

The Reality of Foreign Investments
German Investments in India (1991-96)

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Public Interest Research Group

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Data Notes

- 1 lakh = 1,00,000.
- Million is 10,00,000.
- 1 crore = 10 million.
- Billion is 1,000 million.
- n.a. means not available/applicable.
- Dollars are US dollars.
- One US dollar = Rs. 35 (1996).
- 92/10 means October 1992

EXECUTIVE SUMMARY

Since 1991, the Indian government has announced many policy measures to attract foreign investments as part of structural adjustment programme. Although the economic reforms initiated by Congress government since 1991 were criticised by all major political parties, ranging from the right-wing Bhartiya Janata Party to left-wing communist parties. But, with the change of governments at the Centre in 1996, commitments to continue liberal foreign investment policy first by BJP and later by United Front, it is becoming very clear that there is a growing consensus among political parties on inviting foreign investments to India.

During the post-liberalisation period (1991-96), the industrial sector alone has contributed over 90 percent of the total German collaborations. The agriculture sector collaborations amount to less than 2% of the total collaborations and the rest belong to service sector. The rapid increase in German investments in India as compared to other countries, since 1991, is an outcome of intense lobbying and pressures from German TNCs as well as government representatives. The German investments have been largely facilitated by offering major concessions which include Investment Protection Treaty and Double Tax Avoidance Pact between India and Germany. Much of pressure from Germany to amend India's Patent Act has come from big German TNCs involved in drug business in India.

The major attractions for German investors in India are cheap labour, huge domestic market, and lax environmental and public health regulations with ineffective implementation by state machinery.

The cheap labour with toothless labour legislations in India are one of the major attractions for German investors. The growing wage disparities between India and Germany can be understood by putting this question - Whom would you rather employ- one German worker, two Americans, five Taiwanese, eight Brazilian or 128 Indians? The hourly wage bill for each of these five groups of workers turns out to be the same. If an Indian manufacturing worker can be hired for only Rs 8 (25 cents) an hour, compared to \$32 in Germany, surely it makes sense for German investors to shift their production to India. German TNCs do not loose but gain more by shifting production processes to India as activities such as design, patent, marketing and finance contribute many times

more than the value (eg. a shirt) than its basic manufacture.

Instead of advocating improvements in the living conditions of the workforce and effective implementation of existing labour laws and schemes, there has been a growing demand by German investors and government for the dilution of labour laws. Germany has been consistently pressurising India to change existing labour legislations through various foras. The major demands centres around amendments in Industrial Disputes Act and introduction of an Exit Policy. Many German corporations in India are adopting new strategies to marginalise and reduce the bargaining power of the Indian labour. These strategies include ban on new recruitments in unionised categories, parallel production, Voluntary Retirement Schemes, etc.

Another major attraction for German investors is India's huge domestic market of goods and services. Our investigations found that 82 investment proposals from Germany were cleared during the period, 1991-96, into areas which can be defined as 'low-priority' areas. These investment proposals include products like Beer, toilet soaps, cosmetics, perfumes, jewelry, decorative tiles, BMW mobikes, Mercedes Cars, fruit juice concentrates and many more. Besides, many German TNCs are involved in takeovers and mergers with existing Indian companies thus capturing increasing share in domestic markets. German TNCs - Seimens, Bayer and Hoechst are involved in takeovers and mergers in India.

With the growing awareness of people on environmental and health and safety issues and subsequent strict enforcement of these standards in Germany, German corporations are getting more attracted to India where one can get easily away from any catastrophe. German companies are currently investing in dyestuffs, PVC, agrochemicals, foundaries and forging, and other polluting industries in India. India is becoming a major manufacturing base for German corporations.

German companies involved in dyestuff industries are closing down shutters as environmental movement has gained political clout and implementation of anti-pollution norms has become very stringent. With the high cost of effluent treatment plants and other anti-pollution measures, it becomes economically unviable for these companies to continue their plants in Germany. Out of total investments of Rs. 302 million in India's dyestuff industry during 1991-96, 52% has come from Germany alone.

Following are some of the recent instances of violation of existing environmental,

public health and other regulations by the German TNCs in India. These instances clearly indicate that German companies have been allowed to get away easily whereas in Germany both public opinion and state machinery would have ensured otherwise.

- In 1996, Boehringer Mannheim India Limited was involved in a controversy as its drug, Comsat Forte, was found to be contaminated which led to the death of two people and seriously affected several others.
- Hoechst India has been accused of its involvement in transfer pricing by importing a drug intermediate from its German company Hoechst AG, at seven times more than the international competitive prices.
- In 1994, Siemens was accused of dumping in India a cancer cure machine which has been banned in the West. Siemens was offering these machines at dump prices in order to get rid of the large stocks of sub-standard equipment which it cannot market in the West.
- In 1996, Bayer (India) has been accused of 'modifying' production processes and claiming price control exemption on the grounds that the new processes are being developed through indigenous R&D.
- Hoechst, which is also involved in biotechnology, has been found of taking biological/genetic resources from India and making commercial use of these resources, including by obtaining patents.

It is high time that Indian government look into the wider implications of foreign investments, including German investments, on India's domestic industry, economy, people and natural resources and strictly enforce regulatory mechanisms and legislations.

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Introduction

Since the implementation of structural adjustment programme in India, there has been a growing debate and discussion on what terms and conditions foreign investments should be invited in India. The advocates of open-door policy argue that TNCs will help India as these bring new technology and capital and provide better goods and services. On the other hand, the critics of the foreign investments argue that TNCs are coming to India to make quick profits and foreign investments cannot help India to solve its basic problems of unemployment, poverty, illiteracy and environmental degradation. However, this debate has centered more around ideological positions as there has been a lack of evidence to support the different ideological positions of proponents as well as of critics of foreign investments in India.

In order to strengthen this ongoing debate on foreign investments in India, Public Interest Research Group has been carrying out research to study the impacts and consequences of foreign investments on India's economy, people and natural resources. After the release of our study *Swiss TNCs in India* (Madhyam Books, 1996), there has been a favourable response from activists, grassroot groups and mass movements to further carryout similar studies. This study on German investments in India deals with the wider implications of German investments. This paper is divided into five chapters. Chapter one provides an overview of foreign investments in India - from 1940s to 1990s. Chapter two deals with the major trends and patterns of German collaborations in India during the post liberalisation period (1991-96). Chapters three to five investigate basic question - what are the main attractions for German investments in India? These chapters also provide concrete evidence and cases to support the arguments put forward by us.

To carry out data collection for the study, letters were sent by us to many companies, which have tie-ups with German corporations, to provide annual reports and other information related to collaboration. To our dismay, we received a very poor response. This was followed up by making direct contacts with companies as we made numerous personal visits to collect information related to tie-up with German corporations. But, thanks to corporate secrecy, we could not succeed much in

data collection of individual companies.

We consider this study to be very timely as India is facing a major expansion of private foreign capital and incidences of poverty, starvation deaths and unemployment are rising. The public perception on the role of foreign investments in India is also changing, as more and more people are realizing that it cannot solve India's basic problems. We hope that this study, in a modest way, will help people to understand the wider implications of German investments in India. We also hope that this study will contribute in raising the debate on the issue in Germany through the efforts of Action for World Solidarity and others.

Foreign Investments in India : An Overview

During the three decades after India gained political independence in 1947, the Indian Government displayed a "stop and go" attitude towards foreign capital and its institutional form, transnational corporations (TNCs). On the one hand, the Government sought to establish limits on the areas of industrial activity in which foreign investments could operate and also to restrict the degree of foreign ownership of these operations. On the other hand, the Government wanted to invite foreign investment in the hope that it would provide technology and capital for industrialisation as well as boost India's foreign exchange reserves. In practice, the latter considerations prevailed.

However, the Government realised in early 1970s that the TNCs profits and dividend repatriation as well as remittances of fees, royalties and interest created a severe drain on India's foreign exchange resources. As a result, it came out with the Foreign Exchange Regulation Act (FERA) in 1973. A detailed account of the

As the major component of the Structural Adjustment Programme is the promotion of private foreign capital, the Indian government announced many policy measures to attract foreign investments.

Foreign Investment Flows into India after 1991

(in million US\$)

Foreign Investment	1991-92	1992-93	1993-94	1994-95	1995-96*
1. Direct Investment (Approvals)	150	341	620	1314	1269
2. Portfolio Investment (Actuals)	8	92	3490	3581	879
Total	158	433	4110	4895	2148

Source : *Economic Survey, 1995-96.* * (April - November)

With the change of governments at the Centre in 1996, commitments to continue liberal foreign investment policy first by BJP and later by United Front, it is becoming very clear that there is a growing consensus among political parties on inviting foreign investments to India.

fallout of this act on the investments by TNCs is discussed in *TNCs and India* (PIRG, 1995)¹. In the wake of the balance of payments crisis in 1990, the Indian Government was forced to take loans with harsh conditionalities from the World Bank and IMF. These loans were not just aimed at rescuing India from the balance of payment (BOP) crisis. Instead, they served the wider agenda of these institutions to implement the structural adjustment programme (SAP) in India. As the major component of the SAP is the promotion of private foreign capital, the Indian government announced many policy measures to attract foreign investments.

As a consequence of these policy measures, foreign investment in India has increased manyfold since 1991. It is worth mentioning here that the nature and form of foreign investments has changed significantly in post-1991 era. Prior to 1991, virtually all investments or technological-transfer collaborations by TNCs came through foreign direct investments (FDI), not portfolio investment. After 1991, Foreign Institutional Investors (FIIs) were allowed to operate in Indian capital markets. As a result, portfolio investments in comparison with FDI, has increased tremendously.

Although the economic reforms initiated by Congress government since 1991 were criticised by all major political parties, ranging from the right-wing Bhartiya Janata Party to left-wing communist parties. But, with the change of governments at the Centre in 1996, commitments to continue liberal foreign investment policy first by BJP (although this government lasted for just 13 days) and later by United Front (a front consisting of 13 regional and left parties, supported by the Congress), it is becoming very clear that there is a growing consensus among mainstream political parties on inviting foreign investments to India. The earlier fears of foreign investors regarding political instability in India have been largely removed.

During its 13 days of power, BJP gave quick nod for the controversial Enron project which reassured foreign investors. The United Front government led by H.D. Deve Gowda has made it very clear that the 'reforms are irreversible'. In fact, the UF government cleared as many foreign investment proposals in just three months as in the five years of Rao regime. It cleared 113 foreign investment proposals with a proposed investment of Rs. 7,000 crore in only three meetings of FIPB.

Actual Inflows vs. Approvals of FDI

1992	12.8
1993	16.8
1994	21.9
1995*	29.9
1991-1995	22.6

* Upto September 1995.

Note : Approvals and Inflows include NRI investments.

Source : *Economic Survey, 1995-96*

The UF government cleared as many foreign investment proposals in just three months as in the five years of Rao regime.

The United Front government has recently announced new guidelines to attract foreign investments. Foreign equity has been raised upwards from 51% to 74% in certain industries. Although the Common Minimum Programme (CMP) of the United Front government outlines discouragement to foreign investments in 'low-priority' areas but the recent actions taken by the government suggest that the supposedly distinction between priority and non-priority areas of foreign investments is being eroded as new clearances include consumer and luxury products. Although the Foreign Investment Promotion Board (FIPB) has been restructured recently, the wider concerns and implications of foreign investments on do-

The wider concerns and implications of foreign investments on domestic industry, labour, environment, consumers and balance of payments are being overlooked by the United Front Government which has put a target of attracting \$10 billion of FDI annually.

mestic industry, labour, environment, consumers and balance of payments are being overlooked by the United Front Government which has put a target of attracting \$10 billion of FDI annually.

However, the total figure of actual inflows and approvals of foreign investments provides a gloomy picture. In the liberalisation period, from 1991 to 1995, the actual inflows are just 22.6% of the approved investments.

Quotable Quotes !

- "You came to India and stayed for 200 years. Now come prepared to invest and stay for another 200 years, and there will be huge rewards."

P. Chidambaram, Finance Minister, talking to foreign investors. (*The Times of India*, October 2, 1996)

- "CMP (common minimum programme) refers to relatively 'low priority' areas into which the entry of TNCs would be discouraged. No industry will be on 'low priority' on a permanent basis."

Murasoli Maran, Industry Minister. (*Outlook*, November 20, 1996)

- "If you can hand it (India) over to me on a 30 - 40 year lease and leave it to us to bring in the experts. . . it can be done."

Lee Kuan Yew, on how India could emulate the example of Singapore. (*The Hindustan Times*, January 7, 1996)

Countrywise FDI Approvals (1991-96)

Country	Total (in Rs. crore)
USA	16216.2
UK	4500.5
Japan	2974.6
Germany	2356.2
Canada	1449.3

Source : SIA, 1996

But, the figures of actual inflows vs. approvals are gradually increasing, thereby indicating the growing confidence among the foreign investors in India who are realizing that economic reforms are irreversible in India.

In the liberalisation period, from 1991 to 1995, the actual inflows are just 22.6% of the total approved investments.

German Investments in India (1991-96): Trends and Patterns

The industrial sector remains the dominant one which attracted over 90 percent of the total German collaborations during the post-liberalisation period.

A macro look at the German investments in India, during the post-liberalisation period, reveals following trends. During the period August 1991- April 1996, a total number of 1039 projects involving German collaborations were approved. Out of this, 573 collaborations were technical (which included design and drawings), while 463 collaborations were financial in nature. On the whole, there has been a gradual increase in German collaborations in India since 1991. Except for year 1993, which witnessed a sudden decline, collaborations from Germany are increasing. The decline in numbers of collaborations in 1993 can be possibly attributed to the destruction of Babri Masjid on December 6, 1992, which not only discouraged German investors but also other foreign investors fearing political instability in India.

In the post-liberalisation period, investments in India's agri-

German Investments in India (1991 - 1996) Rs. in Millions

1991	418.0
1992	862.7
1993	1759.3
1994	5693.6
1995	13394.9
1996*	9041.3

* Upto August 1996.
Source : SIA, 1996.

cultural sector has not received much attention from Germany. The agriculture sector collaborations amount to less than 2% of the total collaborations. Whereas, the service sector contributed more number of collaborations than agriculture. On the other hand, the industrial sector remains the dominant one which attracted over 90 percent of the total German collaborations during the post-liberalisation period. Even within industrial sector, large volumes of German investments have come to India in post-1994 period when the Indian government announced major policy reforms in power, telecom, mining and other sectors to attract foreign investments.

Sector-Wise Distribution of German Collaborations in India (1991-96)

Year	Agriculture	Industry	Services	Others*
1991	0	99	1	2
1992	5	181	7	4
1993	3	155	3	10
1994	6	182	6	27
1995	1	216	11	24
1996**	1	85	2	8
Total	16	918	30	75

The agriculture sector collaborations amount to less than 2% of the total collaborations.

* Others include those projects where no information about the product is given.

** Upto April 1996.

Source: Compiled by PIRG from *Monthly Newsletter*, Indian Investment Centre, 1991-96

Siemens India Limited : Engineering Growth

Established in India since 1954, Siemens India Limited (SIL) has today grown from a small company to big corporation with 5 big plants in Worli (Bombay), Kalwe (Bombay), Nashik, Calcutta and Aurangabad. The operations of Siemens in India include electronics, telecommunications and engineering sectors; established products being Switchgear, Low Tension Control gear, Distribution gear and High Tension Circuit-Breakers), Railway Signalling Systems, Radiological Diagnostic Systems, Switchboard, Motors, industrial electronics and Control Panels.

Through its subsidiary in India, parent corporation Siemens AG (SAG) has managed to get a loin share in Indian market. In 1964, when SIL wanted to increase its paid-up capital in India , SAG insisted that its share in the equity of SIL should be raised to 51%. The parent company did not even allow shares be issued to the Indian public though the Indian government asked for it. Siemens AG has consistently used technical and financial links with its subsidiary as a means of control. A glance through a typical collaboration agreement in which Siemens is a party shows that the clauses have been incorporated to ensure that SAG personnel are appointed; parent company get substantial share in the deal; and attempts are made to create further dependency on the parent company.

In the late 1970s, a furore was also created in India on the question of an unfair agreement of SIL with India's public sector enterprise - Bharat Heavy Electricals Limited (BHEL). The investigating committee set up to look into this matter revealed that BHEL is paying fees for getting know-how from SAG, while SIL is getting know-how from BHEL free of charge. Further, BHEL was not authorised to sublicense its rights without making payments to Siemens. Under the agreement, BHEL's export rights were also restricted. The investigating committee found evi-

Continued on Page 21

dence of "indirect coercion" by Siemens to push these clauses into the agreement.

With the initiation of economic reforms in 1991, SAG emerged as a major German corporation involved in advising Indian policy makers. In 1991, when the German Minister of Economics, Jurgen Molleman, visited India on a official trip, a representative from SAG accompanied him. The Siemens representative assured India's then Finance Minister of new investments in India if economic reforms are also launched in power and telecommunication sectors, in which the company has stakes. Later in 1992, the German Minister for Telecom, Dr. Schwarz-Schilling visited India he was also accompanied by Edwin Hardt of SAG. This team also stressed on the need for more signals about liberalisation in the telecom sector.

At the national level, SIL has been actively lobbying at the highest levels in favour of privatisation of the sectors in which it operates. In this regard, SIL proposed equity participation in the Rs.7500 crores Lignite mining cum power project to be set up along with Jayamkondam Lignite Corporation Ltd. in Tamil Nadu. Attempts were also made by Siemens to buy heavy stakes in Indian public sector power giants like BHEL. Much of SAG growth in recent years is linked with firing of its employees throughout the world. In the words of its chairman, Dr. H.Pierer, " In order to achieve 23% productivity gains in the last three years, Siemens has had to downsize 50,000 people".

Siemens India Limited future investment plans in India include modernization of existing facilities (Rs.535.8 crore), participation in joint ventures (Rs. 433.2 crore), infrastructure (Rs. 114 crore), technology transfer and R&D (Rs. 182.4 crore) and power generation and telecom (Rs. 980.4 crore). It remains to be seen whether these future investments will create new jobs or further downsize its workforce in India.

German Collaborations in India (1991-1996)

Types of collaborations

Year	Technical (T)	Financial (F)	Both (T&F)	Total
1991	77	22	3	102
1992	116	81	0	197
1993	95	76	0	171
1994	122	99	0	221
1995	124	128	0	252
1996	39	57	0	96
Total	573	463	3	1039

Source: Compiled by PIRG from *Monthly Newsletter*, Indian Investment Centre, 1991-96

The rapid increase in German investments in India as compared to other countries, since 1991, is an outcome of intense lobbying and pressures from German TNCs as well as government representatives.

As information on the status of actual inflows and approved investment proposals from Germany is not available, it becomes difficult to assess the actual investments. Nevertheless, given the fact that majority of investments from Germany are in the industrial sector and such investments usually have a long gestation period as compared to investments in service sector, it is quite possible that the figures of actual inflows and approvals of German investments might be on the same level as the overall figure of 22%.

At a time when global mergers of TNCs are taking place, German TNCs which undertook global mergers, have also merged the Indian affiliates. Besides, we found that German TNCs (eg. Bayer) are involved in takeover of existing Indian companies in order to increase their financial strength and market share in India. Similarly, in the wake of liberalisation, Bayer and other German TNCs have opened up a subsidiary in India with 100% equity as these companies (eg. Bayer) already have a subsidiary in India.

The rapid increase in German investments in India as compared to other countries, since 1991, is an outcome of intense lobbying and pressures from German TNCs and their lobbies as well as government representatives asking for more concessions and further reforms in India. Largely under the pressures from Germany, Indian government signed an investment protection treaty with Germany to give more boost to German investments.

On the growing demand of German investors, in 1996, India signed a Double Tax Avoidance Agreement with Germany. The Agreement will enter into force on December 19, 1996. It becomes effective in India from the fiscal year 1996-97 and in Germany from 1997. At present, different tax rates related to dividends, interest payments, technical know-how and royalties are applied in India, which ranges from 15% to 30%. The new agreement incorporates major incentives to boost Indo-German business relations. Among the new incentives are: i) no tax liability on profits from supply and technical services rendered to permanent establishments, a permanent establishment is a construction or erection work where the duration of construction work exceeds six months; ii) tax at source on dividends will not exceed 10% (at present 15%); and iii) tax at source on interest will equally not exceed 10%. In cases where interest is paid to public sector institutions, as well as loans covered by the Hermes export credit insurance, no tax will be levied (at present 15% for non-financial institutions and 10% for bank loans). Apart from asking for more concessions, recently concerns have been expressed by German industries to reform legal system in India to suit interests of German investors.

In a recent comparative study *Direct Investment in China, India and Indonesia*, carried out by Indo-German Chamber of Commerce (IGCC) in 1996, further reforms in the legal structure were demanded by medium size German corporations to facilitate

Much of pressure from Germany to amend our Patent Act has come from big German TNCs involved in drug business in India. In fact, the issue of making amendments in India's Patent Act has been raised time and again by German investors and government representatives.

**New Investment
by German investors were often
linked to changes
in India's stand
on intellectual
property rights
and other issues
under discussion
at GATT.**

further investments. These reforms include: improvement in legal protection to investment, improved legislation on ownership and use of land and real estate; and labour reforms to curb influence of trade unions.

Not satisfied with the liberal policy announcement, the German economics minister, Dr. Gunter Rexrodt, said that investing in India could become an even more attractive proposition if the Government adopted another package of reforms. "Investors need transparent and reliable government policies, rapid authorisation for investment, protection for intellectuals property rights, faster court proceedings, efficient private banking and insurance sector, labour law reforms and liberalisation of trade",² said Dr. Rexrodt at a function to mark the 40th anniversary of the IGCC in November, 1996.

The globalisation of Indian economy has also opened up opportunities for creating new investment bodies meant to facilitate foreign investments from Germany to India. Traditionally, Indo-German Chamber of Commerce used to play this role. But, now a new investment body called Indo-German Investment Promotion Service (IGIPS) has been set up. IGIPS is a service agency sponsored under Integrated Advisory Service (IAS), of German Federal Ministry for Economic Cooperation and Development (BMZ) and Department of Economic Affairs, Government of India.

This agency is operated in India by DEG (German Investment and Development Company). Aimed at private industry, it promotes business cooperation in the field of technology transfer and in establishing joint ventures between German and Indian Corporations. It provides financial, technical and other supports. IGIPS also helps in finding international development in the development institutions to co-finance projects. Although there is so much talk of 'less government intervention in business' and 'let market to

decide' in India as well as Germany, one wonders why German and Indian Governments have set up this service? Is this not a typical case of state subsidising private capital ?

Pressurising India on IPRs to benefit German Drug TNCs

Apart from having bilateral agreements and treaties, German trade and government representatives have repeatedly expressed concern on India's stand on multilateral issues like GATT. In fact, investment by German investors were often linked to changes in India's stand on intellectual property rights (IPRs) and other issues under discussion at GATT.

In 1993, a delegation led by German Minister Kolb made it very clear that German drug companies would not invest in India without an early agreement is reached with India on Intellectual Property Rights. In fact, this issue became so important that the Indo-German Investment Protection Treaty got delayed for almost two years and finalised in June 1995. One of the main reasons for this treaty to get delayed was the issue of intellectual property rights. The German government wanted IPRs should also be treated as assets under investment. But the Indian government was insisting on following the wider policy rather than any specific agreement on this issue.

Intellectual property rights are the legal mechanisms by which companies and individuals claim a monopoly on specific ideas or knowledge for a specified period of time. IPRs generally take the form of patents, trademarks and copyrights. Traditionally, these rights have fallen under the domain of national laws, with different countries have different IPRs laws to suit specific conditions. However, under the new rules of the General Agreement on Tariffs and Trade (GATT), all member countries of GATT must bring their

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**German Drug
TNCs are waiting
for 2005 to
takeover Indian
drug market.**

national IPRs laws into conformity with Trade-Related Intellectual Property Rights (TRIPs).

Besides US, German trade and governmental bodies have been pressurising India to change its Indian Patent Act, 1972 and make it tuned with TRIPS. The patent system in the TRIPS agreement strengthen the monopolies and increases the sufferings of poor people manifold, especially in the area of health care. If the Indian Patent Act is changed, it will spell doom for domestic drug industries and consumers. The agreement include provisions such as - extension of product patent rights over pharmaceuticals; increase in the duration of patent protection to 20 years; micro-organisms are also patentable; and strengthening the rights of patent-holders. In the case of drug industry, these changes will increase the prices of drugs by several times. Despite the fact that the prices of drugs are lowest in India as compared to countries where patent protection exists, only 30 percent of our population is able to afford modern drugs. The new agreement will exclude 80 percent of our population from access of modern medicine. As compared to other countries India's drug prices are quite lower largely due to Indian Patents Act.

Much of pressure from Germany to amend our Patent Act has come from big German TNCs involved in drug business in India. German TNC - Hoechst has closed down their Research and Development facilities in India to take advantage of proposed changes in the Indian Patent Act. The Indian companies will be allowed to make only patented drugs from 2005, that year GATT rules will become effective. At present, Indian companies spend only Rs 100 crore on R&D whereas estimated cost of development of a new drug is Rs 950 crore. Drug TNCs are waiting for 2005 to takeover Indian drug market. This will help Hoechst to launch new products only after 2005, thus enabling it to takeover the Indian

market and rig drug prices at will.

In fact, the issue of making amendments in India's Patent Act has been raised time and again by German investors and government to attract foreign investment from Germany to India. In 1991, Heinrich Weiss, President of one of Germany's influential industrial lobby body, Federation of German Industries (BDI), made a number of proposals such as a liberal foreign investment policy; possibility of technology transfer without government approval; India's co-operation in the Uruguay Round of discussion in GATT; and review of India's stand on IPRs.

In 1991, the German Minister of Economics, Jurgen Molleman, visited India with a team of leading representatives of German Industry (including representatives of Siemens and ABB). This

German Remedies and Myth of Quality Control

The Maharashtra Food and Drug Administration (FDA) had ordered the closure of German Remedies at Andheri (east) for 15 days from October 25 to November 8, 1993, for failing to observe Good Manufacturing Practices (GMP) and maintain the quality, purity and strength of its drugs. It also filed a first information report (FIR) with the Police for violations of the Drugs and Cosmetics Rules and sought action against concerned officials of the company. Apart from its own drugs, the company used to manufacture drugs of other German drug TNCs like Schering, Beecham Wulfinf, Knoll and Boehringer.

Among the specific offences that German Remedies has been charged with are extending the shelf life of ingredients going into the manufacture of drugs, and also the life of the finished products beyond the original limit. Discrepancies were also found in the records about rejected and destroyed drugs Denphyllin and Complamina injections, recorded as having been sent to the company's Patalganga factory, were found instead near the scrap yard of the Andheri factory.

delegation assured the then Finance Minister of India that new investments from Germany to India will be largely dependent on continuation of economic reforms and suitable changes in the patent regime.

Attraction of Cheap Labour and Toothless Labour Legislations in India

There is no denying the fact that India has abundance of labour which is cheaply available with almost toothless labour legislations and regulations. The disparity in wages between Germany and India could be well understood by posing this questions to ourselves: Whom would we rather employ - one German worker, two Americans, five Taiwanese, eight Brazilian or 128 Indians? According to a study carried out recently by Morgan Stanley, an American investment bank, the hourly wage bill (including benefits such as holidays and sick pay) for each of these four groups of workers turns out to be the same.

According to this survey, a German manufacturing worker cost his employer US \$32 an hour, making him the most expensive in the world. The worker's counterpart in Japan cost \$24 an hour, while an American worker cost only \$17. A decade ago, America had the highest labour costs in the world. However, moderate wage rises and a sharp fall in dollar have made American industry a competitive one.

It is a well-known fact that German and Japan have emerged high-cost economies, especially after the 1980s. If an Indian manufacturing worker can be hired for only Rs 8 (25 cents) an hour, compared to \$32 in Germany, surely it makes sense for German investors to shift all their production to India. Over the past decade, the wage-cost advantage of four Asian tigers (Hong Kong, South Korea, Singapore and Taiwan) has also eroded. As a result, one finds that German investors are no longer interested in Asian tigers and are turning to India and China as manufacturing

Whom would we rather employ - one German worker, two Americans, five Taiwanese, eight Brazilian or 128 Indians? The hourly Wage Bill for each of these five groups of workers turns out to be the same.

base for labour-intensive industries.

This growing disparity of wages in Germany and India is the major attraction as compared to other attractions (such as raw materials, location advantage, etc.) for German investments in India. Although, the process of shifting production from Germany

Wage Disparities

Hourly labour costs in manufacturing (US\$)

If an Indian manufacturing worker can be hired for only Rs 8 (25 cents) an hour, compared to \$32 in Germany, surely it makes sense for German investors to shift their production to India.

Country	1985	1995
Germany	9.60	31.88
Japan	6.34	23.66
France	7.52	19.34
United States	13.01	17.20
Italy	7.63	16.48
Canada	10.94	16.03
Australia	8.20	14.40
Britain	6.27	13.77
Spain	4.66	12.70
South Korea	1.23	7.40
Singapore	2.47	7.28
Taiwan	1.50	5.82
Hong Kong	1.73	4.82
Brazil	1.30	4.28
Chile	1.87	3.63
Poland	na	2.09
Hungary	na	1.70
Argentina	0.67	1.67
Malaysia	1.08	1.59
Mexico	1.59	1.51
Czech Republic	na	1.30
Philippines	0.64	0.71
Russia	na	0.60
Thailand	0.49	0.46
Indonesia	0.22	0.30
China	0.19	0.25
India	0.35	0.25

Source : Morgan Stanley, 1996

to India is not as smooth as German corporations would like it to be, because there has been a growing concern by trade unions and other interest groups in Germany who fear that if this trend continues, workers wages will come down to third world levels or they face a jobless future. Perhaps, these factors have contributed in emergence of various protectionist measures to block cheap imports to Germany and also attempts to subsidise exports from Germany.

On the whole, German TNCs are the major beneficiaries of this trend. By shifting manufacturing to India these corporations not only save on labour costs but also receive generous incentives and tax concessions in India and other third world countries which is welcoming such investments (without any stings attached) in the hope of rise in its exports. While, the labour as well as host third world countries are loser in the long run.

As the main attraction to foreign investor is cheap labour, the host countries have no option but to make available cheap labour to TNCs. Otherwise, TNCs will move out to other countries which are offering labour at much more cheaper rates. Thus, the host countries' government not only take harsh and anti-popular steps like wage freeze but also enact anti-democratic labour laws to ensure 'discipline' among the workforce. This process has happened in the past with Asian tigers which no longer remain the attraction for labour-intensive industries. Due to sharp increase in wages in these countries now the TNCs are looking towards India and China which offer labour at the lowest cost in the region. As a result, India and China are now witnessing boom of foreign investments. However, in order to maintain its comparative advantage, India will have to take steps to ensure that the wages remain lowest in the region. Otherwise, this investment will quickly move to other countries offering wages at much cheaper rates.

German TNCs gain much more by shifting production processes to India as activities such as design, patent, marketing and finance contribute many times more than the value of say a shirt, than its basic manufacture.

Germany has been consistently pressurising India to change existing labour legislations through various foras. The major demands centres around amendments in Industrial Disputes Act and introduction of an Exit Policy.

Moreover, German TNCs gain much more by shifting production processes to India as activities such as design, patent, marketing and finance contribute many times more than the value of say a shirt, than its basic manufacture. The production cost of a cotton shirt in India will not be more than \$3 in India but this shirt will be sold in the shops of Frankfurt for \$30. Thus, \$27 will be appropriated by TNCs. This logic of comparative advantage has led India to be a major production base for labour-intensive industries - from garments to electronic assembly - from Germany.

Pressurising India to change Labour Laws

Over the years, a massive organised sector employing a large workforce has become a visible part of economic life of India. A number of labour legislations for the organised sector also got enacted to protect labour from unfair and anti-labour policies of the management. These laws covered rights and privileges and also guaranteed certain levels of income and conditions of working environment. In addition, the government set up machinery to resolve industrial disputes and conflicts. However, very few will disagree with the fact that these labour legislations have, by and large, remained on paper as there has been a widespread violations of these legislations. The huge army of unemployed population coupled with corrupt labour bureaucracy and official redressal machinery have led to deterioration of working conditions of the Indian labour.

Instead of advocating improvements in the living conditions of the workforce and effective implementation of existing labour laws and schemes, there has been a growing demand for reducing government intervention and for the dilution of labour laws. The liberalised regime has called for an overhauling of the present

structure of industrial relations in India. These factors coupled with rapid decline of support to trade unions from the government and society at large have led to further deterioration of economic conditions and political clout of workers. With the opening of Indian economy, there have been pressures on Indian Government from multilateral financial institutions (the World Bank, IMF), TNCs and big business houses to amend existing labour legislations to make India more 'investment friendly'.

Germany, followed by Japan, are the only two countries which have been consistently pressurising India to change existing labour legislations. The major demands centres around amendments in Industrial Disputes Act and introduction of exit policy. However, all attempts made to bring changes in labour laws has been successfully resisted by the trade unions so far. Here are the instances of 'pressures' and 'advise' by German investors as well as German Government's representatives advocating changes in Indian labour laws and regulations :

The German Ambassador Dr. Hans-Georg Wieck stated in 1991 that the German Government was very sensitive about the investment climate and talked of "lack of professionalism in the Indian labour force"³ and the need for labour to be efficient, productive and professional. Such statements, making the link clear between foreign investment and the exploitation of India's largely unorganised workforce caught in poverty and with no bargaining power, have come up time and again.

The issue gets further clarified when one sees the list of 'requests' given to the Indian Government by a high powered delegation of 25 German business houses in February 1992. Revision of labour laws featured prominently in this list. It was demanded that an exit policy should be enacted which should allow industries to shut down the plant and move out whenever it desires.

Rapid decline of support to trade unions from the government and society at large have led to further deterioration of economic conditions and political clout of workers.

The famous 54 point memorandum submitted by German Chancellor Helmut Kohl to Indian government demanded the amendments in the Industrial Disputes Act.

The famous 54 point memorandum submitted by German Chancellor Helmut Kohl to Indian government raised controversy in India in 1993. Among other things, this memorandum demanded liberalisation of the pharmaceutical and chemical industry, removal of manufacturing programme obligations for units that were established prior to the new industrial policy, and the amendment in the Industrial Disputes Act. Yet again the importance of exploiting India's cheap labour came to the fore when one of the demands made was for the reduction of interest rates on loans since these offset the "advantages offered by less expensive production due to low wage costs".⁴ This memo also demanded that foreign awards be applicable to foreign companies' disputes in India. It reiterated the need for an exit policy while "fully appreciating" the sensitiveness of the issue;⁵ and asked for automatic approval of partial closure schemes involving the reduction of up to 25% of the workforce, without prior permission from the government.

The year 1994 ended with economists of IFO Institute for Economic Research, Munich announcing the results of a survey among German investors who have identified labour market constraints, the absence of an exit policy and low labour productivity as barriers to investments by German corporations in India.

In 1995, a specific 5-point agenda for attracting German investments in India was set out by the German consul Dr. Oliver Schnakenberg. This agenda included: the simplification of bureaucratic procedures, development of infrastructure, further reduction of import duty, financial sector reforms and (what was euphemistically called) 'modernisation of human resource development'.

New Strategies to deal with Indian Labour

On one hand, there is pressure to change labour laws, on the

other hand, there have been major ongoing changes in the strategies of TNCs and others which has seriously affected bargaining power of the labour and unions. Below are a few examples of these strategies which are adopted by German TNCs in India.

Job losses in Unionised Categories : Overall, there has been heavy joblosses under unionised categories during the 1980s and early 1990s. In the Bombay-Pune-Thane region, where plants of Bayer and Colour-Chem are located, this phenomenon is widespread. In a recent study⁶ carried out by Maniben Kara Institute and Friedrich Ebert Stiftung in Bombay-Pune-Thane region of Maharashtra state, it was found that around 43% of job losses in 1980s and 90s were in the unionised category in this region. Two major German TNCs - Bayer and Colour-Chem also have their production plants in this region. It was found that in the case of Bayer and Colour-Chem, there has been a decrease of 10% and 11% of jobs in unionised category respectively, during this period.

In Bayer and Colour-Chem, there has been heavy joblosses under unionised categories during the 1980s - 90s.

**Employment situation in the companies in
Bombay - Thane (Unionised Category)**

Name of the company	1980	1990	1993	%
Colour-Chem	1016	953	900	11
Bayer	1400	1350	1267	10

Source : *New Economic Policy, Changing Management Strategies - Impact on Workers and Trade Unions*, Maniben Kara Institute, 1994.

Ban on Recruitments : During the 1960s and 70s, companies were expanding and heavy recruitment was taking place in

the Bombay-Thane region, but during the 80s this trend got reversed as majority of companies in this region banned recruitment. Wherever recruitment took place during the 80s, those were in the non-bargainable category or the job was offered either to subcontracted unit

Ban on Recruitments

Bayer has banned new recruitments of unionised category workers since 1985, while there has been a ban of recruitment in Colour-Chem since 1980.

Company	No recruitment in the unionised category since (main unit)
Bayer (India) Ltd.	1985
Colour-Chem	1980

Source : *New Economic Policy, Changing Management Strategies - Impact on Workers and Trade Unions*, Maniben Kara Institute, 1994.

or under contract. Ban on recruitment and voluntary retirement schemes are going on simultaneously which ultimately affect the trade union strength in this region as well as in plants. Bayer has banned new recruitments of unionised category workers since 1985, while there has been a ban of recruitment in Colour-Chem since 1980.

Parallel Production : In order to reduce the power of unionised workers, the management is transferring their production to remote areas. The Government of India also offers several concessions to companies for setting up their plants in remote and backward areas. In these units, the technology and the plant layout is such that the management is having better control over the production process and gets better productivity. Most of the parallel units are technologically more advanced than the main units as such the employment is less.

Parallel production has also been used to transfer production from the organised to unorganised sector. For example, the majority of the Bombay and Thane based companies are running their production outside Bombay. Majority of the workers in these parallel units are working on contract or temporary basis and are paid very low wages. Formation of unions in these units is a difficult task and that is why majority of the workers are non-unionised. Hoechst has set up a parallel unit in Ankleshwar, while Colour-Chem has its parallel unit in Roha. Besides, many German TNCs (eg. Bayer, BM, Hoechst) have already introduced Voluntary Retirement Scheme (VRS) in their factories to get rid of excess labour. This scheme is being implemented by a number of domestic and foreign companies in India for a long time.

Parallel production has also been used to transfer production from the organised to unorganised sector.

Attraction of India's Huge Domestic Market

If foreign investments are so important, then India should have allowed the Britishers to continue ruling India. After all, had they not invested millions of pounds in developing Indian road, railways and other infrastructure?

In the India's official policy circles, what really matters most is million of dollars of foreign investments. In a bid to attract foreign investments, all kind of justifications are made out without seriously considering the impact of foreign investments on domestic economy, people and environment.

If foreign investments are so important, then India should have allowed the Britishers to continue ruling India. After all, had they not invested millions of pounds in developing Indian road, railways and other infrastructure? The reality is that foreign investment, by itself, do not mean much. It has to be seen in the context of terms and policy framework under which the foreign investments can be made in India. The investments by Britishers in roadways and railways were done to bring prosperity to Britain, not India. This Britishers invested in India to further their trading interests.

The truly scarce commodity in the world today is not capital; it is markets. The use of credit to pry markets open is part of conditionality of the IMF and the World Bank. Through import liberalisation and other policy measures, India's domestic market has been opened up to foreign investors. One of the major fallout of this policy is the growing control on Indian markets by TNCs.

In the liberalised economic environment in India, everything centres around the middle class. The term 'middle class' can be defined as an economic entity regarded as the backbone of the vast Indian market for manufactured consumer goods

and services. Although there are differences among economists and demographers on the total number of the Indian middle class, yet it is estimated that this class ranges from 100 million to a possible 300 million. Compare it with any international country and region, it is very large in numbers. This vast Indian market has been one of the top factors for foreign investors in general. In the case of German investments, we also find similar motivations.

Some time back, German Ambassador Dr. Hans Georg Wieck assured India of increased German investment in the view that German investment has reached a plateau in other 'Asian Tiger' countries with their limited domestic market, thus reiterating the importance of India's growing market in Indo-German economic relations.

The German Economic Minister, Dr. Guenter Rexrodt visited India and articulated German interest in Indian capital goods sector as well as consumer goods areas. He said that there is enormous scope for development in India in "infrastructure in which German industry controlled vast capabilities in energy and telecommunications sectors".⁷

"We will fight tooth and nail for a proper share in the Indian market"⁸ said a German diplomat recently. In 1992, the German Minister for Telecom Dr. Schwarz-Schilling visited India and stressed on the need for more signals about privatisation in the telecom sector. Incidentally, a fall out of the initial privatization of the Telecom sector was witnessed in 1996 with major charges of bribery and corruption surrounding were levelled against HFCL, which ironically enjoys German technical collaboration.

Growing list of German investments in 'Low-Priority' Areas:

Although there are differences among economists and demographers on the total number of the Indian middle class, yet it is estimated that this class ranges from 100 million to a possible 300 million.

We found that 82 investment proposals from Germany were cleared during the period, 1991-96, into areas which can be defined as 'low-priority' areas. These investment proposals include products like Beer, toilet soaps, cosmetics, perfumes, jewellery, decorative tiles, BMW mobikes, Mercedes Cars...

On the basis of available information, we found that 82 investment proposals from Germany were cleared during the period, 1991-96, into areas which can be defined as 'low-priority' areas. Our definition of 'low priority' areas include those products and processes which have any of the following characteristics: a] The product is out of the reach of the common people; b] The product is already being manufactured by domestic small scale industries in India; c] The production process does not require any import of high technology; d] The product is meant to serve a small section of elite consumers; e] The project does not yield any substantial gains in the country's production capacity; f] The project has serious social, economic (including BoP) and environmental implications in the long run.

The investment proposals from Germany include products like Beer, toilet soaps, cosmetics, perfumes, jewelry, decorative tiles, BMW mobikes, Mercedes Cars, fruit juice concentrates and many more. The complete list of these proposals is given on Pages 19-26, which hardly need any explanation.

On the other hand, the official data reveals that the incidence of poverty and the percentage of population below the poverty line have increased. By December 1992, the percentage of people below the poverty line in rural areas increased to 41.72% from 33.7% in 1989-90. In the country as a whole, the percentage increased from 34.3 percent to 40.69%- meaning an increase of 6.4% or nearly 60 million people below the poverty line. According to the estimates provided by the Planning Commission's Mid-term Appraisal, the living conditions of the people have deteriorated much more in the post reform period.

With the overall deregulation and liberalisation of Indian economy, German corporations have been among the first to take full advantage of this new environment. Apart from expanding prod-

ucts and production lines in India, German corporations have also increased their equity share in order to have a majority share-holding in the Indian subsidiaries. Besides, many German corporations (eg. Bayer, Hoechst and Siemens) are also involved in takeovers and mergers of existing Indian companies which has serious implications for domestic markets.

Recent Mega Mergers of TNCs

Acquirer/Nation	Target	Industry	Sale Price (\$Billions)
Sandoz/Switzerland	Ciba-Geigy AG	Drugs, Chemicals	30.1
Hoechst/Germany	Marion, Roussel	Drugs, Chemicals	na
Bell Atlantic Corp./US	Nynex Corp.	Telecommunications	21.3
British Telecommunications PLC/US	MCI Communications Corp.	Telecommunications	21.3
SBC Communications Inc./US	Pacific Telesis Group	Telecommunications	16.5
WorldCom Inc./US	MFS Communications Co. Inc.	Telecommunications	13.4
Boeing Co./US	McDonnell Douglas Corp.	Aerospace, Defense	13.3
US West Media Group/US	Continental Cablevision	Cable TV, Telecom.	11.4
Axa SA/France	UAP	Insurance	10.6

Source : Compiled from various sources.

Hoechst AG : Expanding through Mergers

At the global level, Hoechst AG, Germany stands at number two position, after Dupont, in chemical industry. As chemical industry in the world is witnessing a massive restructuring through mergers and acquisition, Hoechst AG is also involved in mega-mergers to increase its control over world's markets and financial clout. In 1995, Hoechst AG, formed a new entity called Hoechst Marion Roussel (HMR) with the acquisition of US Marion Merrel Don and French Roussel Uclaf. Recently, Hoechst made a \$35 billion offer to buy out minority shareholders of Roussel although it still control 50% of its equity.

At the Indian level, Hoechst India has now become Hoechst Marion Roussel, after the global merger of Marion and Roussel with the Hoechst. Already in 1993, the German parent company increased its equity holdings in then Hoechst India from 40% to 50% in the wake of new investment policies. Recently, the HMR India decided to buy Lupin Chemicals, a leading Indian manufacturer of anti-tuberculosis drugs and rifampicin.

In 1996, the company has announced a total investment of DM 2.5 billion over the next five years in Asia which includes DM 1 bn in China and DM 800 mn in India. According to Bernhard E Hofmann, managing director of Hoechst South Asia investments, Hoechst is open to acquisition and mergers to expand its business activities in India.⁹ The future areas of expansion include basic chemicals (acetic acid); engineering plastics (polyacetals); acrylic acid; masterbatches (used in plastics and polymers); and food packing and polyester films.

Hoechst's Indian Operations

Companies	Activity	Hoechst's stake%
Hoechst Marion Roussel	Pharmaceuticals	50.1
Agr Evo	Agrochemicals	50.1
Hoechst Veterinary	Animal Health Care	51.0
Colour-Chem	Chemicals	50.1
Goyal Gases	Industrial Gases	30.0
Dystar India	Dyestuffs	50 : 50 with Bayer
Trevira Fibres India	Polyester technical fibres	50 : 50 with Reliance

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Rabik Exports Ltd, Bombay	Project consults GmbH	Leather Shoes	Financial	91/08
Suman Exports, New Delhi	Florian W.Koenig	Leather garments	Technical	92/01
Inter Gold India Ltd. Seepz, Andheri (E) Bombay	A. Hammer Industrie- beteiligungen GmbH & Co.	Gold Jewellery	Financial	92/04
Indian Duetache Harmar & Granite P. Ltd. 194, Nariman Point Bombay	Marmor Schick	Special purpose building decorative marble & granite tiles	Financial	92/05
Model Press Pvt. Ltd. B-4, Sector III, Noida Ghaziabad-1	CRO Gewinnspiel Loss GmbH	Security Printed products & speciality printed products etc.	Financial	92/06
Keystone Holdings P.Ltd. Belgaum	Rob Pouney UK P.H. Hell, Germany	Hotel & Tourism	Financial	92/07
Araayaka Adventures Belgaum	Rob Pouney UK P.H. Hell, Germany	Hotel & Tourism	Financial	92/07
Mr. Srikanth Kumar 298, 11th Cross, I Phase J.P. Nagar, Bangalore	Broadway Mode Vetruubs GmbH	Leather Jackets Apparels	Financial	92/08
Sunwings Holiday Resorts P. Ltd., SF 5, Sukerkar Mansion, M.G. Road, Panaji	Burgen Patzehke	Hotel cum Tourism	Financial	92/08
Surya Samudra Holiday Resort (P) Ltd., Pulinkidi, Mullur, Trivandrum	Top Tour GmbH Piusallee 108 D 4400 Muenster	Management Fees for Holiday Resorts	Financial	92/09

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Goetze (India) Ltd. H-2, Connaught Circus New Delhi	Nanz India KG Lenzhalde, 7000 Stuttgart 60	For setting up a Chain of Super Markets	Financial	92/10
Surya Samudra Holiday Resort (P) Ltd., Pulinkidi, Mullur, Trivandrum	Top Tour GmbH Piusallee 108 D 4400 Muenster	Promotion of Tourism and to establish Holiday Homes etc.	Financial	92/10
UNI Granite Ltd. 19-07A, Chatterjee Int'l Centre, I 33-A J.L. Nehru Road, Calcutta	Pannenac Korwoc Cologne	Polished Granite Slabs	Financial	92/10
Jagna Chemicals Ltd 2nd Floor, Sundeep Towers, Raniganj, Secunderabad	H. Consultant	Beer	Financial	92/10
Claudia Derain Frost	Claudia Derain Frost Muhllengasse 5 Koln 1, Germany	Hotel & Tourism related Industry	Financial	92/12
Select Biological P. Ltd. 902, Palgah Plaza Basheerbagh, Hyderabad	Lohmann Tierzucht GmbHAM Seedeich 9-11 Post Box 460	Specific Pathogen Free Eggs	Financial	93/02
Sharda Terry Products Ltd. 86, Arts College Road Coimbatore -18	Frotterweberei Vossan GmbH Post 3154, Neuenkirchener STR, 97, 4830 Gutersloh	Tery Towel Home Furnishings	Technical	93/02

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Magna Industries 7 Exports Ltd. Atlanta Nariman Point, Bombay	Branlage GmbH Postfact 1149 2642 Lohna	Toilet Soaps	Technical	93/02
Flavorade TN P. Ltd 3, Vidyodaya, Ist Cross Street, T. Nagar Madras	Dohler GmbH Raid Street, 7-9 D-61 OO, Dam Street	Flavour for Food Industry	Technical	93/02
Praj Counsel Tech P. Ltd. 1216/6, Fergusson College Pune - 411 004	Dab Brau Counsell GmbH Steigerstr 20 4600 Dortaundi	Brewery Equipment Machinery	Technical	93/02
Moose 15A Nungambakkam, High Road, H.M. Centre Madras - 34	Jurgen & Jochen Lecer Waren GmbH, Karolingerstr 6W7012 Fell Back 4 Sachmiden	Hand Leather, Travel Goods of leather, Toilet cases of leather	Financial	93/06
Aditi Diamonds P. Ltd. All India Press Compound Kennedy Nagar	Micheal Bonka Glodehardstr 44 8360 Deggendorf	Polishing of Diamonds	Financial	93/06
Marbella Shoes Ltd. 185, Poonamalee High Road, Kilpauk Madras	Mr. W.G. Berger	Leather Shoes, Upper closed	Technical	93/06
Nanz Food Products Ltd. H-2, Connaught Circus New Delhi	Nanz India KG Lenzhalde 7000, Stuttgart 60	Wholesale Trade Retail Trade Storage/ Warehousing	Financial	93/07
Flavorade TN P. Ltd 3, Vidyodaya, Ist Cross Street T. Nagar, Madras - 17	Dohler GmbH	Fruit Juice Concentrate Flavours for Food Beverages etc.	Financial	93/07

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Winsome Breweries Ltd. 24, Community Centre East of Kailash, New Delhi	Henninger-Brau AG Hainer WEG 37-53 W-6000 Frankfurt AM	Beer Made from Malt Barley Malt	Financial	93/10
Gerian Tourist Resort P.Ltd 15, Krishna Commercial Complex, 22 Godam, Jaipur	Czkalla Margarete D/o Walter Czekalla Immelmann Str. 74	Hotel and Tourism	Financial	93/11
Nirwana Hotels & Resorts Pvt. Ltd., C-28, NDSE, Part I, New Delhi	Ingrid Leibush Rohmer Strasse 28 60428 Frankfurt	Hotel and Tourism	Financial	93/11
Kalmatia Sangam Travels Pvt. Ltd. 8/3, Shanti Niketan, New Delhi	Mr. Dieter Reeb Ritterstr 8 D-7850, Lorroch 6	Hotels and Tourism related Industry	Financial	93/12
Aditya Leather Exports Pvt. Ltd., 528, Poonamilee High Road, Arumbakkam, Madras	Mr. Patrick Bauer AM Schutzenstuck 16 66954 Pimatsens	Leather Jackets and Accessories	Financial	93/12
Flavorade TN P. Ltd 3, Vidyodaya, Ist Cross Street, T. Nagar, Madras - 17	Dohler GmbH	Fruit Juice Concentrate, Flavours for Food Beverages, emulsions etc.	Financial	94/01
Avance Pioneer Exports Pvt. Ltd., 289 E, Darga Road, Calcutta	Mr. Horst Wortmann	Leather Wallets	Financial	94/02

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Benckiser (India) Pvt. Ltd. 515, International Trade Tower Nehru Place New Delhi	Joh A. Benckiser GmbH Ludwig- Bertram Str B+10 D-6700 Ludwigshafen 1	Cosmetics viz Eau-De-cologne, Astringent, After-shave, Deodorants etc.	Technical	94/03
Domino Leathers Ltd. SCO 96-97, Sector 34-A Chandigarh	Isporio Laderwaren Handel GmbH Martin Ofnerstr-184504, Burgkirchen/Alz	Leather and Leather Shoes	Financial	94/04
Inter Classik Jewellery (I) Pvt. Ltd, G-13, G & J Complex, Seepz, Andheri(E) Bombay	Classik Gold Schmuckwaren Handels GmbH	Studded Gold Jewellery	Financial	94/04
Sunanda Electronics Ltd. Mafatlal House Backbay Reclamation Bombay	Ghorbi Engineering International GmbH Amtsgerischt Munchen HRB 77560	Mens & Womens underwear, Night Wear Leisure wear, sports wear and Fashion wear etc.	Technical	94/04
Apex Breweries Ltd. 120, Veena Beena Complex Gurunanak Road, Bandra, Bombay	Dab Brau Consult GmbH Steigerstrasse 20 D-44145 Dortmund	Others	Technical	94/04
Vinicola Pvt. Ltd. 248, St. Joaquim Road Borda, Madrgoa	Hopfen Und Mafz GmbH Schlobstr B D-82269, Kaltenberg	Beer for Malt	Technical	94/05

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Him Neel Breweries Ltd. 61-29, Ramjas Road Karol Bagh, New Delhi	Bavaria Brewery Consulting GmbH Nymphenburger Strasse-4 80335 Munich	Beer made from Malt	Technical	94/06
Gerlinde Bankemper C-115, Anand Niketan New Delhi	Gerlinde Bankemper Loejaer Berg 6 Bosav	Hotel & Tourism	Financial	94/07
Vinson Techfarms P. Ltd. A-10, New Friends Colony New Delhi	Dab Brau Consult GmbH Streigerstrasse 20 PBox 105012, D 44145-Dortmund 1	Beer from Malt	Technical	94/07
Thakker & Thakker Maker Bhawan -2, 5th floor, New Marine Lines, Bombay	Berterlsmann Music Group GmbH	To Record, Produce Market and Distribute Music	Financial	94/08
Maxim Cosmetics (India) Ltd, 114, Luz Church Road, Mylapore Madras	Maxim Kosmetik GmbH Donatusstrade 112, 50259 Pulheim Brauweiler	Alcoholic Products viz After shaves/ Edt of Men and Women, Colognes, Perfumes etc.	Financial	94/08
Mercedes-Benz India Pvt. Ltd. C/o, Telco, Bombay House 24, Homi Mody Street Hutatma Chowk, Bombay	Dailmer-BenzAG	1. Mercedes Benz passenger cars of 'E' class type, W car, Models D200, E200 and D250with Petrol and Diesel Engines and Gear Boxes 2. Engines—Petrol and Diesel	Financial	94/08

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Rajda Industries and Export Pvt. Ltd., 1702, Chatterjee International Centre, 33-A, J. L. Nehru Road Calcutta	Reinhold Jungmann Jackbornsweg, 30/11 22927 Grosshansdorf	Fashion Goods	Financial	94/08
Deep Gems Pvt. Ltd. 7, Mukandgarh House Near Khandela House S.C. Road, Jaipur	Mr. Martin Bestmann Randstr 50-B 22525 Hamburg	Precious and Semi- Precious Stones	Financial	94/09
Stallion Breweries Ltd. 511, Himalaya House Palton Road, Bombay	Erste Kulmbacher Actien Brauerei AG Eku-Strasse 195326 Kulmbach	Others	Technical	94/09
Burningtons Home Shopping Pvt. Ltd. C/o Remifry & Sagar 8, Nangal Raya Business Centre, New Delhi	Otto Versand GmbH	To undertake mail order Business i.e. selling Merchandise through the Media of Television, News-paper, Advertisement	Financial	94/10
Favorit India Pvt. Ltd. B-6, Nizamuddin (East) New Delhi	Favorit Lederwaren GmbH 55606 Kim Hulsbachweg 2	Small Leather Goods, Leather Handbags, Leather Jackets	Financial	94/12
Birla Jute & Industries Ltd. 9/1, R.N. Mukherjee Road Calcutta	DLW Aktiengesellschaft Stuttgarter Str 75 D 74321, Bietighelm Bissingen	Linoleum Floor/ Wall Coverings	Financial	94/12

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Dynamic Micro Steppopers Pvt. Ltd., 5/3, Chandan Mahal, 11th Road, Santacruz -E Bombay	Adolf Hanhart GmbH & Co. Uhrenfabriken Postfach 3247 D-78021 VS Schwenningen	Clocks and Parts	Technical	95/01
Markwell Breweries Distilleries Ltd., 201, Himland House Milan Commercial Complex Najafgarh Road, New Delhi	Deiningen Kronenbrau AG Ossecker Syrabe 12 95030 HOF	Liqueure	Financial	95/02
Kool Breweries Ltd. D-46, South Extension Part - I, New Delhi	Hofbrau Munchen Postfach 820849 81808 Munchen Hdfbrauallee	Beer made from Malt	Financial	95/02
Blue Heavens Agro Industries Ltd. 93A, R.K. Avenue Rajendra Nagar, Patna	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/03
Sajan Resorts Pvt.Ltd. 3, Rangapillai Street Pondicherry	Mr. Juergen Martens & MS S.F. Martens Comenusstr 75 60389 Frankfurt	Hotel & Tourism	Financial	95/03
Rathna Resort Ltd. 1061, Avanashi Road Coimbatore	Hermann F. Weiler Wuverzburger Strabe 40 D-91074 Herzogenaurach	Hotel & Tourism	Financial	95/03
Mustafi Fruit Products & Company Pvt. Ltd. 4D, Tiljala Road, Calcutta	Safety Handles GmbH An Der Bahn 2 22844 Norderstedt	Super Concentrates	Financial	95/04

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Supersky Magnetics Pvt. Ltd. 104, Sai Sangeet Bldg. Ist Floor, 368, Linking Road, Khar(W), Bombay	Countdown Music GmbH Harksheider, WEG-74D-25451, Quickborn, Hamburg	Magnetic Tapes of a width not exceeding 4mm (Audio cassettes)	Technical	95/05
Miracle Food Processors International Ltd. P.Box No.53, Jabel Al Rahma Pathaikkara, Perintalmanna	Safety Handles GmbH Ander Bahn 2 22844 Norderstedt	Fruit Juices (including Grape must) and Vegetable Juices unfermented and not containing added sugar or sweetening matter	Financial	95/05
Rajasthan Breweries Ltd. Asian House D-193, Okhla Indl. Area, Phase I, New Delhi	Antoa Steinecker Maschinfabrik GmbH Raiffeisentr 30, W-8050, Freising	Beer, Soft drinks, Barley malt	Technical	95/05
Paam Eatables Ltd. 26, Bhargva Lane, Nitya Nand Marg, Civil Lines, Delhi	Safety Handles GmbH	Fruit Juice Concentrates	Financial	95/05
Karma Silerware Pvt Ltd. E-318, Greater Kailash Part II, New Delhi	Gebhard Von Der Wense Feroinanstr, 35 2000 Hamburg 1	Silver Ware & Silver Articles	Financial	95/06
Agro Food Projects Ltd. 2, Lal Bazar Street Todi Chambers, Suite-315, 3rd Floor, Calcutta	Thyssen Rheinstahl Technik GmbH	Fruit pulp, concentrate, Pure and other derivates of Banana, Mango, Tomato etc.	Financial	95/08

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
RAS Footwears Pvt. Ltd. 101, M.M. House 59, M.M.Road, New Delhi	MMIC GmbH	Gents & Ladies Leather Shoes	Financial	95/08
Indo German Fruit Beverages Ltd., MIGH - 172, KPHB Colony, Kukatpally, Hyderabad	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/08
Dohler Flavorade Pvt. Ltd. No. 18, East Avenue Kesavaperumal Puram Madras	Dohler GmbH Ried Street, 7-9 D-6100, Darmstadt	Fruit Juice Concentrate Flavours for food & Beverages, edible colours, essential oils & Flavours emulsions	Financial	95/09
Bagade International Breweries Ltd., 7, Sindhi Society SION Trombay Road Chembur, Bombay	Tucher Brau AG Schiller Platz 10 D-90409 Numberc	Beer made from Malt Barley Malt	Technical	95/10
Elegant Food Products Ltd. 2/8, Col. Biswas Road, Calcutta	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/10
Chmoku Agro & Spices Ltd. A-1, 1st Floor, S.V. Complex, No. 55, R.R. Road, Basvangudi, Bangalore	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/11
Geminjdia Tour Pvt. Ltd. Revathy, 9/229 Jawahar Nagar, Trivandrum	Hans-Jorg Hussong	Hotel & Tourism	Financial	95/11

LIST OF GERMAN INVESTMENTS IN 'LOW-PRIORITY' AREAS (1991-96)

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Tanjor German Bio-tech Ltd., 501, Gupta Complex Inderlok Chowk, Delhi	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/12
Juices & Nectars Ltd. 13, Brunton Road Cross Bangalore	Rhetnhold & Mahia AG	Fruit Juices	Financial	95/12
SIP Agro Food Ltd. 45 A Diamond Bazaar P.B. No 522, Trichy	Safety Handles GmbH	Fruit Juice Concentrate	Financial	95/12
Mangalore Breweries & Distillers, A.J. Towers Balmatta Circle Mangalore	Thobrau Augsburg Wertachbru Cker-Tor-Str, 9 86152, Algsburg	Food Processing	Technical	95/12

Source: Compiled by PIRG from *Monthly Newsletter*; Indian Investment Centre, 1991-96

BMW Bike for the Superbrats

The new BMW F650 bike costing Rs 5,00,000 has shocked and surprised many Indians. India's Hero Motors has tied up with German BMW to bring F650 bike into India in 1997. At Rs. 5,00,000 an Indian can well buy two cars - Maruti and Premier Padmini - and still have some money left. Perhaps, this mobike is not even meant for those who can afford cars. It is a bike for the superbrats!

According to company sources, this bike would cater to the needs of the ones who not only had enough wealth to meet their ends, but also enough to make lavish display. According to Mr. Pradeep Sarkar, President of Hero Motors, this bike is meant for only 0.93 million of India's elite which is endowed with lots of black money. Well said.

Lax Environmental and Health Regulations in India : A Boon for German Corporations

With the growing awareness of people on environmental and health and safety issues and subsequent strict enforcement of these standards in Germany, German corporations are getting more attracted to countries like India where one can get easily away from any catastrophe.

Apart from attractions of cheap labour and domestic market, India's lax environmental and public health regulations are the other major factors influencing German investments in India. With the growing awareness of people on environment and health and safety issues and subsequent strict enforcement of these standards in Germany, German corporations are getting more attracted to countries like India where one can get easily away from any catastrophe. India has a long history of lax environmental and health regulations. Weak regulations coupled with ineffective implementation by the state machinery have created a situation where a corporation can damage the environment, play with lives of innocent people and get away without paying any price for it. The Bhopal gas tragedy is a classic example of this growing trend in which the MIC gas leaked from Union Carbide plant killed over 4000 people and affected thousands. More than twelve years have passed since the accident, no serious actions have been taken by the government against the company fearing that it will send wrong signals to new investments by TNCs in India.

In order to attract investments, Indian Government is ignoring the implementation of existing norms and standards related to environment and health by TNCs. In fact, many policy makers perceives strict environmental regulations and their implementation as a major obstacle to foreign investment in India. Realizing the vulnerability of the Indian government on these issues, German investors are taking advantage of it. There is a growing trend of shifting polluting processes and manufacturing to India by German

corporations.

Here are evidence of actions by German corporations in India which have serious implications on India's environment as well as health and safety of citizens. It needs to be mentioned here that in Germany, both public opinion and the state machinery could not have allowed these corporations to carry out such actions within its boundaries.

Dyestuff Industry in India : Growing Links with Germany

The trend of transfer of polluting processes and industries from Germany to India becomes more visible in the case of Dyestuff industries. German companies involved in dyestuff industries in Germany are closing down shutters as environmental movement has gained political clout and implementation of anti-pollution norms has become very stringent. With the high cost of effluent treatment plants and other anti-pollution measures, it becomes economically unviable for these companies to run their plants.

Besides, the list of restrictions on production of certain dyes and intermediates in Germany and other European countries is also becoming bigger and bigger. In comparison, India offers low production and labour costs with hardly any restrictions and virtually toothless environmental laws and regulations. Thus, it is convenient to these corporations to shift their production to India. On the other hand, India is making all attempts to emerge as a major manufacturing base of dyestuff industry as it expects substantial rise in export earnings. Out of total investments of Rs. 302 million in dyestuffs during the post-reform period in India, Germany alone accounts for 52% of total investments.

With the high cost of effluent treatment plants and other anti-pollution measures, it becomes economically unviable for German companies to run their plants in Germany.

Countrywise Investments in Dyestuffs*

Country	% of total Investment
Germany	52.17
USA	26.33
South Korea	10.91
Australia	04.13
Others	06.45

*This table is derived from investments in dyestuffs in India during August 1991 - August 1996.

Out of total investments of Rs. 302 million in dyestuffs during the post-reform period in India, Germany alone accounts for 52% of total investments.

However, the emerging trends in 1995-96 indicates that dyestuff exports have slowed down. The main reason for slowing down of exports of dyestuff and dye intermediate

Production and Exports of Dyestuffs

Year	Exports as % of production
1993-94	77.5
1994-95	73.2
1995-96	73.0

Source : Chemexcil, 1996.

is not decline of production in India, but the result of ban on imports of certain dyes in Germany and Netherlands, which are major importers of dyestuff from India. Dye exports from India are also being stopped in Germany and Netherlands on the pretext

of non-confirming to specific environmental standards of their countries. Germany, alongwith Netherlands, have banned the use of azo dyes in textiles and leather garments. Besides, there is eco-tex standard 100 introduced in Europe which requires all dyestuffs to conform to specific standards. The ban on azo dyes came into effect in April 1996 in Germany.¹⁰ Thus, the boom in dye industries in the 1980s is waning and as a result, there is a growing recession in the Indian dyestuff industry.

Internationally, only half a dozen of TNCs account for more than 50% of the global output of dyestuffs, of 1.2 million tonnes. The global markets are dominated by Hoechst, BASF and Bayer of Germany, Sandoz and Ciba Geigy of Switzerland, and American Color and Atlantis Chemicals of the US. Relatively, the Indian industry contributes only 6-7% of the total world product. Western Europe, with a share of 40% account for the largest share of exports of the Indian dyestuff industry, amounting to Rs. 652.60 crore. In the Western European region itself, UK accounts for the largest share of Rs. 149.50 crore and Germany accounts for the second largest share of Rs. 133.30 crore. Thus, Germany is an important market in terms of dyestuff exports. That's why, lower off take from the Germany is one of the major reason for decline in Indian exports.

The Rs 1,000 crore Indian dyestuff industry, there are about 50 odd units in the organised sector which accounts for 60% of the production. With the three major German TNCs Hoechst, Bayer and BASF shifting production processes to India, the production capacity will increase substantially, Hoechst AG has recently set up Dystan India, which will be a 100% subsidiary of Dystan GmbH of Germany, the 50 : 50 Joint Venture between Hoechst AG and Bayer AG. With this, Colour Chem (India), the dyes and pigments business of Hoechst will produce only dyestuffs and

As the labour costs are cheap and small units in this sector cannot afford to install sophisticated effluent treatment plants, which cost not less than two crore, it becomes economical and cost effective to carryout production in unorganised sector.

The ban by Germany has led to economic hardship on the Indian industry but as far the environmental conditions are concerned, the ban has not led to expected improvements in environmental pollution.

Dystan will produce the entire range of Hoechst and Bayer dyes and export these and Colour Chem's products.

The rest of production is accounted by the small scale sector which comprises around 1000 units in India. As the labour costs are cheap and small units in this sector cannot afford to install sophisticated effluent treatment plants, which cost not less than 2 crore, it becomes economical and cost effective to carryout production in unorganised sector. As a result, the small-scale unorganised sector accounts for larger chunk of 60% of exports. Geographically, Indian dyestuff industry is located in fragments in the Western parts of India, mainly around Ahmedabad, Vadodara, Vapi, Surat, and Valsad in Gujarat, Silvass in Dadra and Nagar Haveli, and the Mumbai-Thane belt of Maharashtra. Besides, HOC, the largest producers of nitromatics and NOCIL are also located in this region. This location is largely influenced by the development of textile markets in the region. With the moving out of textile industry from Europe to Asia-Pacific region, the domestic demand is expected to grow further.

The ban by Germany has led to economic hardship on the Indian industry but as far the environmental conditions are concerned, the ban has not led to expected improvements in environmental pollution and degradation. As this industry is largely located in the western region, the common effluent treatment plants (CETP) are not located. Despite subsidies offered by the state governments to set up CETPs, the industry is not willing to spend money on it, as it is much cheaper to pay bribes to corrupt state machinery than install anti-pollution devices. The Indian companies are still continuing dyes production without installing pollution control devises and measures. The official machinery has yet to respond to this issue. The extent of pollution has reached such a stage that recently, the Gujarat High Court issued a notification to 756 highly polluting units, which included a number of dyestuff units to either improve

LIST OF POTENTIALLY HAZARDOUS INVESTMENTS FROM GERMANY

Name and Address of the Indian Party	Name of the Foreign Party	Product Description	Type	Approval Year/Month
Knockner Supreme Pentaplast Ltd. Bombay	Knockner Pentaplast GmbH	PVC film & sheets	Financial	91/09
EPIC Enzymes Pharmaceuticals & Industrial Chemicals Pvt. Ltd. 514, Persipolis, Sector 17, Vashi, New Bombay	Feinchemic Schwebda GmbH	Insecticides, Pesticides	Financial	91/10
Epie Schwebda Chemicals	Feinchemie Schwebda	Technical pesticide	Financial	91/10
Polyolefines Industries Mafatlal Centre, Nariman Point, Bombay	Hoechst AG	Chlorined polyethylene	Technical	92/03
Caprihans India Ltd. D-Block, Shivsagar Estate Dr. A.B. Road, Bombay	Renolit-werke GmbH	PVC films, sheets and foils	Technical	92/03
B.I.O Perry, Madras	Trifolio M	Bio insecticides	Technical	92/03
Polyvinyl Products P.Ltd.	Pumpenboese KG	PVC Seamless Pipes	Financial	92/04
Atash Industries India Ltd. 608-609, Raheja Chambers Free Press Marg Nariman Point, Bombay	Coatema GmbH Coated	PVC/PU Synthetic Cloth	Financial	92/10
The Andhra Pradesh Paper Mills Ltd. 501-509, Swapnalok Complex S.D. Road Secunderabad	UHDE GmbH Friedrich-UDHE Strasse 15 44141 Dortmund 1	Chlorine Dioxide Solution	Technical	94/01

Source: Compiled by PIRG from *Monthly Newsletter*; Indian Investment Centre, 1991-96

India : Dumpyard of Waste from Germany?

Since its inception in 1989, various conferences of the Basel Convention on Control of Transboundary movement of Hazardous Waste have taken place. In 1994, India was party to the consensual agreement that banned hazardous waste movement from OECD to non-OECD countries. Although India has consistently opposed the phenomenon of industrialised countries' hazardous waste being dumped into developing nations under the guises of recycling, in practice, India is receiving huge quantities of wastes from OECD countries.

Germany was one of the seven OECD countries that immediately started lobbying and misinformation campaigns against the Basel Ban. Germany clearly stated it did not consider the Ban a legally binding instrument, even though it had been ratified by 65 countries at an international meeting under the UN auspices. This sorry tale forms the backdrop to the story of Bharat Zinc Limited(BZL). The BZL factory, situated just outside the city of Bhopal in Madhya Pradesh, imports and processes hazardous metal waste to reclaim Zinc. The waste imports come mainly from Germany and the Netherlands.

The waste coming from Germany to BZL contained not just the materials that are supposed to be exported, but large amounts of other hazardous materials that would have cost a fortune to dispose of in Germany. Shipping documents from Germany where the BZL waste originated show that lead percentages in it are at least 3% (opposed to 0.03% as claimed by BZL). Analyses of the samples of mixed imported waste collected around the factory showed upto 4% lead, 8% aluminium and 3% copper. Investigations carried out by Greenpeace revealed that workers in this factory are not provided gloves or masks as they process zinc and later throw residual waste in the backyard of the factory.¹² The workers are not kept informed about the risks involved. Lead is notorious as a pervasive toxic contaminant. It is known to cause metabolic, neurological and neuropsychological disorders among human beings.

their environment performance or close down.

India emerging as manufacturing base for other German Industries

Apart from dyestuff industry, following are instances of German corporations shifting their production processes, which have negative environmental impacts, to India.

- Siemens AG, the German conglomerate, has stepped up its process of making India one of its major manufacturing bases outside Germany. As a first step in this direction, Siemens has decided to shift the production of the entire range of its single loop controllers to its Nashik unit in India. Consequently, it will also stop manufacturing these products in Germany. The single loop controllers are used to control different processes like temperature, pressure and flow.
- In 1991, a new agrochemicals formulation plant of Bayer India was set up at a cost of Rs 4 crore, which produces foliodol dustable powder, an agricultural insecticide. In 1995, Bayer announced that its entire global requirement of metasystox will be sourced from India. Bayer has shifted its production of metasystox, a crop protection product, from its Leverkusen based agro-chemical plant to its Indian operations. This plant was set up at Thane unit. This facility has a production capacity of 800 mt per annum, of which 50% will be picked up by the parent company, Bayer AG, Germany. The decision to source the insecticide from its Indian subsidiary is part of the company's long-term plans to make India as the hub of Bayer's operations in the South Asian region. Bayer's Indian operations are also going through "re-engineering" with the help of its German com-

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pany.

- Due to high cost of production and strict environmental laws, German foundries and forging shops are finding it difficult to cater to their user industries, cost effectively. As a result, they are willing to source their inputs from India where they see price advantage. Thus, India is emerging as a major subcontracting source for German industries. The Hanover Fair, the world's biggest firm for subcontracting, has helped German industries to look for Indian partners.
- Dimalt Pharmorganica Pvt. Ltd, the Rs 320 crore German company, has shifted one of its plants from Munich to Madras for making products used in pharmaceutical and drug industries. The 100% export oriented unit, has been set up in the Madras Export Processing Zone. The Germany company will buy its subsidiary's entire production and will market to US, Australia and New Zealand. "By shifting the plant to India we can really become competitive"¹¹ said Mr. Manfred Meier, Director, Pharmorganica. He said while Slovakia, Ukraine, and even China offered facilities to set up the plant, India was chosen because of its "satisfactory track record".

German TNCs encouraging PVC Industry in India

The first PVC complex was set up in India by National Organic Chemical Industries Ltd. in 1967 with help from BASF, Germany. The Indian company Finolex too had set up PVC plant with technology support from Hoechst and continues to rely on their collaboration to date. Some of the German companies which are currently investing in PVC in India are Knockner Pentaplast GmbH, Renolit-Werke GmbH, Pumpenboese KG, Coatema GmbH, and, of course, Hoechst AG. UHDE has also invested in Chlorine Dioxide Solution.

PVC or PolyVinyl Chloride is known to be the most dangerous of all plastics. It creates hazardous organochlorines during both its manufacture and its disposal. Exposure to chemicals used in PVC manufacture can cause cancer, liver tumours and birth defects. It creates dioxins throughout its life cycle. Dioxins are the most deadly synthetic chemicals known and have been listed by the UNEP as persistent pollutants that have to be entirely phased out as a matter of high priority.

The additives that the PVC industry encourages are highly hazardous. The most recent controversy attached to PVC has to do with "plasticisers" or additives required to make PVC soft and flexible. These have become notorious due to their ability to interfere with hormonal systems, fertility and cause long term abnormalities in the human make up. The most common such additive is called DEHP. According to German EPA, the use of DEHP Plasticiser should be considerably restricted. The other unavoidable PVC adjuncts are the chlorinated paraffins. It was advances in German EPA's analytic techniques that helped Greenpeace Germany to analyse a whole range of aquatic animals and dairy products find that the toxic chemicals were present in these at levels as high as other organochlorine chemicals that had been banned, such as DDT and PCBs. Faced with these facts, Hoechst, Germany has committed that they would stop all such production by 1998.

German companies which are currently investing in PVC in India are Knockner Pentaplast GmbH, Renolit-Werke GmbH, Pumpenboese KG, Coatema GmbH, and, of course, Hoechst AG.

New German Investments with Potentially Hazardous Products

A quick glance at the German investments cleared by Indian Governments, in the post-liberalisation period, reveals that a number of potentially hazardous proposals have come in. By potentially hazardous proposals, we mean those projects which have the

potential of directly harming people's health, environment and natural resources.

Bayer, BM and Colour-Chem ordered to shift plants in India

With the state governments going all out to attract new industrial investment, environmental norms and regulations have been thrown to the winds; thus the task has been left to the Court to act in the interests of the people.

With the state governments going all out to attract new industrial investment, environmental norms and regulations have been thrown to the winds; thus the task has been left to the Court to act in the interests of the people. In India, many environmental disasters have been averted thanks to 'judicial activism'. Recently, the Maharashtra High Court ordered six chemical units located in the Thane region to shift their plants because of possible threat to life due to pollution to the public living near these plants. Out of these six plants, three belong to German TNCs—Bayer, Boehringer Mannheim and Colour Chem. The proximity of hazardous chemical units to a larger cluster of population was the concern which led the court to suggest that these units should be shifted out of this region.

Engaged in the manufacture of a whole range of chemicals, pesticides and drug products, these units use hazardous chemicals. Storage and movement of hazardous chemicals and discharge of effluents is very much a part of their operations. Besides, hazardous chemicals, carbon disulphide and ethylene oxide, are stored in sizeable quantities by these plants. In fact, the Maharashtra Pollution Control Board constituted a high power committee under the chairmanship of Dr. R.K. Garg. This committee studied nearly 60 units in this region which could pose pollution problems to people and places. These three German TNCs were included in this list of companies. In 1985, the MPCB instructed these units to carryout specific recommendation for improvement in the working on these 3 German companies.

Limiting Damage

Unit	Hazardous chemical	Safety Zone (no development)
Colour Chem	Ethylene Oxide	400 metres
Boehringer Mannheim	Ethylene Oxide	400 metres
Bayer	Ethylene Oxide	400 metres

Source: *Business India*, May 20-June 2, 1996.

The Garg Committee Report III of 1990 had also stated that no development closer to these plants be taken up as these plants store hazardous and toxic chemicals which can pose serious threat to the life of people.

Playing with Lives : The case of Boehringer Mannheim

In 1996, Boehringer Mannheim India Limited, a subsidiary of German drug TNC - Boehringer Mannheim, was involved in a major controversy as its drug, Comsat Forte (an antibiotic tablet), was found to be contaminated which led to the death of two people and seriously affected several others. This incident has exposed the degree of negligence in the manufacturing norms of TNCs which they claim to be the best in the world. Besides, the events following this incident also revealed lack of control of the Food and Drug Administration (FDA) over the drug companies in India.

On August 16, 1996, Comsat Forte was given to patients who had undergone cataract surgery at an eye-camp at Ahmednagar,

Out of six chemical plants order to shift, three are Bayer, Boehringer Mannheim and Colour-Chem.

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Maharashtra. Following complaints of adverse drug reaction more than 62 people were hospitalised. It was found that the tablets had been contaminated with an anti-diabetic drug, Glibenclamide, which is given to diabetics. On the basis of this complaint, FDA issued a notification to Boehringer Mannheim India to recall this drug from the markets within 72 hours. At that time, there were over 4,00,000 tablets of Comsat Forte in the Indian market. Given the fact that it was a widely used drug, an immediate alert should have been sent out with notices in the media warning people about the drug. No immediate public information notices were sent out and the company tried its best to keep the issue under wraps.

Later on, the company agreed to withdraw the drugs, but it did nothing to inform the public about the facts. On the other hand, the company issued statements saying that its own tests did not reveal anything incriminating. The company also requested the FDA to extend the time-limit to withdraw the drug from the market. The FDA gave a deadline of September 5, 1996 for a potentially life-threatening drug to be withdrawn from the market. Even by September 5, the recall process was not completed.

After this incident, in Kolar district of Karnataka, two people died and 11 others became seriously ill after consuming these tablets. One wonders how these tablets which must have been withdrawn from the market by the company, came to be distributed at Kolar. When this issue received media and public attention, the FDA issued a show cause notice to the company. Surprisingly, FDA has not cancelled the production licences of the company for the drug. On September 21, 1996, the company halted production of its entire Thane plant, where this drug was manufactured. The FDA finally, on December 6, 1996 filed criminal cases against Boehringer Mannheim Ltd and 10 of its employees, including its Managing Director Paul Stinson and the manager of the Thane

Hoechst Exported Substandard drugs to Russia

In a shocking development, Hoechst India, has been accused of exporting substandard drugs to the CIS market when two of its popular drugs- Baralgan and Festal, which were exported by the company to Russia in 1995, failed drug tests carried out by Central Laboratories - a Russian research organisation.¹⁶ The Central Laboratories has pulled up Hoechst India for failure to meet the drug quality standards. A major part of Hoechst India's export earnings come from the Russian Federation. The extent of the company's presence in the entire CIS countries can be gauged from the fact that it has an estimated share of 15 percent marketshare.

The Russian authorities had picked up samples from difference batches of Hoechst India and on testing found that the drugs were not upto required quality standards. As a follow up on those findings the drugs belonging to these batches have been banned from being sold to the respective distributors of the companies in Russia.

factory, at the Thane Magistrate's court. Following a Court order, the arrest of 12 officials of the Boehringer, including Paul Stinson, was stayed. Anticipating his arrest, Paul Stinson fled the country to Canada. The BM Germany is proclaiming its helplessness about bringing Stinson to book.

These factors coupled with recent losses of Rs. 10.25 crore suffered by the Indian affiliate, BM Germany decided to sell it to Piramal Enterprises, an Indian drug company. Many industrial observers perceive the selling of Indian affiliate by the BM is more out of compulsion than choice. After the Swap, German parent Boehringer Mannheim 64% stake in BMIL will translate into a 4% stake in the merged company, Nicholas Piramal India Limited.

This entire episode raises basic questions about the good manufacturing practices of TNCs which they often advocate. It also demonstrates the ineffectiveness of FDA in dealing with this matter which has serious implications on people's health. Can Boehringer Mannheim allow to get away so lightly in Germany where both public reaction and the state machinery would have ensured otherwise?

Transfer Pricing : The Case of Hoechst

Can Boehringer Mannheim allow to get away so lightly in Germany where both public reaction and the state machinery would have ensured otherwise?

The fact that TNCs are involved in capital flight through mechanism of transfer pricing is well known. In the decades of 1960s and 1970s, the issue of transfer pricing received attention of national governments and international organisations when many TNCs were accused of transfer pricing. Transfer pricing is a transaction between a transnational corporation's headquarters and its subsidiary in the host country which seeks to evade taxes in the host country by understating profits. This is done by overpricing the inputs bought by a subsidiary's sales to these same affiliates. The point is to report profits in countries with lower tax rates and understate them in countries with higher taxes. The detection of transfer pricing by any governmental authority is not an easy job as it involves monitor of national and international trade and price datas of products, on a regular basis. Given the poor conditions of data collection at the customs, it becomes even more difficult to detect the cases of transfer pricing by the Indian Government.

However, Hoechst India has been recently accused of importing a drug intermediate from its German company Hoechst AG, at seven times more than the international competitive prices, by the Department of Chemicals and Petrochemicals, Government of India.¹³

This case came to the knowledge of the Department while

fixing the price of pentoxifylline under the Drugs (Prices Control) Order, 1995. Pentoxifylline is a cardiovascular bulk drug produced by Hoechst Marion Roussel Limited (formerly Hoechst India). Hoechst produces this drug from an imported intermediate named theobromine. After studying the cost of production of pentoxifylline, the Bureau of Industrial Costs and Prices (BICP) noted that the Cif price of theobromine imported by Hoechst from its German company increased from Rs 2278.20 a kg. in April 1994 to Rs 5172.17 a kg in September 1995. During the same period, other producers imported this intermediate at a price of Rs 721.69 to Rs 888.10 a kg.

The BICP informed the Department of Chemicals and Petrochemicals that the high cost of imports by Hoechst is a case of transfer pricing when viewed against the fact that other companies are importing theobromine at 1/7th price paid by Hoechst. Taking the Cif price of imported theobromine at Rs 888.10 a kg as the normative price, BICP put the price of indigenous bulk drug at Rs 2,225 a kg in March 1996. The Department notified the price of bulk drug after accepting this recommendation.

However, Hoechst protested against the price fixation by arguing that the quality of theobromine available from other sources was not of the required standard and usage of theobromine from other sources would deprive it of the permission to market the drug under the Hoechst international brand name, Trental. However, the Department rejected HMRs petition in August 1996 and is sticking to its decision to notify prices as per BICP's recommendations.

While other drug manufacturers in India did not complain about the inferior quality of theobromine procured from alternative sources at competitive prices. Besides, quality norms for intermediate are developed internally by the companies as part of

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manufacturing process.

In fact, on the basis of Hoechst case, the Department of Chemicals and Petrochemicals has hinted at the danger of transfer pricing in its policy paper on foreign investment. Hoechst case is an eye-opener to the shape of things to come in the liberalised environment.

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Dumping banned machines in India : The case of Siemens

In 1994, Siemens Germany was accused of dumping in India a cancer cure machine called Linear Accelerator, which has been banned in the West.¹⁴ The machines which have been declared unfit by the American Federal Drug Administration (FDA) are being offered to unsuspecting Indian consumers, essentially consisting of hospitals providing cancer treatment. What is worse is that the company was offering these machines at dump prices, perhaps not by design to capture the Indian market but in order to get rid of the large stocks of substandard equipment which it could not market in the West.

Siemens was manufacturing the linear accelerators, software and ancology care products at its US plant in Cancord, in California, and was forced to shut it down following an FDA inspection that found that the company had committed serious violations of the various US laws governing manufacturing of such highly sensitive machinery. The FDA inspectors who carried out inspection of the entire gamut of the company's manufacturing facilities noticed gross violations of the regulations governing Good Manufacturing Practices (GMP) as also the mandatory requirement of Medical Device Recall (MDR). The violations were of such a magnitude that senior Siemens officials were prompted to fly out from US operations headquarters for fear of the law. Siemens suspended

forthwith shipments of all its products from the Concord facility describing it as a voluntary act. Even as the plant remains closed for an indefinite period with the employees being notified, Siemens is said to have sought German government's intervention in pushing its case with the US administration for liquidating its stockpile of substandard machines by shipping them out to India and other third world countries where these have already been offered or sold out.

Exploiting Loopholes in India's Drug Policy :

The case of Bayer

German drug TNC, Bayer (India), has been recently accused of allegedly 'modifying' production processes and claiming price control exemption on the grounds that the new processes are being developed through indigenous research and development (R&D). Under the new Drug Policy, a pharmaceutical firm, which develops a new drug through indigenous R&D, is given the liberty to fix its price. The Drug Policy announced in 1995 raised the 5-year price control exemption to 10 years in order to promote R&D activity in the country. Since India recognizes process patent and not product patent, in most cases, firms 'alter' the production process of a marketed drug to claim price control exemption for 10 years.

Bayer (India) Limited has sought exemption of anti-histamine Mebhydroline salt stating that it has developed a new process wherein the chemical route has been changed. According to industry sources, neither do these processes provide a major breakthrough nor do they claim import substitution, thus the company is exploiting the loopholes in the new drug policy. "Leave alone development of new drug, these R&D do not lead to improvement in technology, cost reduction, import substitution or ecofriendliness,"

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say industry sources.

The expert committee set up to verify Bayer's claim is also aware of such 'modifications' under which drug TNCs are taking advantage of this clause. The committee is faced with a Catch-22 situation. In order to promote R&D, certain incentives have to be provided to the firms. If we exempt them from price control, they raise prices; if we do not, they do not undertake R&D says a panel member.¹⁵

Bayer (India) has been accused of allegedly 'modifying' production processes and claiming price control exemption on the grounds that the new processes are being developed through indigenous research and development.

'Bio-Piracy' : The case of Hoechst

In the case of genetic and biological resources, the GATT agreement obliges member governments to provide for "the protection of plant varieties either by patents or by an effective sui generis system or by any combination of both". Patenting enables the corporation to monopolise the market for new plant varieties for the term of the patent. It brings new sources of revenue to the corporate as these corporations rush to create new products. Quite often, these corporations go to indigeneous communities in search of appropriating their traditional knowledge of plants and biodiversity. In this process, these corporations not only benefit from 'loot' of genetic resources without benefits being returned or shared with these communities and countries which are the source of genetic resources, but also damage the ecological balance of regions.

Although the Convention on Biological Diversity has established principles regarding the protection of biodiversity. The convention guarantees sovereign national rights to genetic resources and specifies that access to genetic resources will only be under prior informed consent of the granting country. However, the latest evidence shows that increasingly TNCs involved in biotechnology are taking biological/genetic resources from India and are

making commercial use of these resources, including by obtaining patents.

The information gathered by an international NGO, GRAIN, provides a list of patents obtained from the use of Indian biodiversity by German TNC - Hoechst. As information on such matters is rarely made public by the corporations, it is likely that the list of such cases will be very long. Following are the cases of patents obtained by Hoechst from Indian biodiversity (see next page) :

Hoechst is taking biological/genetic resources from India and is making commercial use of these resources, including by obtaining patents.

Case 1

Accession Number	94-01907
Publication Type	P-Patent
Corporate Affiliate/ Patentee	Hoechst
Title	Cytostatic antibiotic-31668P and antibiotic-31668U production and purification
Subsidiary Title	Streptomyces sp. submerged culture
Index Words	cytostatic antibiotic-31668P prep., antibiotic-31668U prep., purification, Streptomyces sp. submerged culture* bacterium fermentation arene cycloalkane ring-6 het-N cond.ring het-NO bridge-struct. quinone onium chlorine phenol phenol-ether alcohol olefin (Vol.13, No. 4)
Abstract	The following are claimed: (1) compound 31668P (I) and compound 31668U (II); and (2) Streptomyces sp. Y-90, 31668 (DSM 7065) (<u>isolated from a soil sample in India</u>). (I) and (II) are produced by culturing Y-90 at 26-32 deg and pH 6-8 in a submerged culture. (I) and (II) have antibiotic and cytostatic activity. They can be used to combat bacterial infections and malignant tumors. In an example, Y-90 was cultured at 228 deg with aeration and agitation for 40-80 hr. The broth (180 l) was separated from the mycelium by centrifugation and was then passed through a Diaion HP-20 column in water. The column was washed with 30 l of water and desorption was then carried out with 0-50% aq. methanol containing 0.1 M acetic acid. (I) was eluted with 5-10% aq. methanol containing 0.1 M acetic acid while (II) was eluted with 20-40% aq. methanol containing 0.1M acetic acid. (12pp)
Classes	D-Pharmaceuticals D1-Antibiotics; D-Pharmaceuticals D5-other-Pharmaceuticals; A-Genetic-Engineering-And- Fermentation A-2-Fermentation
Patent Numbers	EP-; EP 574857; 22.12.93

Case 2

Accession Number	92-10219
Publication Type	P-Patent
Corporate Affiliate/ Patentee	Hoechst
Title	New antibiotic napsamycin-A, -B, -C and -D
Subsidiary Title	obtained from Streptomyces candidus
Index Words	napsamycin-A, -B, -C and -D prep., new antibiotic, Streptomyces candidus * bacterium fermentation phenol alcohol nucleoside lactam urea peptide het-O ring-5 sulfide arene het-N ring-6 cond.ring
Abstract	The following compounds and their salts are claimed napsamycin-A(C ₃₉ H ₄₈ N ₈ O ₁₂ S), napsamycin-B(C ₄₀ H ₅₀ N ₈ O ₁₂ S), napsamycin-C (C ₃₉ H ₅₀ N ₈ O ₁₂ S) and napsamycin-D (C ₄₀ H ₅₂ N ₈ O ₁₂ S). They are obtained by culturing Streptomyces candidus Y-82, 11372 (DSM 5940) or its mutant or variants. The producer bacterium is also claimed. The compounds are antibacterial antibiotics which can be administered orally, i.m. or i.v. <u>The S. candidus strain was isolated from a soil sample collected at Andaman Islands, India.</u> Cultivation is performed under aerobic conditions in a culture medium containing C- and N-sources, inorganic salts and trace elements. The fermentation is performed at 24-32 deg (preferably 28 +/- 1 deg) and pH 6.0-8.0 (preferably about 6.0) for 68-72 h, and the antibiotics are isolated and purified from the fermentation broth. A submerged fermentation method is preferred. In formula (I) R ₁ =H, R ₂ =uracil for napsamycin-A; R ₁ =CH ₃ , R ₂ =uracil for napsamycin-B, R ₁ =H, R ₂ =dihydrouracil for napsamycin-C; and R ₁ =CH ₃ , R ₂ = dihydrouracil for napsamycin-D. MIC values against Pseudomonas spp. are 3-50 ug/ml. (14pp)
Classes	D-Pharmaceuticals D1-Antibiotics; A-Microbiology A2-Fermentation

Patent Numbers EP-; EP-487756; 03.06.92

Case 3

Accession Number 90-06155
Publication Type P-Patent
Corporate Affiliate/
Patentee Hoechst
Title New glycopeptide antibiotic decaplanin
Subsidiary Title preparation from Kibdelosporangium deccaensis fermentation
Index Words new antibiotic decaplanin prep., purification, struct. det., Kibdelosporangium deccaensis fermentation * bacterium peptide het-N het-NO arene macrocycle cond.ring bridge-struct. lactam diphenyl-ether peptide glycoside amine feed-additive

Abstract A new antibiotic, decaplanin (I) and its salts are new. An actinomycete strain is also claimed, which has been identified as Kibdelosporangium deccaensis sp. nov. Y-86,36910 (DSM 4763). The strain has been isolated from soil collected near Pune, India. K. deccaensis is grown in aerobic conditions in an aq. nutrient culture medium containing a C-source, an N-source, inorganic nutrient sources and mineral salts, at 18-40 deg and pH 5.5-8.5, preferably at 29 deg and pH 6.5, for longer than 66 hr in submerged culture. Decaplanin is a glycopeptide antibiotic which is active against a wide range of Gram-positive bacteria, including enterococci and clinical isolates which are resistant to commonly utilized antibiotics (e.g. benzylpenicillin, methicillin, oxacillin, other beta-lactams, tetracyclines, aminoglycosides or erythromycin), and can thus be used as a drug for therapy of infectious diseases. The compound can also be used as a feed-additive for fowl and livestock as a growth performance promoter. Decaplanin has an LD50 greater than 3000 mg/kg (i.v.) in mice. (27pp)

Classes	D-Pharmaceuticals D1-Antibiotics; A-Microbiology A2-Fermentation; C-Chemistry CI-Analysis-and-Structure
Patent Numbers	EP-; EP-356894; 07.03.90

Such cases of 'biopiracy' are evoking sharp criticisms from NGOs, people's movements and farmer organisations in India. In a recent letter issued by Kalpavriksh, an Indian environmental action group, to the Indian Ministry of Environment and Forest, urgent action is demanded for a legislation which can regulate access and restrict the use of patents on Indian biological/genetic resources, besides drafting a model Material Transfer Agreement between the Government of India and agencies wanting to transfer such resources. In a strongly worded letter, Ashish Kothari of Kalpvariksh demanded :

All this evidence points to the urgent need for legislation which can regulate access and restrict the use of patents on Indian biological/genetic resources. Such legislation by itself will not, of course, ensure that the principles of prior informed consent and equitable benefit-sharing are met, but it will be one major step towards ensuring these. Simultaneously, we need to draft model Material Transfer Agreements or contracts between the Government of India and agencies/individuals wanting to transfer biological/genetic resources. We do hope that the MoEF can quickly move the Indian government to notify the long-pending access notification, and bring in place appropriate material transfer agreements. Simultaneously, we would urge the MoEF to quickly consider appropriate measures to restrict the application of patents and other intellectual property rights (IPRs) on India's genetic/biological resources and knowledge. The COP has called on countries and organisations to provide case studies on the

impact of IPRs on the objectives of the Biodiversity Convention; the MoEF could commission such case studies and forward them to the Convention Secretariat for widespread dissemination. The MoEF should also urgently consider measures to provide adequate protection to the knowledge and resources of local communities, especially by considering *sui generis* systems of collective community rights.¹⁷

Did Hoechst take prior permission from Indian governmental authorities before using these genetic resources? Did Hoechst share a part of its profit earned from use of these materials and patent with the communities or Indian government?

Looking at the sheer 'loot' of genetic resources by Hoechst, the questions arise are - Did Hoechst take prior permission from Indian governmental authorities before using these genetic resources? Did Hoechst share a part of its profit earned from use of these materials and patent with the communities or Indian government?

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Statistical Appendices

Industrywise break-up of FDI Approvals (August 1991 - July 1996)

Name of Industry	Number of proposals		amount of FDI approved	% to total amount
	<i>Tech</i>	<i>Fin</i>		
Basic industries	928	696	26907.43	34.44
Capital Goods industries	1931	1287	7685.73	9.84
Intermediate Goods industries	168	268	1263.54	1.62
Consumer Non-durable industries	881	1209	10387.79	13.29
Consumer Durable industries	27	40	2232.47	2.86
Services	254	1328	29657.53	37.96
Grand Total	4189	4828	78134.47	100.00

Source : SIA, 1996.

World's Top Ten Chemical TNCs (1995 \$bn)

Company	Country	Revenues	Net Profits
Du Pont	United States	37.6	3.29
Hoechst	Germany	36.4	1.19
BASF	Germany	32.3	1.72
Bayer	Germany	31.1	1.67
Dow Chemical	United States	21.0	2.08
Ciba-Geigy	Switzerland	17.5	1.82
Mitsubishi Chemical	Japan	17.1	0.23
Rhone-Poulenc	France	17.0	0.66
ICI	Britain	16.2	0.84
Akzo Nobel	Netherlands	13.4	0.82

Source : Fortune, 1995.