request regarding Malerkotla project made by Shri Ramoowalia.

In the end, I would like to inform all the hon. Members that we had taken this decision keeping the Punjab situation in view, keeping the employment prospects of the farmer's; children in view and also to see that more jobs are created and the surplus of Punjab's fruits and vegetables are utilised and 50 percent are exported.

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