

were to extend its sitting by one hour, from 7:00 PM to 8:00 PM, probably the debate would not have concluded because a large number of Members would have been still left out. Therefore, the Home Minister suggested to the Chairman who was presiding over the House at that time that perhaps the discussion might be postponed to a day in the next session. Then you came and said and I quote

'Now that the Home Minister agreed to have one full day for the discussion in the next session, there is no point in sitting further today. We will take up this next time in the next session. The House stands adjourned.'

Two points arise from this. One, you yourself said that the Home Minister had agreed to postpone it. The Home Minister or any other Minister in his speech might have made a suggestion to the House through the Chair that he was prepared to have more discussion on this. But there was no regular indication from the Minister of Parliamentary Affairs whose business it is to tell the House that a particular motion or discussion will take place in this or that session. That was not coming from the Minister of Parliamentary Affairs. It came from the Home Minister. But the Minister of Parliamentary Affairs who is in charge of the business of the House has not so far confirmed it. Secondly, there was no regular motion under Rule 340.

SHRI VAYALAR RAVI (Chirayinkil) The report is there

PROF P G MAVALANKAR Rule 340 says

"At any time after a motion has been made, a Member may move that the debate on the motion be adjourned."

Now, as far as this matter is concerned, I think that either the Home Minister or the Minister of Parliamentary Affairs has not formally put the motion under Rule 340 for adjournment of the discussion. How can there be a debate be postponed to a day in the next session without a formal motion being put before the House? And if that is not done, then I submit that today, Monday the 8th August, the discussion on that Motion stands, it continues because there was no motion for its postponement. You said in the house "the House stands adjourned till 11:00 O'clock on Monday the 8th August 1977."

Therefore, I submit that the discussion on Harijans should be continued today and if you accept my point, I suggest that later on in the day, let the

Home Minister come with a reply about the action which government want to take with regard to seeing that those atrocities do not take place. Between now and the next session some months will pass. We will have more time to discuss but we are not interested in merely discussing the matter, we are not interested in our voice going or not going on record, we are interested in seeing that there is no recurrence of these atrocities, we are interested in seeing that there is no record in the newspapers of the country that the Harijans are being victimised, killed or murdered. If you feel that my point is correct technically, kindly tell the hon. Home Minister that later on in the day, say at 4 or 5 or 6 p.m. he might come and tell the House what he wants to say by way of action taken, whether he wants to come with some white paper (interruptions). I am bothered about implementation. I request your ruling on this point.

MR SPEAKER So far as the first point is concerned, the Minister of Parliamentary Affairs was not there. But the responsibility is joint responsibility and any Minister can say that. Therefore, that question does not arise. As far as the second question that there was no formal motion Prof Mavalankar is correct. But I put it to the House and I took the sense of the House that was the view of the House nobody objected to the adjournment. So, that point is overruled.

11 37 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

COCA COLA COMPANY'S REFUSAL TO FULFIL ITS EXPORT COMMITMENT AND TO PRODUCE BEVERAGE OF WHOLLY INDIAN ORIGIN

SHRI JOYTIRMOY BOSU (Diamond Harbour) I call the attention of the Minister of Industry to the following matter of urgent public importance and request that he may make a statement thereon.

"Present situation of the Coca-Cola Company, its refusal to fulfil its export commitment and to produce beverage of wholly Indian origin and the closure of its factories rendering about 1.5 lakhs of people directly or indirectly unemployed."

THE MINISTER OF INDUSTRY (SHRI GEORGE FERNANDES) The activities of the Coca Cola Company in India during the last 25 years fur-

[Shri George Fernandes]

nish a classic example of how a multinational Corporation operating in a low-priority high-profit area in a developing country attains runaway growth and, in the absence of alertness on the part of the Government concerned, can stifle the weaker indigenous industry in the process.

Coca Cola came to India in the early fifties when four bottling plants were set up at Bombay, Calcutta, Delhi and Kanpur based on import of concentrates worth about Rs. 8 lakhs per annum on an actual user basis. In 1958, the Coca Cola Company, USA was permitted to set up a branch Company in India under the name of Coca-Cola Export Corporation for the manufacture of concentrates from imported raw materials, ostensibly for the purpose of saving foreign exchange spent on the import of concentrates by the 4 Indian bottling plants. It was allowed to manufacture the concentrates within the country on the specific condition that the quantum of production would be such as to meet the requirements of the existing four plants only. What really happened was however very different. Taking advantage of the facts that the manufacture did not require an industrial licence and that the Registration Certificate did not stipulate any approved capacity, the Company expanded its capacity enormously within the next few years from 3 lakhs to 26 lakhs kg of concentrates per annum without seeking any formal approval from the Government. This enabled the Company to supply concentrates to 22 Indian bottling plants which had come up by 1970 in various parts of the country and to attain a dominant position in the beverage industry.

The Company was enabled to import raw material for the concentrates with a liberal export replenishment entitlement of 20 per cent, even though a subsequent study showed that the import content in the concentrate is only about 4.5 per cent. When the import entitlement was thereafter reduced from 20 per cent to 4.5 per cent, the Coca Cola Export Corporation represented that they would be unable to feed all the 22 bottling plants even though, as I had pointed out above, their manufacture of concentrates was specifically restricted to servicing the 4 bottling plants only. On this basis of *fait accompli*, another study was carried out and the actual user import entitlement of the Company was fixed at Rs 16 lakhs per annum on the basis of its performance in 1973, in addition to the export replenishment entitlement of 4.5 per cent. It was however decided, due to considerable public pressure, exerted in the Parliament and outside,

to scale down the Actual User import licence by 11 per cent and the Export Replenishment entitlement by 0.5 per cent every two years from 1973-74.

Export was stated to be another objective for setting up of the Coca Cola Export Corporation, as its name would imply. The total exports made during 1958-76 including goods not manufactured by the Company amounted to Rs 11.12 crores. However, the Company gave up exporting goods not manufactured by them in 1976 after it was decided by Government to take into account only the export of the items manufactured by the Company for purposes of fixing a ceiling on their imports and other remittances. The real worth of the exports of concentrates made by the Company is open to doubt. A study carried out by the Government has revealed that it was possible for the Company to adjust the prices for the import of the ingredients and the exports of the concentrates, both of which were handled by the different branches of the parent Company and that the entire operations were closely directed by the Head Office of the Company in the USA. It is thus not perhaps surprising that the exports have virtually collapsed and the Company has exported goods worth about Rs 1.84 lakhs only in 1976-77.

It is well known that the company has earned profits and made remittances in foreign exchange totally disproportionate to its investment in India. The Company's original investment in India by way of cash, plant and machinery was Rs 6.60 lakhs. During 1958-74, it has remitted Rs 6.87 crores in foreign exchange by way of imports, profits, home office and service charges etc. The amounts claimed by the company as still due to be remitted for the same period is Rs 3.69 crores, making a total of more than Rs 10 crores. This sum exceeds the total export earnings of Rs 9.92 crores during the same period resulting in a net outflow of foreign exchange. Figures for the subsequent years are still under scrutiny. In view of the restrictions imposed on the Company that the total remittances should not exceed 80 per cent of the total export earnings and that the value of imports should not exceed 5 per cent of the total exports, it has not been possible to issue further import licences for raw materials to the company.

Problems have also arisen in the use of the foreign brand names like 'Coca Cola' by the Company. According to the licence agreements entered into by the company, no royalty or

other consideration is payable by the user. It has, however, been held that the restrictive clause in the agreement confining the user only to the concentrates supplied by the Company would amount to 'consideration'. It has also been found that the concentrates are sold to the Indian bottlers with a very high margin of profit (ranging about 400 per cent) which would include a very large portion of hidden royalty. These matters are now engaging the attention of the Reserve Bank which is considering the applications for the continued use of these brand names.

I now come to the important matter of the application of the provisions of FERA to this Company. The Coca Cola Export Corporation is presently a fully-owned branch of the Coca Cola Company, USA. As it is engaged in a low-priority industry not requiring sophisticated technology and with little export potential, the Reserve Bank of India has issued orders in April, 1977 requiring the Corporation to convert itself into an Indian Company with foreign equity not exceeding 40 per cent within one year, that is by April, 1978. The Coca Cola Export Corporation has agreed to form the Indian company, but has qualified its acceptance by proposing that it should be allowed to have a "Quality Control and Liaison Office" of the American Company in India to protect the "confidentiality" of the "carefully guarded trade secrets" of the formulations of the American company. This proposal is not in consonance with the provisions of the FERA, since the proposed Indian company would not in reality be taking over the operations of the Coca Cola Export Corporation but would merely function as a selling company of the concentrates which would still be under the manufacturing control of the American company. Furthermore, this arrangement would also militate against the guidelines for transfer of technology into India, which provide that the technical know-how should be fully imparted to the Indian company within a fixed time limit. The Reserve Bank has, therefore, rejected the application by the Coca Cola Export Corporation in this matter. It is now for the American Company to decide whether it would fully comply with the provisions of the FERA and transfer to the proposed Indian company all the present activities including the technical know-how and the blending operations of the concentrates or whether in the alternative the American company would prefer to close down its operations in India.

Government are committed to the policy that the manufacture of beverages should be indigenised and that there should be no outflow of foreign exchange on this account. Government consider that it would not be desirable to permit a multi-national Corporation to operate in this field in the country to the detriment of the Indian companies. Government have, therefore, been encouraging research and development for the manufacture of wholly indigenous beverages based upon Indian technical know-how. I am happy to announce that the Central Food Technological Research Institute, Mysore, has been able to develop a suitable formulation which is now available for commercial exploitation. I am sure that the Indian bottling companies would take advantage of this development and arrive at satisfactory arrangements for the manufacture and sale of indigenous beverages based on this or other suitable formulations. If these arrangements can be made with expedition, I am confident that the investment of about Rs. 10 crores made by the Indian bottling companies can be saved and the workers, numbering about 6000, presently employed in these plants kept on their jobs. Government would be willing to consider proposals for suitable assistance to the Indian manufacturers of beverages and the Indian bottling plants for rapid indigenisation of this industry.

SHRI JYOTIRMOY BOSU : This Coca Cola is a Yankee Coca culture. It is a US-owned multinational racket as a result of whose operation in this country, our industries in the small-scale and cottage sector producing soft drinks and beverages have gone out of existence. If you look into the dictionary, you will find that 'coca' is a Peruvian shrub and the leaves of shrub produce narcotics. Therefore, a person who drinks Coca Cola is always inclined to drink more of it and at a fixed time because it has a narcotic effect. In this company, many fishy things are happening. The Minister has chosen to divulge many things for which I am thankful. One Mr. William Kerske, U.S. Operator and Lobby Man came on a tourist visa in June 1976 at the height of the emergency—all glory to that regime—but stayed for on year under the garb of legal adviser. But when this Government came into power and initiated certain moves, he ran away. So you can understand what he was doing. I want to tell the country through you, Sir, that this is positively harmful to health. It not only causes tooth decay but the report of the Nutrition Research Laboratory—Annual Report for

[Shri Jyotirmoy Bosu]

1st October 1965 to 30th September 1966, page 73—clearly says that the drink is harmful to children and young people of growing age. It says :

"The results which are presented in Table 29 indicated that the gain in body weight of animals consuming Coca Cola was significantly lower than that of the other three groups. This appeared to be a direct result of the lowered food intake in this group. Animals receiving Coca Cola consume about twice the volume of the fluid as those drinking tap water . . .

Levels of haemoglobin were not different in the various groups but serum albumin levels were significantly lower in the group consuming Coca Cola . . . Analysis of Coca Cola revealed that it had a pH of 2.7, a total solid content of 12% and contained caffeine."

Sir, this is a drink that has been sold freely extending beyond proportion during the last so many years. Although it is a synthetic product, it is going under the garb of a fruit product and the conditions of fruit products clearly stipulate certain things, but those were amended to suit the convenience and conditions of Coca Cola. The man who was having the largest research institute in our country, Dr. Gopalan, tried to tamper with the earlier report on the Coca Cola.

MR. SPEAKER : No, no. I would not allow it.

SHRI JYOTIRMOY BOSU : Sir, you do not allow us to say anything. But I am sure you understand what is national interest.

MR. SPEAKER : I do, but I have to protect the individuals also.

SHRI JYOTIRMOY BOSU : What happened to the Grape Fanta? Were they not using unapproved colouring matter which is seriously harmful to the health of the people who are consuming? What happened to the prosecution? They are so powerful. There are so many politicians in power under their pay role. They very comfortably wriggled out of the whole thing. First, the prosecution could not be brought before the court for years. Then we had to do a lot of wheeling on the floor of this House and that had compelled them to bring the matter before a court of law. But with their influence, they managed to wriggle out. After that Mrs. Gandhi's Government was setting up committees. But they are all eye wash. In 1958 they had only four bottling plants, but in 1976 they had 22 bottling plants. The Minister has said that the capital for the unapproved area was Rs. 6.6 lakhs, but my figure was Rs. 6.6x

lakhs. This is an item wholly in the non-priority sector, yet there is no restriction on profits and 90 percent of the business is in foreign control. Mr. Subramaniam, in his reply to Unstarred Question No. 287 had stated .

"Foreign concerns and subsidiaries and branches of foreign companies will be eligible to participate in the industries specified in Appendix I along with other applicants"

What are those? If you look at the Appendix there, you cannot find this. You only find electrical equipment, transportation, machinery, industrial machinery, machine tools, agricultural machinery, earth-moving machinery and industrial instruments, but you cannot find the soft drinks and beverages. Yet they were allowed to grow beyond every proportion.

The Minister has already given the actual remittances. It is more than Rs. 10 crores. Visibly there are some invoices. But there are other methods. I cannot say, but it may be Rs. 25 crores. In 17 years the growth of production has been 900 per cent. *Ad hoc* import licences were given by our glorious previous regime. They were shedding crocodile tears all the time. In one year, 1975 Rs. 30.25 lakhs worth of *ad hoc* import licences were granted. I would like clarification on the same.

Now, Coca Cola raised the price from 25 paise—I do not consume it much, I seldom consume it—to Rs. 1.25 paise. Now, what happened? It is much more expensive than beer which has a heavy dose of excise duty in it. The cost of Coca Cola is the dearest of all beverages in the country, alcoholic and non-alcoholic. The unit sales have gone down, but the profits have gone up. This is the most important thing. I want to ask the hon. Minister here in this context if he can give a clear and categorical reply. In the Central Food Technological Research Institute (CFTRI) the research was started in 1973 and perfected two years ago. Is it or is it not a fact that under orders of a supreme commander of the erstwhile Government in Delhi the research perfection was put into cold storage and it was never allowed to be marketed for consumption of the people?

I would like to have a clear reply from the Minister in this regard, and to know whether government is giving a categorical assurance before the House that within a target date they are going to prohibit the production and marketing of Coca-Cola in this country, and bring

out at the same time, a national beverage which will be wholly Indian-owned, managed and controlled, and at the same time, it will be a beverage which will not be a hazard to health.

One more point: what action is government going to take in the defiance with regard to compliance of the Foreign Exchange Regulation Act? They had kept sitting over it for 3 years. They have given a qualified consent as the Minister said. The company wants to have a liaison quality control officer, an organization which will go and bribe the people in power, so that Coca Cola can be left out of focus in this country. What does the Minister want to say about the first and second questions?

SHRI GEORGE FERNANDES
Several questions have been raised by my friend Mr. Jyotirmoy Bosu. I thought that after the very exhaustive statement that I had made, all fears about Coca Cola and all questions would have been set at rest.

MR. SPEAKER You have underestimated his ability.

SHRI GEORGE FERNANDES
He referred to the report of the National Nutrition Laboratory at Hyderabad, about the harmful effect of Coca Cola on all those who consumed it, particularly growing children. It is a fact that the report is there, and it is laid in this report that apart from the narcotic effect, this drink does have a harmful effect on growing children. Certain tests were conducted, and the results have been analyzed in the course of this report. My friend, the hon. Health Minister is here in the House. It is for him to take action.

SHRI VASANT SATHE (Akola)
He believes in uri-cola.

SHRI GEORGE FERNANDES
I am sure my friend the Health Minister will most certainly investigate into this question.

MR. SPEAKER Not to-day.

SHRI GEORGE FERNANDES
Not to-day. Now, Mr. Jyotirmoy Bosu referred to a fit resigner who was allowed entry into this country on a tourist visa in June 1976,—when most of us on this side were in jail—and who stayed in till about 2 months ago. This gentleman, one Mr. William Kertesky was allowed to stay on till after the Janata government assumed office. When we got to know about this, we drew the attention of the External Affairs Ministry to it. And a little later, I think about two months ago, this gentleman applied to our embassy in Washington

for a visa to go to India to take over the operations of the Coca-Cola Export Corporation. Our doubts and suspicions that during the one-year period this gentleman was in our country on tourist visa he was not here as a tourist but was in fact concerned with the operations of the Coca-Cola company, have since been confirmed. No question of giving a visa to this gentleman to come to the country to take over Coca-Cola operations now arises for two reasons. Firstly there is hardly any operation left just now. Secondly, it is the policy of the Government to see that so far as the management in these areas is concerned it is completely indigenised.

12.00 hrs.]

Shri Bosu referred to the price of Coca Cola. It is true that they started with 25 paise and now I think it is Rs. 1.25. It is also true that the per unit consumption has gone down. The figures that I have pertains to the calendar years 1974, 1975 and 1976. The production in millions of bottles are as follows:

1974	609.29
1975	452.10
1976	462.19

It is obvious that with the increase in price the overall unit production has gone down. That is a matter for the bottlers and the Coca-Cola Company. With the increase in prices the profits are bound to go up and they have gone up.

It is true that the Central Food Technological Research Institute started research into producing Indian concentrates in 1973 and completed their research in 1975. What were the circumstances in which the results of this effort were not made known, or were not made available for commercial exploitation is a question which will have to be investigated.

I can assure the House that we shall go into this question.

SHRI JYOTIRMOY BOSU My question was specific. Was it on records by the supreme commander in Delhi? I have positive information. Kindly confirm it.

MR. SPEAKER He will enquire into it.

SHRI GEORGE FERNANDES
Very often my hon. friend has more information than we have. But I can assure the hon. Member and the House that we shall look into this, we shall

[Shri George Fernandes]

make definite investigations and find out the circumstances in which the product did not come to be exploited commercially.

He has also asked me to state very categorically whether we are prepared to fix a time-limit for complete indigenisation. I would like to make it very clear that the CPTRI are ready with their concentrates and if the Indian bottlers are prepared to market this beverage, we are in a position to provide them with all the concentrates.

I think I have answered all the questions.

श्री अशोक सिंह जहरीला (इटवा)

उद्योग मंत्री जी ने जो उत्तर दिया है वह अभी एकांगी है। नए नूक्तेनिगाह से इस पर हम को सोचना होगा। कोका कोला पर आप प्रतिबन्ध लगाए यह तो नहीं है क्योंकि यह एक विदेशी पेय है। लेकिन उसकी जगह कौनसा पेय लिया जाए इस पर भी आपको विचार करना होगा। एक नया उद्योग इसके लिए मुल्क में स्थापित करना होगा। मैं एक परामर्श देना चाहता हूँ। दुग्ध हमारे देश में एक आदर्श पेय है। दही को बलो कर जो मट्ठा बनता है वह भी अमृत समान होता है। सरकारी आधार पर हमें अपने मुल्क में कोई न कोई ऐसा उद्योग स्थापित करना होगा जो दूध, मट्ठा इत्यादि पर आधारित हो, और इन के कारखाने हम को बड़े शहरी और छोटे कस्बों में भी स्थापित करने होंगे ताकि जो नई सताने और नई पीढ़ियाँ हैं उन का इस जहरीले पेय से पेट और मस्तिष्क जहरीला होने से बच सके।

अग्नेजी ने हमारे विचारों को जिस तरह से जहरीला बनाया उसी तरह से यह पेय है चाहे वह कोका कोला हो या और कोई पेय हो। यह हमारे मस्तिष्क के साथ साथ हमारे शरीर को भी जहरीला बनाते हैं। इसलिये उद्योग मंत्री दुग्ध पेय, मट्ठा पेय नींबू पेय तथा अन्य भारतीय पेय तैयार करायें। सौभाग्य से हमारे

स्वास्थ्य मन्त्री जी भी बैठे हुए हैं उनसे भी कहूंगा कि आयुर्वेद के आधार पर कोई इस तरह का पेय निकाले जिससे हमारे बच्चे स्वस्थ हो सके।

श्री जार्ज फर्नांडिस अध्यक्ष महोदय, मैं माननीय सदस्य के विचारों का बहुत ही आदर करता हूँ, लेकिन कहा तक हम सरकारी पैमाने पर छाठ वगैरह बनाने के उद्योगों को लगा पायेंगे इस पर कुछ कहना मुश्किल है। लेकिन इतना जरूर कहना चाहता हूँ कि इस सन्दर्भ में और इस अवसर पर कि यह पिछले 30 सालों की हमारी जो दुर्दशा रही उसका यह एक उदाहरण है कि दूध और मट्ठा वाली बात तो रहने दीजिये, लेकिन जिन ढाई लाख गावों में पीने का पानी नहीं पहुँचा पाये वहाँ कोका कोला जरूर पहुँच गया। हमारी सरकार माननीय सदस्य के मुझाब पर कहा तक अमल कर पायेंगी, यह मैं नहीं कह सकता हूँ। लेकिन इतना जरूर कहना चाहूंगा कि कोई पेय गावों में पहुँचे या न पहुँचे, लेकिन अगले तीन सालों के भीतर तमाम गावों में पीने का पानी पहुँचाने का काम हम जरूर करेंगे। इसलिये हमारी नीति का धुर इसी पर रहेगा कि लोगों की जो दुनियादी जरूरतें हैं वह सबसे पहले उनको मिले और अन्य पेय वगैरह जो खास तौर पर शहरी थे लेकिन गलत नीतियों के चलते गावों तक पहुँचाने का काम हो गया उसको जिस तरह से नियन्त्रित किया जा सकता है वह जरूर नियन्त्रित किया जाय।

12.07 hrs.

STATEMENT RE REVISED AND
LIBERALISED POLICY FOR GRANT
OF PASSPORTS

THE MINISTER OF EXTERNAL
AFFAIRS (SHRI ATAL BIHARI VAJ-
PAYEE) : Mr. Speaker, Sir. In the
course of my reply in this House during