

LOK SABHA DEBATES

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—
**Tuesday, May 6, 1975/Vaisakha 16,
 1897 (Saka)**
 —

*The Lok Sabha met at Eleven of the
 Clock.*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Assets of Philips India Limited

*894. SHRI VAYALAR RAVI: Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) the total assets of Philips India Ltd., at present and when it started operations; and

(b) how many times has it been permitted to raise capital and the details of each case?

THE DEPUTY MINISTER IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI BEDA BRATA BARUA): (a) and (b). A statement is laid on the Table of the House.

Statement

(a) As per the latest balance sheet of the company as at 31-12-1973 the assets of M/s. Philips India Ltd. amounted to Rs. 41.79 crores. The company was incorporated in 1930 and its assets as per the earliest balance sheet available in the Department i.e., as at 31-12-1955 amounted to Rs. 3.05 crores,

(b) According to the information furnished by the Ministry of Finance the company was granted consent by the Controller of Capital Issues for raising capital nine times. The details are given below:—

No.	Date of CCI's consent	Amount consented
1	2	3
		Rs.
1.	28-9-49 . . .	15,00,000 by way of Bonus Issue (Ratio 3:2)
2.	21-10-57 . . .	(i) 25,00,000 by way of bonus Issue (Ratio 1:1)
		(ii) 1,20,00,000 For cash to Holland Co. at a premium of Rs. 2/50 per share of Rs. 10/- each.
		(iii) 50,00,000 For cash to Indian public at a premium of Rs. 2/50 per share
3.	31-11-64 . . .	(i) 10,00,000 To Holland Company.
		(ii) 30,00,000 To Indian shareholders on rights basis (Ratio 3:5) The entire issue of Rs. 40,00,000/- at a Premium of Rs. 6/- per share.
4.	30-9-66 . . .	1,04,00,000 by way of Bonus Issue (Ratio 2:5)

1	2	3
5. 25-11-66 . . .	1,50,00,000	Debenture Stock Issue .
6. 9-4-70 . . .	1,82,00,000	by way of Bonus Issue (Ratio 1:2)
7. 22-1-72 . . .	4,46,457	Creation of first legal mortgage in favour of ICICI in respect of foreign exchange loan equivalent to Rs. 4,46,457/-
8. 5-2-72 . . .	1,33,00,000	(i) Rs. 29,40,000/- to Holland Co. (ii) Rs. 42,00,000/- to existing Indian shareholders as rights (Ratio 1:4) (iii) Rs. 9,24,000/- to Indian Directors and Employees of the company. (iv) Rs. 52,36,000/- to Indian public through prospectus.
9. 4-11-74 . . .	6,79,00,000	by way of a Bonus Issue (Ratio 1:1)

The company's share capital stands now at Rs. 1358.00 lakhs of which Rs. 1005.00 lakhs is by way of capitalisation of reserves and issue of bonus shares. 60 per cent of the total capital is held by the Holland Company.

SHRI VAYALAR RAVI: It is very clear from the statement that the Company's assets which were Rs. 3.05 crores in 1955 have gone up to Rs. 41.79 crores in 1973. Also, some other answers given by the Ministry of Commerce show that the holding company has increased its production by backdoor methods, defeating the regulations laid down, and increasing its assets as well as capital. So, I would like to know why you have allowed the increase in the share capital or the issue of new shares, and whether you have taken into consideration the unauthorised increase in production capacity and accumulation of wealth in this country.

SHRI BEDABRATA BARUA: So far as the issue of share capital is concerned, this is done by the Controller of Capital Issues in the Ministry of Economic Affairs, and this has been allowed over a period of years, from 1949 onwards, and even earlier to 1949. They have raised their capital and it has no relation with their production above their licensed capacity. For

that, the Ministry of Industrial Development is concerned. I remember to have heard the Minister of Industrial Development replying to Mr. Ravi last week when he said that he would take this matter into consideration and try to do whatever is possible. I can only say that this Ministry is concerned with expansion with permission, only when expansion is applied for. Since it is a dominant undertaking in the production of lamps and other things, their applications come and one application has been received which is under consideration.

SHRI VAYALAR RAVI: My question was very specific. Their share capital has gone upto Rs. 41 crores. They have violated the M.R.T.P. Act. Have you considered that aspect while allowing expansion in their share capital?

SHRI BEDABRATA BARUA: There is the M.R.T.P. Act. When it is found that the M.R.T.P. Act is violated, the punishment and the penalties are provided. This is a particular matter which happened even before coming into force of the M.R.T.P. Act. This has happened over a number of years.

SHRI VAYALAR RAVI: How have you allowed expansion of their share capital?

SHRI BEDABRATA BARUA: As I have already said, it is the Controller of Capital Issues who allows the expansion of the share capital. So far as expansion is concerned, they have huge reserves, whenever they have wanted to capitalise their reserves under rules and regulations, they are allowed to capitalise their reserves and issue the bonus shares. They did that.

SHRI S. M. BANERJEE: I want to know whether it is a fact that the Philips India limited had their licensed capacity of manufacturing 8 million lamps and that they were quietly manufacturing over 20 million lamps which probably the Government has regularised. They started manufacturing over 20 million lamps without the Government's permission. Later on, I do not know who is the concerned Ministry, whether this Ministry or that Ministry or the other Ministry—there are three Ministries concerned—which actually regularised it.

I also want to know whether they gave an undertaking that they will export 75 per cent out of their expansion which was granted, not out of their production, and that they have not exported anything whereas a small concern, like Mazda, is exporting 20 per cent of their production, of their manufactured articles. I would like to know why these concessions have been given to the Philips India Limited. I want to know whether an inquiry will be instituted to go into the various mal-practices committed by this firm. They have got, the strongest Lobby in the country. So, I want to know whether an inquiry will be made into all this, why this expansion has been regularised and why no action has been taken when they have failed to export anything.

SHRI BEDABRATA BARUA: It is true that they have expanded their capacity. They have expanded production from 8 million to 20.8 million of GLS lamps. In the case of fluorescent lamps also, as against their installed capacity of 1.5 millions, they have in-

creased the production to 3.3 millions. So, the total comes to about 24 millions as against the licensed capacity of 9.5 millions. The hon. Members, Mr. Ravi and Mr. Banerjee, know that this matter pertains to the Ministry of Industrial Development. I have already explained the position. The Minister of Industrial Development also has explained the position.

SHRI S. M. BANERJEE: Sir, on that day, when the question put by Mr. Ravi was being answered by the Minister, it was said that some of the retired Government officers were on the pay-rolls. You disallowed that by saying that this did not concern that Ministry. Where are we to go? They have got the strongest lobby in the country. You find them in the Udyog Bhavan, in every Bhavan. I would like to know what action has been taken against them on their illegal expansion. This was illegal expansion. They did it secretly or otherwise with the connivance of some officers. What action has been taken on that?

SHRI BEDABRATA BARUA: The Minister of Industrial Development has already explained that he would look into it.

SHRI VAYALAR RAVI: You are pleading helplessness. This is a foreign firm and they are killing the Indian companies. So many companies are suffering... *(Interruptions)*.

MR. SPEAKER: Order, please. He has already replied.

SHRI BEDABRATA BARUA: So far as expansion is concerned, it is up to this House to demand and it is for the Minister of Industrial Development to go into this question, *(Interruptions)*

SHRI S. M. BANERJEE: You may refer this to PAC or EC, to whichever Committee you think proper.

MR. SPEAKER: This is a general question.

SHRI BEDABRATA BARUA: The Minister of Industrial Development has said last week that some of the foreign companies have expanded beyond their capacity and he has also said that he would consider some sort of action

SHRI D. N. TIWARY: May I know whether the Government is aware that, due to this surreptitious increase in the expansion of these companies, the Indian companies are suffering and if so, what steps have been taken to see that those companies which can produce and which are not allowed to produce through surreptitious increase in the capacity of these companies, are allowed to produce?

SHRI BEDABRATA BARUA: This question was answered earlier also. Before the Monopolies Commission, the Indian lamp manufacturers did protest and they said that this company had become dominant and, so, its expansion should not be allowed. We are taking notice of all these things while considering expansion.

MR. SPEAKER: I find that the same question is being repeated again and again.

PROF. MADHU DANDAVATE: While replying to the earlier question by Mr. Vayalar Ravi, the hon. Minister has said that, though there has been expansion beyond the licensed capacity in the case of Philips Ltd., this expansion was, as he rightly described it, prior to the formation of the MRTP Commission and the Act. Can he make the plea that, because certain violations had taken place prior to the setting up of a particular institution, they cannot be taken cognizance of? In that case, can we say that, because the Supreme Court was set up in 1950, whatever violations had taken place earlier should not be taken cognizance of at all by the Supreme Court?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. GOKHALE): I do not think my colleague said anything of that type.

What he said was, some of these expansions which were granted—in fact, we frankly confess—were carried out beyond the permitted capacity. This is a matter which pertains to the Ministry of Industrial Development, and the Minister of Industrial Development himself has said in this House that he will look into the matter. 'Prior to the setting up of the Monopolies Commission' was mentioned only to point out that the monopolies angle, examination by the Monopolies Commission, at that time did not come in. After that, every time when a proposal for expansion was made, it was looked into from the monopolies angle. In fact, two cases have been referred to the Monopolies Commission, their report has been received and the report is under consideration. Therefore, that is the only reason why he said 'prior to the setting up of the Monopolies Commission'.

Views of Indian Drug Manufacturers Association on Recommendation of Hathi Committee on Foreign Drug Companies

*895. **SHRI N. E. HORO:**
SHRI BHOGENDRA JHA:

Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether the Indian Drug Manufacturers Association, which oversees the interest of wholly Indian owned companies, has complained that the Hathi Committee's recommendations will strengthen the interest of foreign drug companies;

(b) if so, the facts regarding the benefit to the foreign companies as they had more resources than Indian companies; and

(c) the way out, if any, Government have found out by encouraging Indian Companies to run smoothly?

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI K. D. MALAVIYA): (a) to (c). A statement is laid on the Table of the House.