

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1076
ANSWERED ON:01.03.2000
HANDOVER OF MODERN FOOD INDUSTRIES LIMITED
ADHIR RANJAN CHOWDHURY;NARESH KUMAR PUGLIA

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government propose to handover Modern Food Industries Limited to private sector company M/s. Hindustan Lever Limited;
- (b) if so, whether the value of the machines, equipments and land etc., have been evaluated before handing over to the private hands;
- (c) whether the Government have handed over the company at much lower rate than the expectation to M/s. Hindustan Lever Limited;
- (d) whether the interest of workers has been taken into account before handing over the company to private hands; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES

(SHRI SYED SHAHNAWAZ HUSSAIN)

- (a): The Government has disinvested 74 percent of its equity holding in Modern Food Industries (India) Limited to M/s. Hindustan Lever Limited.
- (b): Yes, Sir.
- (c) : No, Sir.
- (d) : Yes, Sir.
- (e): The Agreements between the Government, M/s. Hindustan Lever Limited and Modern Food Industries (India) Limited provide for protection of employees' interest as under:-
 - (i) It has inter-alia been stated in the Recital to the Shareholders Agreement `that the parties envision that all employees of the Company on the date hereof will continue in the employment of the Company.`
 - (ii) Through the 1st anniversary of the date of the Agreement, any dismissal or termination of employees of the Company from their employment may be undertaken only in accordance with the applicable staff regulations and standing orders of the Company or applicable law; provided, however, that no retrenchment of an employee through the 1st anniversary of the date of this Agreement shall be undertaken unless the affected employee is given benefits that are equal to or exceed the Maximum Benefit which shall mean employee benefits which are higher of (a) Voluntary Retirement Scheme ordered by the Government of India to employees of the Company as of the date hereof or (b) the benefits available to an employee under applicable law.
 - (iii) The breach of obligations relating to the employees would constitute an Event of Default inviting penal action in terms of buying Strategic Partner's shares in MFIL at 25% discount or sell all the Government owned MFIL shares to the Strategic Partner at 25% premium. This right is without prejudice to the Government's right to seek remedies at law or in equity against the Strategic Partner.
 - (iv) Notwithstanding the above, the Agreements shall be governed in accordance with the laws of the land and as such the interest of employees will also be governed under the Provisions of the Industrial Disputes Act, 1947.