

**MOTION RE THE THIRD ANNUAL  
REPORT OF THE STATE TRADING  
CORPORATION**

**SHRI M. GOVINDA REDDY** (Mysore): Sir, I beg to move that the Third Annual Report of the State Trading Corporation of India Limited, for the year 1958-59, laid on the Table of the Rajya Sabha, on the 18th April, 1960, be taken into consideration.

**MR. CHAIRMAN:** I have allotted three hours but you will have really 3½ hours—half-an-hour for the mover and 15 minutes for every subsequent speaker.

**SHRI M. GOVINDA REDDY:** Mr. Chairman, Sir, the House will notice that this is the first time that a report of the State Trading Corporation of India Limited is coming for discussion in either of the Houses. Sir, the State Trading Corporation is not a department of the Government. If it were a department of the Government, Parliament would have had an opportunity of discussing the working of the Corporation and the working results of the Corporation either at Budget time or on Appropriation Bills or by other motions. It is a joint stock company. No doubt, Sir, there are other joint stock companies, but the State Trading Corporation is in a peculiar position. It is unlike other joint stock companies for this reason that whereas the operation of the other joint stock companies is comparatively confined to one particular item of manufacture or several items of manufacture, this Corporation deals with trade and commerce, and for this reason it is peculiar in character. It is more for this reason that the Corporation, being a public undertaking, should be able to bear the scrutiny of Parliament in public. It is for this reason that I have raised this subject before the House.

Sir, if one could judge its efficiency by a mere look at the Report, one would come to the conclusion that it is not functioning in an efficient way.

Very good paper has been used for the Report, but it is very badly printed; it is an ugly report. If you look into the pages, Sir, not a single line of print runs straight and there is on every page smudging. I doubt very much whether the officer, who has been entrusted with the responsibility of getting it printed, knows his job. I would like the Corporation authorities to note this fact. Having spent so much on costly paper and on this Report, it has not been done well.

With regard to the contents of the Report, Sir, without going into the details I would like to submit that this Report, as it is framed, the balance sheet and the working results ought to be presented to Parliament in a better form. I say this because the Corporation has many functions to perform. It imports and exports articles directly. It also works as an agency for importing and exporting articles by other business interests in the country. It also works as an agency for distribution of some of the commodities within the country. It also works as a servicing agency, for organising and arranging distribution of these commodities which are imported on an agency basis and it also helps small industries and other industries by giving them technical advice and getting them contracts. One fails to notice in the Report as to how the overheads will be divided on each particular item of its functioning. We cannot make out how much overheads can be put on the direct imports and exports, how much on their agency. There is only one item, that is, the distribution of cement, for which accounts are available and that is because those accounts are held on Government account and so there we can get an idea but on other items on which it performs the agency function and it aids industries, we are not able to arrive at any conclusion. The Corporation has undertaken to provide facilities for the construction of roads and to provide transport facilities etc., particularly with regard to ores. In this matter also, one is not able to find out how much overhead is

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put on that particular part of the work. It only mentions in the Report that there are several inspectors assigned for that purpose. Therefore, I submit that in the future, the Corporation should kindly, as far as it is possible for them to give the details, provide these details so that we can better understand them. I will come to detailed results later.

The Corporation can be said to have functioned well in the past four years. I want to make this a qualified statement. I do not mean to say that the Corporation could not have functioned better. I do not mean to say that the Corporation could not have achieved these results with less expense. I do not also mean to say that, with all these advantages, the private businessmen would not have fared much better in this direction. Taking the set-up with the functions assigned to it, with monopoly rights in the particular fields in which it is largely to operate and connected with the countries where trade is carried on at State level, it can be said that the results are good.

To summarise the results, during the last four years, I will say this. The turnover from direct transactions has increased from Rs. 29 crores during 1957-58 to Rs. 36 crores during 1958-59. This is a very good achievement. The exports amounted to Rs. 22.36 crores whereas imports amounted to Rs. 13.59 crores. The Corporation has, during this time, increased trade in the matter of exports in tobacco, gunnies and woollens. They have also been able to get a market for new products such as shellac, raw jute, etc. With regard to imports also, the Corporation has been able not only to increase trade in soda, muriate of potash and such other things but has also been able to get in some new things on an agency basis, such as newsprint, insulators for Government projects and sodium sulphate. It is also noticeable that for the first

time they have been able to sell iron ore to Rumania. For these reasons, because of the expansion of its trading activities, the capital was raised during last year to Rs. 5 crores and its issued capital was raised to Rs. 2 crores. So, by having bulk contracts it was able to activate and stimulate exports in 16 minor ports and also increase production at the pitheads in the mining areas. These are generally the working results of this year.

Before coming to take up some other items in the Report and the balance sheet itself, I would make my observations on some broad items. The first is the Directorate of the Corporation. It will be noticed that of the 15 people, excluding the Chairman, there are only 3 non-officials, if I may so call them, because 2 of them are retired Government officials. Only the Chairman is a non-official, strictly speaking. The rest are all officials. All these officials have got their own functions to do, their own business in their own Departments. It is a point of principle to consider whether, in a Corporation with such a variety of transactions and with such a wide field of trade and commerce, how far the officials who have got heavy duties to discharge, can go into the details of these transactions and assist effectively in the working of the Corporation. It is usually an understood thing that an officer can never be a businessman. In a field where particular qualifications are required, where particular experience is required, I fail to see why these officials have been appointed as Directors. In this matter, the Estimates Committee has gone into a detailed scrutiny and has asked the Secretary of the Ministry as to why it is necessary to have these officials and whether the Corporation can achieve good results with such an inexperienced body, if I may be permitted to call them so. No explanation has come forward from the Secretary of the Ministry except to say that several Departmental Heads need to be represented on the Directorate and therefore they have been represented. I would like the

Minister to consider this fact, whether in a trading organisation it would not be advisable to appoint people who have experience—businessmen—of the import and export business. There may be one safeguard which will have to be taken into consideration, namely, the businessman sought to be put on the Board, who has an expert knowledge of a particular field, should not have his own interest in that field, otherwise his interest may come into clash with those of the Corporation. Therefore, taking that as a safeguard, it would be advisable to have businessmen, non-officials with business experience, with experience of trade and commerce particularly, to be put on the Directorate. At least the Minister should try to make an attempt to reduce the official quota in the Directorate.

If one looks at the establishment expenditure, one feels as though it is the East India Company trying to conquer or establish an Empire. It is a long list from page 46 to page 53 of the 86th Report of the Estimates Committee where a detailed list of the salaries of the officers is given. If one looks at this list one will see that it looks very much like the Government of India's establishment list.

**SHRI T. S. AVINASHILINGAM CHETTIAR** (Madras): On which pages?

**SHRI M. GOVINDA REDDY:** On pages 46 to 53 you have these lists. And while the Estimates Committee was trying to get at the reasons and justification for having such a large establishment the Ministry admitted that it was because they had organised the Corporation on the lines of a Government department.

[MR. DEPUTY CHAIRMAN in the Chair.]

Of course, we know that the expenditure on any particular Government department will be much higher than if that had been run by a private body. Here it looks that the whole arrangement has been made thinking

that this is a Government department and not a trading or business concern where profit and loss do figure a great deal. The number of officers employed by the headquarters and regional offices, according to the figures given by the Estimates Committee, on the 1st April 1959 on pay scales up to Rs. 500 per month and those above Rs. 500 per month are 127 and 69 respectively. That is to say those drawing less than Rs. 500 number 127 and those drawing Rs. 500 and above number 69. And the supervisory personnel come to a very high figure. The total strength of the staff of the Corporation, including the regional offices, comes to 1,535 on the 1st April 1959, including 196 supervisory personnel. Taking this fact into consideration that the Corporation functions on a monopoly basis where there is no private competition and taking into consideration the other fact also that the Corporation's work is largely confined to balancing of trade with socialist countries where there is not much of private effort, where not much of private effort enters the trade, the question arises whether it is necessary to have such a large personnel. I think this aspect has been criticised very severely in business circles and the evidence of one of the businessmen who was also the Chairman of a Chamber of Commerce has been very severe. I do not want to name him here. It is worth while examining whether establishment expenditure on this "white elephant" scale is necessary at all to do what the Corporation has been doing.

The Estimates Committee have also given a comparative estimate to the Ministry when the Ministry was being examined and they have pointed out to the Ministry the example of the Canadian Commercial Corporation which has only a total staff strength of 51 and which has a turn-over in 1958-59 of 95,050,000 dollars, that is to say, Canadian dollars, which is much more than the turn-over of the State Trading Corporation here for the same period, and they say:

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"Even assuming that there is a considerable difference in the nature of work of the Canadian Commercial Corporation and the S.T.C., the staff of the S.T.C. appears *prima facie* to be on the high side. The Managing Director of the Corporation said that though there might be a little excess of staff in the lower categories, the Corporation was experiencing a shortage of higher officers."

That is to say, they are not satisfied with the present strength of the higher officers—

"The Secretary to the Ministry, however, felt that with the whole-time Chairman it was possible to bring about some economy at the top level. He further apprehended that such a large staff might be the result of possibly copying Government in having a number of levels."

The Secretary himself admits that the Corporation tries to copy Government in having a number of levels and that is the reason why they have this establishment on the high side. As the hope has been expressed by the Secretary of the Ministry and as they have now a whole-time Chairman, I do hope that efforts will now be made to reduce the staff.

There is also one other factor which is contributing towards putting the expenditure on the high side with regard to the establishment. The Corporation has undertaken to assist mine-owners and mineral exporting associations in the matter of increasing the production of minerals. This is good. A suggestion, however, has been made by the Estimates Committee in this regard that as far as the procurement of iron ore and manganese ore is concerned, a consortium can be created of these mine-owners and producers and the Corporation may purchase the ores from them wholesale, instead of trying to reach each and every individual

unit, big or small, thus incurring expenditure in the making of roads, sending inspectors to inspect the stock and so on.

There are several items of export. Iron ore is there and apart from the long-standing ten-year contract with Japan, they have not been able to export more of iron ore. Particularly, with regard to low-grade iron ore, I want to know what attempts are being made to increase our exports in this regard. You know this was begun as a monopoly and now the private trader is not in the export of iron ore. I would like to know whether in case the Corporation feels that they cannot succeed in exporting low-grade iron ore, they would allow the private sector to do so. My information is that merchants in the private sector are willing to undertake this job of exporting low-grade iron ore if they are only permitted to do so.

Coming to the export of manganese ore, it is a sad thing that owing to recession in trade the Corporation has not been able to show good results in the export of manganese ore. It is, however, really creditable that they have been able to enter into an arrangement with the Commodity Credit Corporation of the U.S.A. for sending some manganese ore on a barter basis. That is really creditable. If the Corporation has come to the conclusion that they cannot increase the export of manganese ore, they might very well allow the private sector to do so. According to my information, the private sector is willing to make efforts for increasing the export of manganese ore.

The next item which I would like to take up before my time runs out is cement. Sir, the transactions of the Corporation in respect of cement is one which has come under very harsh criticism in the public as well as in business circles. From 1-7-58, State-trading was introduced in cement and the Corporation was

entrusted with the work of pooling all the cement from the cement-producing concerns and then distributing that cement at a fixed price. The price then fixed was Rs. 102-8-0 per ton which included a subsidy of Rs. 7 per ton which was added to the selling price. The principle behind this subsidy was this. The Government or the Corporation was importing cement. Because we were short of cement in the country, in addition to our indigenous production, the Government was importing cement and the imported cement was costing more than the indigenous cement. Its cost was much higher. In order to equalise the prices, Government allowed a subsidy of Rs. 7 per ton on indigenous cement. It would have been all right if they had imported all the cement that they had to import according to their calculations. In such a contingency, the subsidy of Rs. 7 per ton would have been justifiable. They were to have imported seven lakh tons of cement, and they calculated the price on the basis of an import of seven lakh tons of cement but during the period 30th June 1956 to 1st June 1957, they imported only 2,27,254 tons at a cost of Rs. 287.39 lakhs. During that period 50,48,837 tons of indigenous cement was sold in the country, and the Corporation had realised at the rate of Rs. 7 per ton, not on an equal amount of cement imported but on 50,48,837 tons of cement sold in the country. There was a surplus of Rs. 13.4 lakhs in this transaction which was arrived at after deducting the losses that were incurred in the import of cement. These imports continued up to March, 1958. The total quantity of cement imported in this manner was 4,46,174 tons. They have not given the figures but the Estimates Committee arrived at these figures. As I said earlier, the sum of Rs. 7 per ton was collected on all these quantities of cement. Later on, this subsidy was reduced to Rs. 5.50 and thereafter it was finally withdrawn. The quantity of cement that was sold with a subsidy of Rs. 5.50 has not been given by the Corporation; the Corporation did not

give these figures when the Estimates Committee called for these figures. The net result has been that even at Rs. 5.50 the surplus was Rs. 223.30 lakhs. The point I am making is this. What is the justification for the Corporation to impose a levy of Rs. 7 per ton of cement? I would have had nothing against this proposal if they had imported all the seven lakh tons of cement and then charged this extra sum of Rs. 7 from the consumers. They arrived at this figure of Rs. 7 per ton on the basis that they would import seven lakh tons of cement. This is totally wrong. It is robbing Peter to pay Paul. This has not been justified. This would have been justified if they had imported the total quantity that they had estimated to import. The Corporation says that this amount has not been appropriated by the Corporation. It is true that they have not appropriated it but this amount has been transferred to Government account. Whatever it is, why has the consumer been charged heavily for cement on a wrong calculation or on a calculation which has not materialised? It is nothing but highwaymen's ethics. Should the Corporation adopt these tactics? I am very sorry to see that the Corporation has come in for a lot of harsh criticism on this account.

Now, they have done another thing which is not quite fair. If you kindly turn to page 76, Appendix X, you will find a detailed table about this question of cement imports. You will see therefrom that when they wanted to reduce the subsidy from Rs. 7 to Rs. 5.50, they wanted to make up this sum by some means. On 1-3-58, the subsidy was reduced to Rs. 5.50 but then the figure relating to contingencies has risen from that date. From Re. 1/- it became Rs. 2.50. How can one justify a sudden rise of Rs. 1.50? There is another point which must be remembered. Cement was already bearing a very heavy and unjustifiable excise duty. Formerly, it was Rs. 5 per ton but during the period 1-6-57 to 30-6-57, it was enhanced to Rs. 20. There is

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no relation between Rs 5 and Rs. 20 During the period 1-3-58 to 31-3-58, it again jumped to Rs. 24. The consumer's back was already broken by the excise duty. In addition to that, the Corporation, while trying to reduce the subsidy from Rs 7 to Rs 5.50, increased the contingencies. The freight rates were also increased. You will find from the same table that the freight which was being incurred was Rs 15 up to 30-6-57. From 1-7-57, this was increased to Rs 16.50 and later on—on the day the subsidy was reduced—it was increased to Rs. 18. The excise duty was increased from Rs. 5 to Rs 20 and finally to Rs 24 and the contingencies rose from Re. 1 to Rs 2.50, an increase of Rs 1.50. This means that they had made up in contingency and freight what they had lost by way of reducing subsidy. I want the hon. Minister to instruct the Corporation to adopt fair and honest methods. I do not say that they were dishonest methods but they were certainly wrong methods, they were not methods which the business circle can appreciate. It is certainly unforgivable that a consumer should be charged in this way, clandestinely and unjustifiably.

There have been several criticisms voiced from time to time in regard to the distribution of cement. It has been said that cement was given to certain firms which had blackmarketed it. They should see that cement distribution is well organised.

There should be liaison between the Government, the Corporation and the business world. There has not been any liaison so far and they should try to find out ways and means of having liaison. It would be better to associate businessmen in the shape of members of an advisory committee or council.

I find that the Corporation is incurring very heavy expenditures

on delegations. The Ministry of Commerce and Industry has been sending delegations. Mr. Lall, the Additional Secretary, went to Europe taking some businessmen also, but I do not think he took any representative of the Corporation with him. The Corporation sent again a body of individuals to travel all over the world. They sent a delegation to Japan. In fact, every year a delegation has been going there, and when the Estimates Committee questioned the officers of the Corporation, they said that there was a custom in Japan under which the seller has to go frequently to the buyer. Well, we could as well insist that the buyer must come to the seller, that that is our custom. In any case, to show to the Japanese that we were respecting their custom, we need not have incurred this expenditure. The previous Managing Director went to Japan only last year, a few months before he was transferred. I want to know whether it is justifiable that an officer of this sort is sent to a foreign country, leading a delegation and incurring heavy expenditure, and when he returns, he is relieved of his duties and is put somewhere else. What is the use of incurring so much of expenditure if his foreign experience cannot be made available to the Corporation? Again a delegation is now in Japan. I think the business world is making very light of the Corporation because it is incurring this expenditure on a 'white elephant' scale. Well, I would like the hon. Minister to go into the number of delegations that they have sent, the expenditure incurred and the results achieved by that.

With regard to handloom products I am glad that the Corporation is now making vigorous efforts to increase exports of handloom products but here also there are trade fairs arranged in foreign countries. The Commerce and Industry Ministry also sends and the Corporation also sends people, whether merchants or others

aided by the Corporation, or Corporation representatives themselves. If the Corporation can show very good results then they can justifiably incur expenditure which may be a little on the high side. Then it may be excused but as things are, the Corporation is only just making headway and it is not advisable that it should burden itself with such heavy expenditure.

Then, Sir, I wanted to have some explanation with regard to some of the items in the balance sheet. There is a loss on export of cement to the tune of Rs. 27,44,750. I want to know why there should be a loss. If they have exported cement, they should have exported it at the same price as the indigenous cement. I want some clarification for that.

Then the Exhibition expenditure incurred last year was Rs. 77,830 while this year it has been Rs. 3,02,293.17, I want to know why it has gone up so high. So also the advertisement expenses. Last year it was Rs. 25,200 and this year it has been Rs. 52,356.69. Then there was no interest item in the last balance sheet but in this balance sheet there is an interest item amounting to Rs. 6,67,773.90. Then the interest payable to Government is also shown as Rs. 3,42,561.27. This does not find a place in the last balance sheet and may I know why it is so? This is all that I want to know. Thank you.

*The question was proposed.*

**SHRI T. S. AVINASHILINGAM CHETTIAR:** Mr. Deputy Chairman, we must judge the work of this State Trading Corporation from the objectives for which it was founded. Sir, this matter has been discussed and we are obliged to the Estimates Committee for their Report from which Mr. Govinda Reddy also copiously quoted. May I point out to you the objectives that were put before the House before this State Trading Corporation was started? They were—

To surmount the difficulties experienced in diversifying and expanding India's foreign trade particularly with communist countries.

To meet the need for maintaining a steady price level and sustaining equilibrium between supply and demand in essential commodities.

To arrange for imports on bulk basis to bridge temporary gaps between supply and demand in essential commodities.

To supplement private trade.

Anything that can be done by a private body much more efficiently need not be dabbled in by a body like this. That is what the Committee has said. The Committee has also suggested that the objectives of the Corporation should be—

To undertake trading with State-trading countries and also with other countries in respect of those commodities in which it enjoys a monopoly.

To negotiate barter deals on behalf of the Government.

That is, we give things in kind and get things in kind.

To diversify and expand trade.

To undertake on behalf of Government export, import and internal distribution of any item.

These are the objectives for which this body has been founded. May we now examine whether these objectives have been satisfied? We have got in this Report the names of articles in which they have dealt; we have also the countries with which they have traded. This Report mentions a variety of articles and examining some of those items I am unable to agree that this Corporation has followed the objectives for which it was founded; for instance, shoes, woollen fabrics, cotton waste, etc. It is not necessary for me to read all the articles with which they have dealt.

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Caustic soda has also been mentioned there and I should like to say a word about it later. So also many countries have been mentioned. All of them are not communist countries. Egypt is not a communist country. Then I would like to know whether this objective that it should undertake trade with State-trading countries and also with other countries in respect of those commodities in which it enjoys a monopoly has been satisfied. These are the two particular things I would like to know from Government. Mr. Deputy Chairman, what has actuated the State Trading Corporation to go into a variety of these things does not seem to be consistent with these principles and objectives. I do not know; perhaps somebody in the management thought that whatever was profitable, they might go into.

In this connection I would like to tell you of a talk which I had with a high Government representative. I was talking to him about the investments. We are investing thousands of crores; we have borrowed thousands of crores. The interest has to be paid and the capital has to be repaid. And many of these investments are either in irrigation or in industrial projects. I was discussing with him whether it would be possible for us to get a return on the investments that we had made and the reply was that on investments in the agricultural sector we might not be able to get a return but from industries we would be able to get a return because in the industries they are mostly monopolies, heavy electricals, H.M.T. and so on and the Government could always raise the prices to suit the income that we had to get out of them. This reply showed their attitude. So far as monopolistic investments go, they can manage to get a return but where millions of people are concerned, it may not be easy to get a return. And I find this attitude reflected in the State Trading Corporation.

Let me take one item—I am subject to correction and I would like to be informed on this matter—caustic soda. Now, they have imported caustic soda. I am informed that the production of caustic soda in India is sufficient to meet our needs and that they are not able to sell all the caustic soda that they have produced. I find that my friends are shaking their heads but let this be verified. What has happened is this. They have imported caustic soda and given the same to the Imperial Chemicals, which certainly are not an Indian concern, for distribution. The Imperial Chemicals are dealing in dyes; they hold a monopoly in dyes and the result is that a certain amount of force is being used—because of this alliance with Imperial Chemicals—and their command over dyes is utilised to sell this caustic soda. I am informed about it. I am not a merchant. I am not a trader. I am giving you an instance of what I have heard. I would like it to be verified. You will see that the Report says in para 11 as follows:—

“A number of representations were made to the Committee though there might be a legitimate scope for state trading in certain fields, the Corporation had entered into fields where there was no such need and ousted private trading interests from business built up over a course of years. It was also represented that the Corporation had been enlarging its activities without a clear declaration of policy and beyond its original objects.”

I would like to have a categorical definition of the general policy which would guide the State Trading Corporation. It has been said by the Ministry itself that that policy has not been properly or very clearly laid down, and this House should know what that policy is. If the policy is as suggested by the Estimates Committee, with which I hope the Government in a large measure agreed, then it is for us to go into the matter, la



down the policy and ask the State Trading Corporation to be guided by that policy.

Now, Sir, I come to cement. A very pertinent remark has been made by the Estimates Committee. They say they have made a profit on cement, but they were not appropriating it. It has been given to the Exchequer. But it is a very questionable practice. The Report says:

"The Committee consider it most inappropriate that in addition to the considerable revenue raised by levy of high Excise Duty, Government should have taken advantage of its monopoly in raising substantial additional revenues by fixing high prices for Cement. They are of the opinion that if such additional revenue had to be raised it should have been done through a specific taxation measure with the approval of Parliament and not under executive action by charging high prices for an essential commodity like Cement"

I do not like to go into the Constitutional position, but really you should not use a monopoly to defeat the consumer. Two suggestions have been made by the Estimates Committee, because they are very much concerned with this matter. One suggestion is to have a committee for liaison with the private sector. On page 80 they have suggested:

"There is at present no suitable machinery for maintaining liaison between the Government, the Corporation and the private sector. The Committee recommend that early steps may be taken to constitute an Advisory Committee, comprising of representatives of private trade, the Corporation and the Government. Their powers may be defined clearly. They further recommend that in special cases the desirability of setting up separate advisory bodies for each commodity or group of commodities hand-

ed by the Corporation may be examined by Government."

I think that is a very wise suggestion and that may be gone into. There is another matter also about which they have said something. They are of the view that the consumer may be consulted in regard to price because of the monopolistic nature. They say.

"The Committee consider it desirable that for consumer articles a Consumers' Council may be set up to help and advise the Corporation regarding the quality, quantity, distribution methods and sale of imported commodities at reasonable prices"

I should think these are the suggestions which are worth considering

There is one other serious matter which I would like to point out. Let me refer to page 23 of the Report. Anybody should imagine that the STC would be interested in developing the trade for our own shipping, for our own bottoms. But what has happened? I was amazed and I do not think that the STC will have a proper reply to that. They say:

"The Committee regret that in spite of their previous recommendation there is apparently no proper coordination between the State Trading Corporation and the Government Shipping Corporations

Both are Government departments, but they quarrel with each other. It says:

"and the blame has been laid by STC entirely on the former"

Let me read this —

"In their Thirty-Eighth Report on the Eastern Shipping Corporation Ltd and Western Shipping Corporation Ltd, the Committee had noted the absence of a provision in the iron

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ore agreement entered into with Japan by the State Trading Corporation for utilisation of Indian Shipping for the carriage of the Ore".

The ore is to be carried from Indian sources and it should be very easy for us to negotiate with Indian Shipping Corporations. It says:

"The Committee had recommended that effective steps should be taken to ensure better coordination between the State Undertakings to this end. In the case of Japanese Iron Ore export contract (1958-59), the Corporation has reserved 300,000 tons per annum to be carried by Indian bottoms. In fact, the S.T.C. had got an agreement from the Japanese Steel Mills to utilise Indian Shipping upto 15 per cent of the Ore shipped but the Indian Shipping Companies had not got sufficient vessels to carry Ores even to that extent. Besides, the tariff rates of Indian Shipping were not competitive.

The representatives of the Corporation further informed the Committee that there were complaints from Japanese Steel Mines about the unbusinesslike manner in which the Indian Shipping lines were proceeding in the matter of getting the Japanese Steel Mills to use their vessels. Nor were the Indian Shipping Companies sufficiently energetic. The Indian Shipping Companies did not have even an office in Japan and failed to inform the Japanese Steel Mills what their fixtures were . . .

The Committee further says:

"The desirability of utilising Indian bottoms for carriage of Iron Ore to the maximum possible extent is unquestionable. The Committee recommend that immediate steps may be taken by Government to en-

sure necessary coordination between the State Trading Corporation and the Indian Shipping lines, so that the question of freight is resolved satisfactorily and Indian Shipping is enabled to establish itself in the Indian Iron Ore trade to the maximum extent possible."

I would like to refer to only one other matter, and it is this. The Directors, as was pointed out, except for the present Chairman were officials. The present Chairman is a non-official, Mr. Poonacha. All others are Government officials. I wonder whether the Directors of the State Trading Corporation should be all officials. Knowing something about how the officials function, they are all busy people, every one of them, for example, the Director General of Shipping, Director, Railway Board, Officer on Special Duty, Ministry of Commerce and Industry. These gentlemen have very little time to give for the work of the Corporation. They come, have fine tea, consult the Managing Director and they are anxious to quickly finish their job. Is it good to have such busy men and all of them officials? It is just one other departmental meeting, in addition to the numerous departmental meetings which the officials have. This is an age of conferences. You ask any man. All the time they will not be in their offices. They are very busy in conferences and committees. I do not say it is wrong. It is quite right. They are very busy people. All the people here are very busy people, with the result perhaps that the Managing Director is about the only man who can give the time and thought to this problem. The others just okay it, unless one or two have some particular knowledge. I think a Board on this basis does not do its job. It is not competent to do the job which the S.T.C. has undertaken. I think it should include certain non-officials of high standing and integrity, people who, we are confident, will not profit by their being on this Board. I am sure such people, half a dozen or three

or four, will not be lacking—who have experience of the work and who will be helpful. I think that this Directorate should be reorganised, if they are to do their job properly. The State Trading Corporation, when it came into existence, came with very high hopes, as many other things. They are not doing their work properly. But that need not be a cause for pessimism. I am an optimist. But a certain amount of re-thinking is necessary, a certain amount of defining their functions is necessary, a certain amount of looking at the way in which they are working to achieve their objectives is necessary, if the S.T.C. is to do its job properly. Thank you.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2.30.

The House then adjourned for lunch at one of the clock.

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The House reassembled after lunch at half past two of the clock, the VICE CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.

SHRI M. S. GURUPADA SWAMY (Mysore): Sir, the State Trading Corporation came into existence three years ago when the opinion in the country was very much divided. There were many doubting Thomases and Cassandras at the time who shouted and cried that the State was embarking upon an adventure which should be the close preserve of private enterprise. All these people represented the world of vested interests, but the organisation, was ushered in spite of their criticism, of their adverse reaction, in a healthy climate of goodwill, because there were also many in the country who thought that such an organisation would be able to introduce a new healthy trend in our trade and commerce and that it would help us to build up our trade, international and national. So, Sir, we have this organisation since the last three or four years and we have to look at and judge the career of

this small baby which we have ushered into the economy of our country.

Sir, I have looked at all the three Reports produced by this Corporation and I was very much disappointed to find that the achievements of this organisation during this period have been pitifully small. It has belied our expectations. It has defeated our hopes and desires. Sir, in the first year of its performance this body has been able to trade to the extent of Rs. 10 crores. In the second year it has been increased to Rs. 28 crores. In the third year which we are reviewing, the achievement has gone further and there is a turnover of Rs. 35 crores or so. These figures may signify a trend in the upward direction, a favourable trend, an expansionary growth of this organisation. Sir, I think one of my friends on the opposite side pointed out that this organisation has been embarking upon fresh fields and new areas which should have been conveniently left in the hands of the private people. May I draw his attention to the fact that with all this huge performance that has to its credit, the organisation has been able to control less than 3 per cent. of the trade and commerce in the country? It has got on its list of trade only 43 items among countless items which are left for the private enterprise. My complaint is not that the organisation is taking up new fields and new areas and encroaching upon the domain of the private people and industrialists but that it has not been able to go sufficiently far so that it might play a very vital, significant and far-reaching part in building up the trade and commerce of this country.

Sir, the Report gives evidence to the fact that the organisation has been able to do certain good things which I really appreciate, good things which would otherwise have been neglected if they had been entrusted to private hands. For instance, the organisation has been able to utilise the neglected small ports. It has

[Shri M. S. Gurupada Swamy.]  
 utilised these ports for the purpose of exporting mineral ores and other goods. Again, Sir, the organisation has been able to bring about a certain amount of co-ordination between rail, road and canal transport, and it has also been able to exploit the unutilised capacities of the various modes of transport. Sir, this is all very good. We appreciate the small achievements, the small contributions the organisation has made in these directions. But, Sir, may I point out that in the last three or four years in which the organisation has been functioning it has not been able to work in such a way as to bring about an impact on the character and nature of the trade? It has also been functioning in a very unsystematic, unplanned and indisciplined way. An organisation of this type should have been much more disciplined, should have had a programme, a plan of its own, a time-bound schedule. All the three Reports do not indicate anything of this kind. The organisation seems to have been making a choice of commodities in a very fitful and whimsical fashion, and the country does not know, perhaps Government do not know, and we do not know what commodities they are going to take up for the next year or two years. They have not been able to draw up a list of priorities whereby they can function in a better, methodical and systematic way.

Sir, my friend, the hon. mover of this motion, made out one point that there has been too much of wastage and top heavy administration. May I point out that this wastage, this extravagant or huge expenditure, is mainly due to the fact that this organisation is not able to do its job properly or has not given any thought to the drawing up of any programme to be kept in view either for the current year or for the subsequent years? So, it is very painful to all of us who have had a great hope in this organisation that it has failed our expectations and it has not proved our anticipations.

Sir, the hon. Member who moved this motion also picked up certain commodities to show that this organisation enjoys a monopoly or a quasi-monopoly in the choice of the goods it trades in as well as the prices it quotes, and in the distribution of these goods inside the country. Again, may I point out that it is a very good thing indeed that this Corporation since its inception has been declaring dividends? This year, I think, they declared 7 per cent; last year they declared 7 per cent. The year before last also they declared a certain dividend. If profit is the proof of efficiency, if profit is any evidence of a healthy sign in business, then we have to congratulate the organisation for this. But how did they arrive at this profit? Sir, this organisation, fortunately, is free from the play or interplay of market forces. It enjoys a monopolistic or a semi-monopolistic position. It can dictate its own terms. So, an element of taxation has been brought into the price structure as a result of which they have been able to show a good balance, they have been able to declare dividends, they have been able to show profits, otherwise, it would have been very difficult for them to declare dividends under normal circumstances. Therefore, I would advise the members who guide this organisation to bear in mind that this profit does not indicate a sign of healthiness, a sign of growth, a sign of prosperity because in the case of cement as in the case of other commodities, we find that prices are charged to the detriment of the consumers' interests. The consumers are not consulted; their protest is not heeded to and they have not been associated in any way with the working of this Corporation notwithstanding the fact that the Estimates Committee has suggested and suggested it many times.

Sir, it pains us when this organisation is attacked because we feel that such an organisation should exist, flourish and prosper so that it may uphold the shining glory of

Indian trade and commerce, so that it may work as a shining arch in our economic edifice. Unfortunately, it has not been so. Why? The main difficulty is the whole organisation seems to have been bureaucratised. There is no outlook of trade; there is no vision of a businessman. This is unfortunately due to too much inducting of officials into it, people who do not know much about the art of trade, though they may know a lot about the theory of trade. Let them sit in judgment in the secretariat. But I want in this body more practical men.

Sir, as there is not much time at my disposal, I conclude by saying that there is a lot of criticism against this body from the Chambers of Commerce and from vested interests. But let me say that these criticisms, these shouts and these cries should be an eye-opener, should be an encouragement, to this organisation to function properly and more effectively and these things should not discourage it. Let these not in any way soften the organisation in its attempt to spread its operation. So, I say that whatever loopholes, whatever drawbacks are there, should be rectified, should be removed. Perhaps, when we take up this matter again in the House, we will see a better record of the functioning of the organisation and better results.

**SHRI BISWANATH DAS (Orissa):**

Mr. Vice-Chairman, I rise to say a few words on the Report regarding the State Trading Corporation and its working. The Report gives a rosy picture for which nothing but thanks of the House and of the country are due. But while according thanks to those who are in charge of it, one has to see whether the commodities that are handled by the Corporation are on the safe side of controlled ones. The responsibilities that this Corporation is called upon to discharge could have been carried out with greater advantage and profit if those commodities were handled by private organisations and corporations. There-

fore, from that point of view, I do not see much rose even though the picture as given in the Report is rosy.

The main part of the transaction done by the Corporation in previous years was mineral ores, and this position stands today to a great extent. I must frankly confess in this connection that the Corporation has failed in its duty to help the mine-owners of this country, especially the small fry. I felt very uneasy when I visited the mining areas of Orissa and saw the helpless condition of the petty miners who have little conveniences. They have neither trade agents in the international markets and connections in the foreign markets nor have they got the necessary finance to help themselves to stand up nor can they pull their weight with the railway authorities to get their proper share of the wagons to take the ore to Calcutta Port. I do not see any benefit of having a Corporation of this stature and structure, if they are not able to help the small miners of this country, who are really the backbone of the society. Sir, there is no meaning in helping the big mine-owners who can stand on their own and who have established very good bank connections. Therefore, I cannot offer any praise on this score for the activities so far conducted in this regard by the Corporation. The hon. Minister, who is also a man having business instincts, a man having local experience also of their difficulties and the grave distress of the small mine-owners knows this. Therefore, I would appeal to the Government as also to the Corporation to look down instead of looking up. The Corporation should amply justify its existence, and that justification will come only if they could help the smaller fries of this country and organise them into useful channels so that you can have larger output and greater command over the commodities and also market.

Sir, having said so much about mineral exports I go to the next

[Shri Biswanath Das.]

point, namely minor ports. At page 2 of the Report the Corporation speaks of the trade and trade connections. how the trade is organised through minor ports. In this connection mention has been made of a fairly good amount of export having been carried through seven or eight minor ports of which Paradip, a minor port, is situated in Orissa. From what little I know of Paradip I think the Corporation cannot take any pride there. If at all, it is a performance of Orissa Government, and it is shameful of the Corporation. It has done nothing to help to develop the port or to help transport facilities so far as that port is concerned.

[MR. DEPUTY CHAIRMAN in the Chair.]

It may be equally true of other smaller ports, the minor fries. Sir, you know how hard it is for the importers to get the cargo in the ships unloaded in the Port of Calcutta. It is, therefore, all the more necessary that you should have turned your attention, I mean both the Government and the Corporation, to develop the port of Paradip. But nothing has been done by them. It is only the Government of Orissa with their petty resources that are fighting the battle; if anything has been done it has been done only by the Government of Orissa; precious little has been done either by the Corporation or by the Government of India. Therefore, no credit goes to them. I do not know of other States, but I know of Orissa. Therefore, even here I am not prepared to go with the Corporation's Report.

Then I come to another aspect, namely certain commodities for export. I cannot praise either the Government or the Corporation if they think of exporting very useful and necessary materials which are essential for the feeding of human beings as well as of cattle. Why should my country export groundnut kernels? As a Member of the Committee on the taxation Bill, we have

always been fighting against this tendency. What is the meaning of sending away groundnut kernel and other commodities equally important? You are sending away gram. Why should gram go out of the country? I do not see any reason. The local prices of gram are fairly high. You want to keep the internal prices steady and at the same time export food-grains. Your cattle are starving. What is the meaning of sending groundnut kernel? Therefore, Sir, as long as the Corporation goes the way they are going and at the same time try to take credit, I for myself cannot go with them. You have been trying to export jute. Why? My country is bowing before Pakistan, and purchasing jute. When the prices are going down what has the Government to do? What is the meaning of propaganda? Propaganda will come of itself, if price support is given.

SHAH MOHAMAD UMAIR (Bihar):  
What about foreign exchange?

SHRI BISWANATH DAS: Are you going to make up all your foreign exchange with a few thousand tons or a few lakh tons of groundnut kernel and other essential materials? I join issue with him even though I go always with him. Therefore, I would call for price support rather than export of essential materials.

Then the last point which I want to make out is that unfortunately the commodities which are controlled and handled by the Corporation generally find their way to the black market. Therefore, there is something wrong somewhere in their organisation of distribution. Even so essential a material as cement, which is produced in this country and handled solely by this organisation, is finding its place into the black market. Why? I think there should be some check on this. Such is the case even with milk powder, soda ash and so many other things. Therefore, I request the Board of Directors of the Corpo-

ration to have a searching enquiry into this matter and see that the distribution is so organised in this country that the least possible chance is given to black market activities.

Sir, with these words I end my observations and let me hope that I shall next year get a brighter and rosier report than what I see this year.

**SHRI N. M. ANWAR (Madras):** Mr. Deputy Chairman, Sir, the Third Annual Report of the State Trading Corporation makes a very interesting reading. Indeed the progress appears to be something phenomenal, which even the doubting Thomases and the confirmed critics would now concede has been beyond our expectations. Believe me, Mr. Deputy Chairman, that when this State Trading Corporation was started some five years ago, the country did not provide the necessary climate of public opinion, and it appeared as though this State Trading Corporation would be one more proof of the colossal waste of public funds. On the contrary, Sir, from the statistics that are furnished here, it is extremely interesting to see that the performance has progressed to phenomenal proportions. The total trade turnover which has been recorded runs to the tune of Rs. 360 millions of which, quite a good bulk nearly Rs. 225 millions, come 3 p.m. under exports. Sir, I think even on this one particular point we must have to congratulate the State Trading Corporation, particularly the Board of Director who have been responsible for these first three years for having brought about this tremendous progress.

Indeed, amongst the exports iron ore turns out to be their trump-card, as it should be. Particularly when bulk business is involved, we are absolutely certain that the State Trading Corporation can deliver the goods much better in the larger interest of the country than what the private enterprise can hope to do.

We know that there are so many countries now in the Cominform with State-trading and for them the State Trading Corporation in this country turns out to be the only counterpart with which they wish to deal. I am happy to read that they have been trying to show an increasing degree of confidence and goodwill towards the undertakings that have been sponsored by the State Trading Corporation in this country. Particularly, Sir, at a juncture when the country is struggling very hard to increase earnings of our foreign exchange, it is but absolutely necessary that we have got to give a tremendous encouragement to the State Trading Corporation.

Sir, particularly as one who belongs to private enterprise, I know its strong as well as its weak spots. While it is quite possible that private enterprise will today seek the ways and means of how best to economise expenditure—and that is a thing which unfortunately cannot be claimed on the side of State trading—we also know that private enterprise has exposed itself to ever so many criss-cross currents of competition, and such cut-throat competition, that ultimately undermines the very economic bargaining power of our country. It is only in that direction, I feel, that the State Trading Corporation has been doing a tremendous service to earn more and more of foreign exchange. But, then, Sir, I am afraid that this is fast growing into a levathan devouring in its entrails the little worms that are now allowed to exist. There are fears expressed in many quarters of trade, commerce and industry that the way this State Trading Corporation is now extending its orbit and trying to undertake ever so many ventures, there will be little or no room left for private enterprise in this country.

But then, Sir, there are certain very laudable schemes which I see in the Report which give me rather a very encouraging hope that even private enterprise in collaboration with

[Shri N M Anwar]

the State Trading Corporation can try to take the utmost advantage and earn optimum foreign exchange for our country. We find here a Price Fluctuating Fund, which they have evolved with a view to providing adequate cover against seasonal or sudden decline in the prices of some of the commodities which they deal in. Believe me, Sir, this is a pointer, this is a clue as to how private enterprise can take advantage of the good offices of the State Trading Corporation in many of the industries where, unfortunately, today they are exposed to fluctuations of fortunes, either because of seasonal fluctuations or because the buyer countries are so dominating that they exploit the bargaining weaknesses which the private enterprise quite often displays in this country. I believe, Sir, here we find that the State Trading Corporation can step in and try not only to discover new trade routes with the communist countries which have hitherto not figured in the world market for our commodities, but also they can bring about a little change in the pattern of our exports by trying to subsidise, by trying to canalise so that they can be the buyer for the ever so many raw materials which are even now being exported overseas.

Speaking as I do for the tanning industry, our hides and skins sometimes turn out to be in the doldrums. Because of the mutual forces of competition amongst ourselves, we have quite often lost our ground in the world market. There are certain countries such as the United Kingdom and the United States which have exploited the difficulties that emanate out of this competition amongst ourselves. But I believe that under the auspices of this Price Fluctuating Fund, they can very well step in as a purchasing organisation, because that will give them the advantages of bargaining power. They can keep their raw material or the manufactures of their raw material in their custody to secure the terms that will be most favourable to the

interest of our country. That way, I believe, the State Trading Corporation can widen the area of operation, and that too not in a spirit that will be detrimental to private enterprise but in a manner that should be complementary to the interests of private enterprise. I for one can see, particularly from the working of the Corporation in regard to the cement industry and also in ever so many other industries for which they have given a very happy return, that there is not, strictly speaking, such a thing as conflict of interests that we had originally imagined. On the contrary, they have been trying to seek co-operation, seek assistance from private enterprise and they have even, with regard to the cement industry, worked on an agency basis.

Likewise they can give price support for many of our agricultural commodities or the raw materials that come out of our agricultural economy and see that they guarantee stabilisation of prices which will ensure for our country the maximum production possible. At the same time, this State Trading Corporation, by trying to strengthen the bargaining position, could earn a lot of foreign exchange for the national exchequer and ensure the best return for private enterprise.

Indeed, at this moment when time is fleeting, I do not propose to delve deep into the problem of this State Trading Corporation. With regard to some of the industries, I feel that this is going to be of tremendous help in trying to ensure the industries against the risks of fluctuations in price and also against the risk that flows from certain tendencies which are now being observed in the world market where many countries are combining to keep India out of the market.

Well, Sir, they have also got here another scheme, the Trade Development Fund. I think that here they can build up the export potential, particularly with regard to such traditional items of our merchandise



which, unfortunately, have not received that encouragement which they should and for which quite often, as I have myself experienced during my visits overseas in ever so many countries, there is a keen demand as in the case of our handicrafts and our handloom produce. But, unfortunately, we know how this handloom produce and handicrafts are today being canalised into slender hands and these people in private enterprise are not able to have the vision nor are they able to capture the opportunity for trying to get the best return for the enterprise. The State Trading Corporation can very well fill in that vacuum and try to promote the export of these handicrafts and handloom produce and see that they are put in the world market, particularly because they have got facilities to send out their delegates to so many fairs which are being held in almost every country today the world over.

Here, I think I should be failing in my duty if I do not place on record our tribute for the very good services that have been rendered by the Chairman of the Board of Directors during this period, Mr. K. B. Lall, and also the Managing Director, Mr. D. Sandilya. But the question has been raised, and rightly raised, by my friend, Mr. Avinashilingam Chettiar, whether management of this State Trading Corporation, by a Board of Directors drawn from the officialdom, could be the only way for the running of the Corporation. Believe me, Sir, I am one with him and even with many other Members who have preceded me that while the hidebound officials belonging to the different Departments of the Government of India could give this wonderful performance, the captains of industries who have the accumulated treasure of wide experience in the field of business, trade, industries and commerce, can try to give infinitely much better result than what these officers have been able to produce for this Corporation. I know, and I am very happy that the

Minister of Commerce and Industry is here, that it is for them now to see that they seek the co-operation of some of the leading entrepreneurs in our country whose business acumen, whose mature experience, could be most profitably used in the service of expanding the activities of this Corporation. I know that abundant safeguards can be taken to see that their interests do not come into clash with the interests of the Corporation; but that is not to minimise, that is not to deny, the meritorious services which these distinguished officers of the Government of India have rendered in spite of their multifarious preoccupations in their own Departments. When the Corporation is expanding like a leviathan and is having within its ambit crores and crores worth of turnover, I wonder whether it is really prudent to entrust the destinies of this Corporation to the hands of a few officers who, however highly placed they may be and whatever be their emoluments, still after all sometimes may be exposed to temptations when these huge transactions take place. I am sure the Government itself will see to it that they bring in also non-officials to associate themselves with the running of the Corporation.

I am happy to note one thing and that is with regard to the profits they have declared. I am glad that the net amount they have made available for appropriation during the third year of the Corporation has aggregated to Rs. 128 lakhs. They have made abundant provision for so many other appropriations. While criticism was offered on the floor of this House against the huge establishment that has grown, I for one feel that there is need and scope for a much bigger establishment. We want more officers and bigger establishment. We want them to be given better terms and better emoluments. After all this Corporation is becoming the mightiest trading machinery of the Government of India and this mighty machinery needs to be officered by the best available men in

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the country and we have got to see that in regard to so many commodities where they step in, they send delegations to every country in the world. Somebody was objecting to delegations, I was wondering why he referred to it. When even a businessman of my standing could afford to go to so many countries to promote our exports, to find out new markets for our industries, I do not understand what objection can be raised and what ridicule can be cast or expressed against the officers of the Corporation. On the contrary my point is that they should send out more officers to every country, particularly at a time when the country is trying to earn more foreign exchange. We want more of it and even this Rs. 20 or 30 crores they have earned is a precious little of what potentially, I hope, they are going to earn soon as their activities expand. Therefore, I want that the Corporation, particularly with regard to controlled commodities which are to be imported into this country, should be given a lion's share to see that we can prevent so many abuses from which the country is now suffering because of the misbehaviour of private enterprise. Our national character—I must say with sorrow—is susceptible to so many corroding influences, knowing as we do the limitations of our national character. I believe that while the private enterprise may be doing well in every way, still it has its limitations. Let me now ask that this Corporation be given wider powers and plenty of resources in order that it can do much better service both for the industry and for the country.

**SHRI P. D. HIMATSINGKA** (West Bengal): Mr. Deputy Chairman, Sir, I am glad that our friend, Mr. Govinda Reddy, has given us an opportunity to discuss this Report of the State Trading Corporation. You will remember that under your Chairmanship there was a Committee of Enquiry to see under what circumstances State trading can be

resorted to and then certain conditions were suggested through a unanimous report.

The mover of the motion has pointed out the objects for which the Corporation was started and he has also pointed out that it was mainly to supplement private trade and to diversify and to expand India's foreign trade. If you will please look at the items of exports, you will find that the major items of exports are iron ore and manganese ore. The other items are almost negligible. So far as these two are concerned, they were being exported by private parties before the Corporation came into existence. Now, it is the monopoly of the Corporation to export iron ore and no other private party or agency can export it. All the mine-owners and others interested in sending iron ore have to canalise the sending through the S.T.C. and being a monopolist body, they can dictate terms and I am told that they have been dictating terms so far as the price is concerned. You will find that the Corporation is a monopolist both for the articles—most of the articles—that they have been exporting and also for the articles that they import. It often happens that when there is no competition, the quality of the work deteriorates because they need not be afraid of any competition. So, in the case of iron and manganese ores, that has been the position. So far as manganese ore is concerned, you will find that the export has fallen. Of course, there have been other factors like recession in the world requirements and others but taking the total requirements of manganese, whereas it has fallen so far as India's export is concerned, to the extent of 50 per cent. the total recession has been to the extent of 24 per cent only. So, India has lost more so far as export of manganese is concerned than other countries.

It has also been mentioned by the mover that the working of the Corporation is very very costly. There are 1600 persons in the employ of the

Corporation whereas the commodities handled are very few and the major portion consists of these export items. So far as iron ore is concerned, if I am not mistaken, from the time of the raising of the ore from the mines, till placing them in the ships and handing over the bills of lading, it is the suppliers to the S.T.C. who do everything. They are paid a certain amount by the Corporation and they get the bills of lading from the suppliers. So a major portion of the work of one of the most important items dealt with by the Corporation is done by the suppliers and the Corporation practically has not much to do so far as that is concerned. So it is up to the authorities to see whether or not we are wasting too much on the establishment of the Corporation. After all, if the State Trading Corporation has come to stay—and we all wish that it has—that means that it has been handling a number of articles, both for import and for export. And so the benefit of all these trading activities should go to the State, to the community at large. The community should benefit thereby. And if instead of the savings being available to the State, to the Consolidated Fund of India, if they are spent unnecessarily on heavy establishment which is not really required for the purpose of these activities, then that matter should be looked into very carefully and the defect removed as soon as possible so that one of the major grounds of the criticisms against the Corporation may be removed. That has been the charge made by almost all the speakers who have spoken before me and I also join them in this regard and I do hope that the hon. Minister in charge and the Chairman and the Managing Director of the S.T.C. will be able to devote some time to look into this aspect of the matter. In an establishment dealing with about Rs. 35 crores, you do not really need more than perhaps 100 persons, whereas you have here got as many as 1 600, and as I said, they have not much to do so far as the major items are concerned. After all, the

Corporation has a number of advantages which private parties do not have in the matter of availability of wagons and so on. As a matter of fact, one of the complaints of private businessmen is that when they want to despatch their manganese which is still with them in the hands of private parties—it is still there to the extent of 50 per cent.—they do not get wagons in proper time. But if they sell the ore to the S.T.C. then they get the quota from the quota of the S.T.C. With all these advantages that the Corporation has so far as funds are concerned, so far as transport facilities are concerned and so on, they should show much better results than we find in the Third Annual Report of the Corporation. As was pointed out by some of the previous speakers also, the Corporation needs the guidance of persons who have experience in those lines of business that are being carried on by the S.T.C. But they have not associated with the Corporation persons whose advice can be of use and assistance, whose advice will be valuable in the matter of removing defects and shortcomings and thus helping the Corporation to be of greater use and to bring in more benefit to the country, and also supply articles to the consumers so far as imports are concerned, at cheaper prices and more efficiently and more conveniently. The same thing will apply as regards exports also.

As you may know, when they exported some jute, there was confusion. After all jute is not a commodity whose export was unknown in this country. Our country had been exporting jute in large quantities till the partition of the country. After the partition India had to import jute. Some two years back, when a certain quantity of jute had been exported, there was surplus and there was a lot of confusion created on account of ignorance, I mean, for want of experience in the business of the export of jute by the S.T.C. Therefore, it is absolutely necessary

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that business experience should be associated in the working of the State Trading Corporation so that the pitfalls and deficiencies may be remedied and the country may derive greater benefit from the working of the Corporation. With these remarks, Sir, I would request the hon. Minister to look into the matter and do something to remove these defects.

**SHRI N. SRI RAMA REDDY** (Mysore): Mr. Deputy Chairman, generally speaking, this State Trading Corporation of India, Ltd. has done fairly well during the year under report. The total turnover of the commodities directly traded in by the Corporation amounted to Rs. 35.95 crores as against Rs. 28.58 crores, thus showing an increase of Rs. 7.37 crores. This is really a point in favour of the Corporation and we have to congratulate the S.T.C. more especially since, besides some of the agricultural commodities like tobacco and groundnut kernel, they have added other items and also woollen fabrics and so on, to the usual items like iron ore and manganese ore, etc. But the bulk of the commodities, the most important and what they call the "core" of the Corporation's business, consisted of the export of iron ore. I do not know what percentage to the entire transactions carried out by the Corporation is made up by iron ore. We, however, see that against the contracted quantity of three million tons of iron ore, the Corporation has been able to ship only 2.4 million tons of iron ore. Thus there has been a shortfall of 20 per cent. This does not show a very good state of affairs as far as the Corporation's activities are concerned. They have had their three years of life and iron ore has been the most important commodity even according to them, the core of the Corporation's business, as they said in their Report. Still there is a fall of 20 per cent. during the year under report and I would like to know what explanation the State Trading Corporation has got to offer in this behalf. It could not be either trans-

port bottle-necks or the lack of markets. It could only be assigned to laxity shown by the State Trading Corporation in this behalf. There is, in fact, vast scope in the matter of our building up our export trade in iron ore, especially on account of the contacts with East European countries. That probably is the main aim of the S.T.C., to deal with their counterparts in the foreign countries which are under the domination of Communist rule. According to the objects laid down while setting up the State Trading Corporation, that seems to be the main aim, namely, to assist private trade there. Probably private trade was not capable of contacting the countries under Communist rule. If that was the purpose, then I feel that purpose has not been fully achieved.

The tale of the export of manganese has really been a sorrowful one. There has been a tremendous fall in the export of manganese ore and on page 20, the Estimates Committee, referring to this matter, say that when it was pointed out that the performance of the private sector was much better than that of the State Trading Corporation, it was stated that for a variety of reasons the private sector was in a better position than the S.T.C. because of their old contacts. If old contacts were helpful in building up the trade, then why cut off the old contacts? After all the most important part of our business is to build up the trade. If the S.T.C. has been the stumbling block in building up the export trade in manganese ore, then it has got to be removed. Let the State Trading Corporation give up the trade instead of losing the trade to some other countries. I understand America is an important buyer. I do not know whether America is reluctant to deal with a Government institution, if private institutions can do better, why not allow them scope? We are interested only in building up the trade. Who does it is not very important.

Another serious blot in the working of this Corporation is this. The ship-

ping has not been according to the contracts entered into with the other parties. It is really a very sad state of affairs that an institution consisting of mighty men of the Government, Secretaries and other heads of departments of Government, cannot keep up to the standard that it has contracted to supply. They say that there had been occasions when ships were loaded with different ore instead of the contracted quality; they add that such things happened in the beginning when the State Trading Corporation had to work under great handicaps. This explanation is a little less than silly, if I may say so. What is the handicap? There could be handicaps in regard to the building up of trade but there could be no handicap in regard to supply. This not only brings down the reputation of the State Trading Corporation but also the reputation of the entire country. It is against this that I would like to utter a word of mild warning to the State Trading Corporation. We, this Parliament and this country, would not like to hear anything of this kind hereafter.

Export trade in ore offers the greatest potentialities for earning foreign exchange so far as the present situation is concerned. Its benefits are innumerable. Its capacity for employing people is very great and this is an important aspect in our country where people are steeped in unemployment. We have not yet built up the export potential to the required extent. Of course, I cannot put the entire blame on the State Trading Corporation. Probably, I might have to voice my grievances to the concerned Department of the Government. The ancillary railway and port capacities should be stepped up suitably in order to build up this trade whose potential is very great indeed. I should think that the Government should give the topmost priority for building up ancillary railway and port capacities.

A number of commodities have been included in the list of exportable com-  
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modities. I am really happy to find that as many as 29 items have been included for export by the State Trading Corporation. It is really very good and I must really congratulate the Corporation. Year after year they have been expanding their activities with regard to the export trade. I would like to say a few words about handlooms. When I was touring in Europe some years ago, I found the ladies in Europe evincing keen interest in sarees, but the greatest difficulty with them was—and some of them told me—that they did not know how to tie a sari. If only somebody could teach them how to wear a sari probably the entire Europe will ultimately take to sarees. This is my own personal experience. We have only to teach them how to wear a sari; probably it looks odd to us. The potential for the export of silk handloom fabrics is very very great. This is according to my opinion which I formed some ten years ago when I went there and the position must have improved much since then because the contacts with India have grown enormously. I believe that there is vast scope for the export of our handloom fabrics. I am sure the Corporation is doing all it can with regard to this question.

Sir, I am one with Mr. Das in asking as to what we are going to achieve by exporting groundnut kernel to the foreign countries. When I was in Denmark I, as a dairyman, was very much interested in studying as to how they were able to build up such huge and magnificent dairy industry in Denmark. One good old gentleman-farmer told me, "But for the fact that we have had the benefit of importing groundnut kernel from India for the last fifty years, we would never have built up the dairy industry in Denmark. Now, that you have stopped the export, we do not know what is going to happen to our industry. It is at the point of extinction and all our research workers—I am talking of the year 1951—have been whipped up because there is no possibility of getting groundnut kernel

[Shri N. Sri Rama Reddy.]

from India and they have to find some substitute." They were experimenting with flax and subsequently I learnt that they had become successful. In our country, groundnut kernel gives oil which is very good for human beings. Probably, it is the cheapest fatty food available in the country. The cake, the residue that is left after extracting the oil, is a valuable item of food to the human beings. It has been established in the Food Technological Research Laboratory in Mysore that this is capable of giving a very rich protein food. By processing the cake, we can produce a very rich protein food for human consumption. Where is the point in exporting such a commodity? I know that groundnut cake is in great demand in America not only as cattle food but also as valuable manure particularly for commercial crops. Of course, the State Trading Corporation is only authorised to export certain quantities and probably it buys and sells on the basis of an agency system. I would, therefore, plead with the hon. Minister for Commerce and Industry, particularly with Lal Bahadur Shastriji, to see that an embargo is put on the export of groundnut kernel.

Some of the essential and scarce commodities are imported by the State Trading Corporation. It is all right that you import these things but have you assured the country that your distribution mechanism is quite good? I am afraid not. There is a lot of blackmarketing going on. Have you done anything about that? What steps have been taken by the State Trading Corporation or by the Commerce Ministry to see that blackmarketing which is corroding the morals of this country is stopped or is arrested? Everything is going on freely. I would like to say a word about milk powder. I am told that now you have stopped its import. This is not very good. I know of a time when a lot of milk powder came from foreign countries. We had forgotten to take milk, and milk-mindedness completely disappeared from amongst us. We Indians completely

forgot the taking of milk because of scarcity of milk. We, who considered milk as *amrit*, left this habit because of scarcity. Milk powder came into the country in such quantities that people started taking milk but suddenly you have stopped this. Milk is food and it is necessary. There was a big blackmarket in the sale of milk powder. What was imported at eight annas a pound was sold at two or three rupees per pound. I do not know what is going on in the country? Do you want to let this state of affairs continue? This does not do good to the country or to the State Trading Corporation.

I now want to say a word about the financial aspect. The net amount available for appropriation is mentioned as Rs. 128.4 lakhs. What is this appropriation, I cannot understand. Is it that the State Trading Corporation undertakes business only for the sake of trading or does it do it for the sake of benefits to Government who are the shareholders in this case? You have declared a dividend of only 7 per cent. but you have set apart Rs. 45 lakhs for a Building Fund, Rs. 20 lakhs for the Insurance Fund, Rs. 36 lakhs to the Trade Development Fund, Rs. 3 lakhs to the Staff Benefit Fund and so on. I want to know what the policy of the Government of India is in undertaking this trade. If they want to run this on a no-profit-no-loss basis, then I think they had better not do anything at all. They must earn money and the profits must be ploughed back for the reconstruction of this country for which we want money very badly. Why don't we do that? You have declared only 7 per cent. dividend while huge and fabulous amounts have been set apart for various purposes. Does a private person do like this? No, he would want to use all the money for better and constructive purposes. Here all this money is going for building and this and that. That is what really astonishes me as a person knowing a little of accounts and things.

Only one thing more I have to say. With regard to personnel I am one

with the Government of India and I must congratulate them for their having put their best men there. They are the men who matter for building up trade. What can non-official men do? It might be a very pious wish, a very democratic wish to ask for non-officials to be put on the Board of Directors but what can the non-official men achieve? For co-ordination the best personnel that could be thought of have been put in and I congratulate the Commerce Ministry for putting the very best men there. Without them there might be anarchy probably; with them there will be a lot of co-ordination and I think the purpose for which the State Trading Corporation has been set up will be fulfilled and can be fulfilled only through these people.

**SHRI GOPIKRISHNA VIJAIVAR-GIYA** (Madhya Pradesh): Mr. Deputy Chairman, I am happy that we are discussing this Report of the State Trading Corporation. In fact when our country is committed to a socialistic pattern, when our State is running factories and undertaking production, it is necessary that we should have trade or commerce also—particularly the foreign trade—in our hands. That will eliminate the high profits of the middle men who, I hear, in some business are earning huge profits out of imports and exports. So, the principle of State Trading is very good and I stand for it.

As regards the objectives of this Corporation, they are very clearly laid down in the Report of the Estimates Committee but the point is that we must implement those policies in actual practice. For eliminating middle men's profits we must of course have this State Trading Corporation but for bulk barter and particularly for trading with those countries which have the practice of State Trading, especially the socialist countries or the communist countries, we must have such an organisation. But the way this State Trading Corporation is working certainly deserves some criticism. Some

of the conclusions that the Estimates Committee has reached and some of the recommendations that it has made should be given effect to. For example, in the matter of shipping, we must carry our goods in our own shipping as far as possible. That should be encouraged but this State Trading Corporation is not giving proper attention to it. Then there is the recommendation about a Liaison Committee or an Advisory Committee which may have some businessmen on it. That also is very necessary. It is also necessary to have a Consumers Committee or some other Committee for determining the prices of the things that it distributes. I do not know why the Government is not giving attention to these two recommendations of the Committee.

In the matter of cement, I think the Corporation has not done well. It has increased its cost so much. This should be looked into. Had there been a better policy, we could have given cheaper cement to the country. Again, distribution of some chemicals has been entrusted to foreign companies like the Imperial Chemicals. That ought not to have been done; that ought to have been done through our own Indian companies.

Then there is the question of waste. We are sending very costly delegations to foreign countries unnecessarily. That also has got to be checked.

So far as the composition of the Directorate of this Corporation is concerned, that certainly is overloaded with officials and I think the mover of the motion, Mr. Reddy, said that there ought to be more non-officials and that a few businessmen should be given seats there. I think that it is a good suggestion and it must be accepted.

As regards the operation and working of the Corporation, I think the Corporation has, to a great extent, done well. Our exports have increased which include some new items

[Shri Gopikrishna Vijaivargiya.]

also. Our imports also have increased and there are also some new items. Of course, there is no doubt that we are exporting this iron ore. This is a thing which I think we can use in our own country. It is a precious thing which we are giving to Japan and other East European countries. Our Indian ore is of very good quality and it contains a very large percentage of iron and so it would be much better if we do not export this iron ore but manufacture it ourselves.

SHRI P. D. HUMATSINGKA: We have too much in the country.

SHRI GOPIKRISHNA VIJAIVARGIYA: As my hon. friend says, we have so much in the country and even after export we may still have large deposits to work. Our manganese ore exports have decreased a little and that should be looked into.

As regards profits, the Corporation has made a net profit of Rs. 128 lakhs. That is the money available for appropriation and we have allotted large sums to different Funds, Insurance Fund, Development Fund, Staff Benefit Fund and other Funds. After giving away to these Funds, we have given a dividend of 7 per cent. I think the State, that is, the community should get a greater profit from this and the overhead charges must be decreased. The criticism that is laid at the door of this Corporation that they are spending too much over staff and that they have a large number of officers should be looked into.

Sir, on the whole I think the Corporation has done well but the Government must look into the criticisms that have been made and they should also give effect to the recommendations of the Estimates Committee.

SHRI P. N. SAPRU (Uttar Pradesh): Mr. Deputy Chairman, no apology should be needed for having a State Trading Corporation in a country working towards the establishment of a socialist State. It is of the essence of a socialist State that it

should organise the forces of production, distribution and exchange and we in this Corporation are attempting that experiment on a limited scale. We know, as a matter of fact, that there are socialist countries in the world and we can only trade with them on a Governmental basis. If we want to neglect them we may as well neglect half the world. We just cannot neglect them. And, therefore, for the promotion of our export trade with socialist countries like the Soviet Union, Czechoslovakia, Bulgaria, Poland, Rumania, East Germany and well even China I would say—we have not stopped trading with China—it is necessary for us to have a governmental organisation such as the State Trading Corporation is. No country in these days can do without export. It must either export or perish, because we have to pay for our imports by exports and we have, as we all know, an expanding economy. We want to earn foreign exchange and our exports are a good source to earn foreign exchange. It is, therefore, important that the organisational set-up of a Corporation like that should be of the right pattern. I have nothing but unstinted praise for the devoted way in which the Directors, the Chairman and the Managing Director of the Corporation have worked. I have been told by some businessmen of experience that this is an exceedingly well-run Corporation. It does credit to the country.

The point that I want to make is a little different. On the 18th May, 1956, that is, nearly four years back, we launched this Corporation. We launched it as a private limited concern. Now, the Estimates Committee has taken the view that it should be a Statutory Corporation. On page 8 they say:

"The Committee consider that to invest the Corporation with necessary autonomy and flexibility, it is desirable to organise it as a Statutory Corporation."

I would like very strongly to support this view of the Committee. I



would like to point out that they have referred in this connection to the Canadian Commercial Corporation Act and the Nationalised Industries Act in the U.K., which empower their Governments to issue directions from time to time. Therefore, they suggest that suitable provision may be made for this purpose in the statute, as suggested in paragraph 22. It is important, therefore, that the status of this organisation, which we are running as a private limited concern, should be enhanced. It should have the status of an autonomous corporation responsible through the Minister to Parliament. If that happens, the control of the Auditor-General also, so far as the audit of the Corporation is concerned, should increase. I think this is a matter which should be taken up at as early a date as possible and I hope that before this debate concludes the Minister of Commerce will be able to give us an assurance that steps will be taken to bring forward a Bill which would convert this limited company into a Statutory Corporation. It may be also necessary for us in the preamble of any such statute to define clearly the aims and purposes of this Corporation. It may be possible for us to enunciate in a manner suitable for the year 1960 the purposes which we have in view so far as this organisation is concerned. It is an organisation, as I said, for the promotion of our export trade, particularly with countries of the Communist bloc. But it has wider aims than that and I think those wider aims should be clearly enunciated. It is not intended to supplant private industry. Private industry is very sensitive in this country. I think more sensitive than it need be. We are always trying to be very just to private industry. But we have to be just to our consumers also. We have to be just to the vast masses of our people also and this country cannot exist only for the benefit of private industrialists, howsoever generous they might be in doling out charities in various forms.

Now, we are receiving large aids from various sources. The aid that

we are receiving takes or can take various forms. For example it may take the form of a barter agreement or it may take the form of a rupee payment or it may take the form of a deferred payment. Now, the State Trading Corporation should be able to process these deals to our advantage. I shall just take a concrete example.

We shall be getting wheat from 4 P.M. the U.S.A. against our export of ferro-manganese. We are short of raw cotton. We can come to an arrangement with the U.S.A. to get raw cotton against exportable surpluses that we may have in, say, ferro-manganese. Our public sector is expanding on a vast scale and the need for capital goods is on the increase in our country. The State Trading Corporation should be on the look-out for exportable surpluses that would be available from the public sector which would enable us to earn foreign exchange. Not until you earn foreign exchange will you be able to get a good supply of capital goods. As I said, this work need not involve any conflict with the private sector. At the moment I do not know what our objective will be ten years hence or twenty years hence. No Government can bind posterity in regard to these matters. Our objective at the moment is not to supplant the private sector. Because of its vast resources and its direct contact with governmental agencies, our entrepreneurs should understand that this organisation can, if they show an attitude of friendliness towards it, help them to establish contacts in foreign countries. It has therefore a vital role to play in the marketing of goods so far as socialist countries are concerned. It is obvious that so far as those countries are concerned, there can be no direct selling by private agencies. All such deals can only be initiated through a Government agency. Once the Government becomes the guarantor or becomes the buyer, the deal can go through. Therefore, Government agencies which are dealing with socialist countries are in an

[Shri P. N. Sapru.]

effective position to advise the private sector in regard to consumer demands in those countries.

Sir, it follows from what I have said that it is essential for us to have a good, trained personnel. I know that we are employing about 1600 persons altogether in this State Trading Corporation. Of them, 127 are getting a salary of Rs. 500 and over at the headquarters—I think the figures are given by the Estimates Committee. What I wanted to say was this that it is important that this personnel should be carefully selected. I am not suggesting that it has not been carefully selected in the past. That is not my point. But I think it is always wise to have proper procedures for the selection of this personnel. That is why we have the machinery of the Union Public Service Commission. I do not know whether the machinery of the Union Public Service Commission will work in the case of the State Trading Corporation, but we should in any case have an independent agency or an independent recruitment board for the recruitment of personnel, particularly superior personnel to this State Trading Corporation. "Caesar's wife must be above suspicion", and it is not only right that your selection should be good but it is also desirable that they should seem good to everyone in the country. There should be no one who should be able to say that there is any room or any scope for favouritism in this organisation. Therefore, you should have an independent Commission or Committee or Selection Board for the selection of the personnel of this State Trading Corporation.

With this body you can associate competent non-officials also. But I want to say a word, if I may, about private industrialists in general. The suggestion was made that in our Directorates in filling superior posts we should look to private industry for support and encouragement and for purposes of recruiting a suitable

type of personnel. I have no doubt that the men who serve the private sector are an exceedingly able lot of people. They would not be able to make the enormous profits that I am told they are able to, if they were not really able. Able they must be, but able even "Hitler" was, and, therefore, I would suggest in all humility that it may not be wise from a bigger point of view to look to private industry for manning the superior personnel of the State Trading Corporation. A man cannot serve two masters. He cannot be an enthusiast of the State Trading Corporation and at the same time be a firm believer in private industry and in its capacity to do almost everything miraculous in this country. Therefore, I take the view that while I would not rule out a person who belongs to the private sector only on the ground that he belongs to the private sector, it is not to the private sector that I would primarily look for recruitment so far as the State Trading Corporation is concerned.

AN HON. MEMBER: What about the Board of Directors?

SHRI P. N. SAPRU: As for the Board of Directors, I do not mind a person serving as a Director of the State Trading Corporation provided he has no connection with the private sector. Now Mr. Harold Macmillan is the Prime Minister of England, and he is one of the proprietors of the biggest publishing house in the United Kingdom. And yet no one has ever accused him of anything underhand because once he became the Prime Minister he gave up his connection with the publishing house, while I would welcome the co-operation of the private sector on those terms, I am rather hesitant to ask or to invite those in the private sector to serve on the Board of Directors, people who are actively engaged in the promotion of their own private interest in the private sector. That is the point that I wanted to make.

Sir, I will not say very much except this that I would like to

express my appreciation of the good work that this organisation has done during these four years, and credit has to go to the Chairman and the Managing Director for this good work.

SHRI JASPAT ROY KAPOOR (Uttar Pradesh): Mr. Deputy Chairman, we should really feel grateful to Mr. Govinda Reddy for having tabled this motion and thereby having given us an opportunity to discuss the Report of this very important State concern. State concerns are every day assuming greater and yet greater importance not only because of the fact that their number is growing every day but more because of the fact that we propose to depend more and yet more on their earning profits. So much so, during the Third Plan period we are depending upon a sum to the extent of about Rs. 440 crores as profits that are likely to accrue from them. Now this big figure of Rs. 440 crores cannot be easily obtained from these concerns unless their administration is placed on a very sound footing. I do not know on what basis the Planning Commission hopes to raise this big amount. But that is a little different matter. Whether we are able to raise that amount or not, the fact remains that in order to get as much profit as possible from these concerns, Parliament should see to it that their administration and their working is placed on a sound footing and for that it is very necessary that this Parliament should have a little effective control on these concerns, and one of the methods of having an effective control—only one I would submit—is that we should have reasonable opportunities every now and then of discussing the administration of these concerns. As things stand at present, we can discuss the report of any State concern only when some Member tables a motion to that effect. That, I submit, Sir, is not a very satisfactory situation. Now, this question has been taxing the minds of Members of Parliament of both the Houses—the Lok Sabha and here—from time to

time, and it has been suggested more than once that there should be a Parliamentary Committee duly elected by Parliament which should function permanently and look after the proper administration of these concerns. In this connection, I hope you will permit me to refer to what the late Speaker of the Lok Sabha, Shri Mavalankar, said in one of his letters to the Prime Minister. He wrote to him thus—I will be quoting only a few sentences out of that important letter:—

“During the recent debate in the House on parliamentary control over autonomous and semi-autonomous corporations, etc. there was a general feeling that a Standing Parliamentary Committee might be appointed to see from time to time how these corporations, etc. were working and to make suggestions for improvements.”

Later on he said:

“It is conceded that Parliament should have sufficient control over such bodies. The question is only how it should be ensured.”

And further:

“It is also clear that the Estimates Committee and the Public Accounts Committee are already overburdened with the work assigned to them and find very little time to go into the working of the Corporations.”

And lastly:

“As the matter has cropped up several times in the House and there is a feeling about it, I see no harm in agreeing to the recommendations of the Rules Committee for the constitution of a separate Committee on Autonomous Bodies.”

I, therefore, submit that it is time now that this view of Parliament expressed on more than one occasion—and there is a specific suggestion made by the late Speaker of the Lok Sabha, Shri Mavalankar—should be implemented so that rather than depending on the off chance of hav-

[Shri Jaspat Roy Kapoor] ing an opportunity to discuss a report of this concern or that, it may be possible for Parliament to have effective control over these concerns. And then, Sir, this Parliamentary Committee should submit its own report once a year on the working of these concerns, and that report might be discussed as a regular part of the business of this House once a year, two or three days being allotted for the purpose, so that we may have a full-dress debate on the working of these various concerns. So far as the Centre is concerned, their number is about thirty and there are eight or ten other concerns run by the various States in co-ordination and co-operation with the Centre. So we have now a pretty large number of State concerns, and in due course of time, we will still have a larger number of them, and, therefore, it is necessary that we must have effective control of Parliament over them and the only method that could be suggested and has been suggested so far is that we have a permanent Standing Committee on that subject.

Now, Sir, so far as this State Trading Corporation is concerned—and the same is the situation with regard to the other concerns—the Board of Directors consists almost only of officials. Of course, the Chairman of this concern—it is a good feature so far as this concern is concerned—is a non-official. But so far as the other Directors are concerned, even in this concern, most of them are officials. The one particular handicap with these official Directors is—I can say this from my personal experience also, being associated with some of these concerns—that they have very little time to devote to the business, they are already overworked, the Secretary, the Joint Secretary, all these are already overworked. Therefore, they do not find enough time to devote to this important business. Now, I would not blame them very

much for it because I have said that they are already overworked. If, therefore, the policy of the Government is that a large number of officials must necessarily be on the Directorate, then this function of theirs must be considered as an integral part of their duty and not as if they should perform this function just by the way. Sir often they do not find time to attend the meetings of the Directors, and if they do go there at all, then they get away from the meeting after signing the register and staying there for a few minutes so that the proceedings may show that they attended the meeting. But then the Board of Directors has not the benefit of their wisdom, has not the advantage of their views on the subject and, therefore, their being there, in a good number of cases hardly serves any useful purpose. In this connection, Sir, I would submit that these official Directors are expected to work honorarily so far as this particular work is concerned. They do not get any fees for attending the meetings. Now, human nature being what it is, you do not ordinarily expect a person to work honorarily in a concern which makes huge profits, to the extent of three or four crores of rupees in a year, with crores of rupees as capital, and in some cases a smaller amount, but not very small, you do not expect him to attend the meetings of the Board of Directors devoting considerable time at home in studying the agenda papers, and going into the various pros and cons of the various subjects that come up for discussion without getting any remuneration. Now, I know it is an important matter of policy, but whatever it be, I do submit that these official Directors must be paid not only some fee but some substantial fee, Rs. 50 for attending each meeting of the Board of Directors, something like that. It happens that sometimes meetings of the Board of Directors are held far away from the place where an official Director is working and he has to be out of pocket sometimes to the extent of

Rs. 5 or Rs 10 for going and attending a meeting—he has to spend on petrol and all that. Now, let it not be said that these Secretaries and Joint Secretaries earning handsome salaries would not mind five or ten rupees spent on petrol, etc. for going to attend a meeting. In actual practice it is not so. So we have to take a realistic view of things. If you really want these official Directors to take active interest in that business, you must remunerate them for attending these meetings. Non-official members are remunerated. So far as Members of Parliament are concerned, may be it is a different matter, because we cannot get more than Rs 20 or Rs 21.

**SHRI M S GURUPADA SWAMY:**  
May I ask the hon Member, Sir, whether the officer will not get traveling allowance if he has to go out of Delhi to attend any meeting? Is he not entitled to travelling allowance?

**SHRI JASPAT ROY KAPOOR:**  
My hon friend has entirely missed my point. Meetings are held sometimes in Delhi, where the Secretaries are working, but then, if they have to go to the meeting place which is five or ten miles away from their office, they neither get any fee for attending the meeting nor do they get even what they have necessarily to spend on petrol. They get absolutely nothing, and you can take it from me that even when they go out of their headquarters, they get only the travelling allowance and not anything as fee for attending a meeting of the Board. You may think that they should not get anything. Well, you may please yourself with those notions, but I am one of those who take a realistic view of things, and the suggestions that I am making are based considerably on my personal experience. Also we must take human nature as it is, mere theorising will not do.

**SHRI AKBAR ALI KHAN (Andhra Pradesh):** But that would be a

departure from an established principle, that the officers should not get any such thing.

**SHRI JASPAT ROY KAPOOR:**  
Yes that will be a departure, but let us make a departure if we really mean business. Is there anything so very sacrosanct about the established state of affair? Either resign content with having very little profit from these concerns or do make a departure, and there is nothing very sacred about the established practices. You have got to change the established procedure and the established convention if you want to effect improvements.

Now, with regard to manning the Board of Directors, I submit that every State concern must have quite a number of non-official Directors; they need not be in a majority, but every State concern must have non-official Directors. If there are in all twelve Directors, at least four of them should be non-official Directors; there should be at least two Members of Parliament and two from outside Parliament. I know, Sir, there are conflicting opinions about this question. Some people think that Members of Parliament should not be on the Board of Directors, but I am one of those who think that there must be at least two, because I feel, Sir, that they can exercise a very healthy influence there. Also the official Directors will bear in mind that these Members of Parliament will come to attend the meeting of the Board of Directors and if they did not find the official Directors at the meeting they might convey this news to the Minister. Otherwise also, for various other reasons they will be acting virtually as a link between Parliament and these concerns, between the views of the Members of Parliament and the views of the official members of the Board of Directors. Of course, they need not get anything; they cannot under the Constitution; otherwise it will be

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an office of profit. But that does not matter. They get their salary all right and for attending the meeting they cannot get—even if it be permissible under the articles—under the rules they cannot get more than Rs. 20 or Rs. 21. But that is entirely a small affair.

Then, Sir, I would also suggest in this connection that now that we have a very large number of State concerns, the Chairman and the Managing Directors or, in some cases, the General Managers, should all meet at least once annually and exchange notes. The Chairmen and the Managing Directors of different concerns will have different experiences and they can compare notes, and that will be all for the better management of these concerns.

Now, Sir, coming specifically to this Report of the State Trading Corporation, I am glad to be able to say that it has done pretty well during the year under report; its trading operations have increased and it has made a substantial profit, a gross profit of about Rs. 3·69 crores, and I hope and trust that in times to come its trading operations will increase and the profits will also increase, and it will be able to fulfil the hopes that we entertain and the expectations that we have from it and would be able to contribute a substantial portion of the Rs. 440 crores that we expect from the State concerns. But then, Sir, I find that it is necessary too for this Corporation to reduce its expenditure; its expenditure seems to be a little bit too much. If we refer to the profit and loss account we would find that the salaries and allowances consume so much as Rs. 38,18,624·42. This is a very terrible figure. Sir. Then, Sir, we find that printing and stationery consumes Rs. 1,48,363·43. Then there is the item postage and telegrams; I shall leave this large amount out—probably they must have been necessary. Then again entertainment consumes Rs. 44,685·06 and exhibition ex-

penses account for Rs. 3,02,293·17. Now these various items do appear to me to be a little too much and I think economy should be effected under all these heads. Then there are two items which cause me a little concern and they are these. For bad and doubtful debts a big sum of Rs. 4,50,000·00 has been provided, and for likely shortages on stocks, a sum of Rs. 2,73,617·07. Now I would like the hon. the Commerce Minister to throw some light on this subject, as to why likely shortages on stocks should be of such a high magnitude as Rs. 2,73,617·07 in a year. Why should there be so huge bad and doubtful debt?

MR. DEPUTY CHAIRMAN: It is time, Mr. Kapoor.

SHRI JASPAT ROY KAPOOR: A couple of minutes more and I have closed. I would like the hon. Minister to throw some light on these two points.

Sir, I would like that this State Trading Corporation should not only adopt the attitude of trading and making profits but also in certain respects adopt a promotional attitude both in the matter of imports and exports. In the case of some manufactured articles it should try to encourage export even though it may not be possible for it for some time to earn profits thereon.

In this connection I would like to draw the attention of the Minister, and through him of the State Trading Corporation, that so far as the export of shoes is concerned, I find that it has dwindled this year as compared to the export last year. Sir, this is an item over which substantial profits can be earned in due course. Moreover, shoe manufacture being a cottage industry, if you encourage export poor people would be benefited considerably. I would, therefore, submit that so far as this item and similar other items are concerned, like

handlooms, etc. the Corporation should adopt a promotional attitude and not be so rigid as to look for profits only.

Sir, as a last word I would suggest that so far as the import of raw materials is concerned, the Corporation itself has admitted in the Report that in the matter of distribution it has not been possible for it to regulate the prices. That means these things go into the black market and the real consumer does not get it. I would, therefore, submit that a small proportion of these scarce raw materials, which are imported, should be earmarked for new small-scale industries, particularly in rural areas. I find the hon. Minister nodding his head. Well, if he wants to encourage industries in rural areas he has got to adopt that policy.

**THE MINISTER OF COMMERCE (SHRI N. KANUNGO):** Sir, judging from the fact that this is the first Report of the State Trading Corporation which is being discussed in this House, it is heartening that all the ten speakers who have participated in the debate have complimented the management of the State Trading Corporation on its achievement, and it will be my pleasant duty on behalf of the House to convey their appreciation to the management, the Board of Directors, including the staff, which I believe they deserve.

Sir, if there has been any criticism, it has been directed to the present organisation of the Corporation as such, and also to the manner of trading. It is true, Sir, that the organisation of the Corporation has been one in regard to which the Estimates Committee of Parliament has expressed its opinion which, no doubt, will be taken into consideration and is being given consideration. But I would just like the House to remember that this is an entirely new type of venture in governmental activity in the history of India. Judging from the fact that it has operated only for three years, we have to gain some experience to find out what should

be the best method of organisation that will suit the dual responsibility of efficient trading.

Here, Sir, I beg to draw a distinction between the various other corporations and this Corporation, because this Corporation unlike others is purely a trading corporation. Others are usually manufacturing and industrial corporations. We do have some experience, and I believe we will have to go through several attempts of error and elimination in finding out a type of organisation which will suit the purpose best.

For the present, Sir, as you are aware, the entire capital of the Corporation is provided by the President of India, and the major trading of the Corporation has been mostly in minerals. Therefore, the Board of Directors has been chosen from such organs of the Government of India who could be helpful in fulfilling the purpose of the trade. In the Board of Directors you will find officers from the Ministry of Mines, the Bureau of Mines and the Railways, the Finance Ministry and the Director General of Supplies and Disposals, persons who could in the initial stages orient the activity of a governmental organisation which is going into trading. I believe that in the course of its operation during the last three years the actions and reactions between the departments of Ministries and the Corporation have been mutually beneficial and the Government, which never had any experience of trading, is now aware of its own operations. The Corporation also is aware of the checks and balances of a governmental organisation and also its answerability to Parliament. The very fact, Sir, that the Report is placed on the Tables of the Houses of Parliament means that the Members of Parliament who are symbolised by the President of India form almost, if I am permitted to say so, the annual general meeting of the shareholders.

Sir, it is suggested that there should be a committee of the Houses of

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Parliament which would be in continuous session or should be specially charged with the supervision of the autonomous corporations of the Government of India. In the type of autonomous corporations I have to make a distinction. There are corporations which have been established by statutes passed by Parliament. Their charter is from Parliament and, as I have said earlier, most of them are industrial or manufacturing corporations. This particular Corporation, the Report of which is under discussion, is a peculiar corporation in the sense that it is purely a trading corporation. The Government have chosen that it should be a company registered under the Companies Act. I would mention that as far as the Government is concerned, in regard to this Corporation, though 100 per cent. of its shares are owned by the President, it is dealt with, in the eyes of the Government, in all its transactions, as one of the companies, like the 30,000 odd companies, that function in this country. I take this opportunity to mention that in spite of whatever might be said by the people in the Press or elsewhere—and I can boldly say—no case can be pointed out where this Corporation has been given any privilege which has been denied to any other corporation or company in this country.

SHRI SUDHIR GHOSH (West Bengal): It is not just a question of denying this Corporation privileges which have not been given to other corporations but the crux of the problem is that the law under which such a corporation is created gives it a certain degree of flexibility or autonomy or freedom of action. The question is that it is not Parliament that interferes; more often than not, it is the Government, the Minister and his officers, who encroach upon that freedom of action, and sometimes even destroy that autonomy. May we take it that the Minister means that he respects the autonomy of this Corporation which has been given by Parliament according to a law which is

the expression of its will; or does he mean that he and his officers do interfere with that freedom in the day-to-day actions of the Corporation?

SHRI N. KANUNGO: I wish the hon. Member had participated in the debate because he has raised a very interesting point. I can straightway tell him that as late as, I suppose, this year, the Government have given written instructions to the S.T.C. regarding its relations in which it has been specifically said that the day-to-day administration is not interfered with.

Some hon. Members have rightly complimented the Corporation on its operations because, after all, the S.T.C. is judged by the profits it makes. In the course of three years, from Rs. 35 lakhs of profit, it has come to Rs. 3.69 crores which has been commended—and I believe rightly—by the hon. Members of this House. But the one point I would add here is that the authorised capital of this Corporation is Rs. 1 crore. I would like to know of any trading corporation anywhere which, with this limited amount of capital available to it and the severe limitations in its trading which have been placed on it by its charter, has been able to produce these results in its operations. When I say severe limitations, I do so in spite of the fact that something has been said by Shri Himatsingka about the monopoly. Monopoly is an advantage in trading no doubt but it is also a disadvantage. I am sorry I have not the time, otherwise I could have developed the idea. I just leave it at that.

As Shri Himatsingka will understand well, monopoly is not entirely an advantage in trading. Why did the Government consider it necessary that all export trading in iron ore should be canalised through the S.T.C.? It is a fact that before the Corporation came into operation, the maximum quotation of Indian ore, which is certainly a higher grade, was



78 shillings. Immediately the S.T.C. was entrusted with the canalisation of the trade, the price was quoted at 80 shillings. The reason is obvious. However much you might talk of competition, free trade and all that, the tendency in the last 10 years has been for buyers and sellers to combine and negotiate in terms of almost monopoly purchase. At one extreme you have the countries in Eastern Europe who, according to their political system, have a complete totalitarian control over their trading operations as well as other operations in their countries and you have today the picture, even in the U.S., which is now supposed to be practising the system of free competition, of the buyers of particular commodities clubbing together in order to have a negotiation in which they can beat down the sellers to a certain price. In our case, the largest buyer of Indian ore in 1957 and earlier was Japan. There were many Japanese buyers and different steel mills but they had the good sense, from their point of view, to get together and not bid against each other. Unfortunately for us, in our country, the sellers could not do that. I remember that in 1956 and 1957 I publicly made a statement in Calcutta to the gentlemen who were engaged in the trading of iron ore. I made them an offer. I said: "If any group of shippers and traders could get together and assure the Government that there would be no under-quoting by exporters, then I am prepared to consider this proposition." This offer was made. Personally, I have reiterated it several times but with no effect. I am not sorry for it because, after all, we are in a condition where our trading experience, of our merchants and shippers, has not been very extensive. I know that in course of time, as the trading experience grows, they will have more enterprise, they will know how to take more risks and to have more sense of long-term projects in trading itself from their own point of view and also from the point of view of the nation. But the fact re-

mains that since the Government decided upon this particular commodity to be canalised in the export trade, the quantity has been going up and up constantly, all over the three years. There were some doubts expressed as to why the export of ores had been somewhat decreased. It is not correct. I suppose Mr Reddy at the other end, wanted an explanation as to how the contracted quantity had not been fulfilled in time. It is because of the conditions in the steel industry in Japan that the buyers asked the Corporation not to ship according to the schedule, because they did not want to have their inventories overloaded. But on the whole, taking year by year, the quantity of iron ore exported has been increasing and it could increase more but the limitations are transport capacity and more port capacity. If today we could have double the port capacity that we have, then certainly the shipment of iron ore could be increased. In this connection I would say that the Corporation is making strenuous efforts to organise the small mine-owners and the small shippers to form into associations. Shri Biswanath Das mentioned just now that the Corporation owed a duty to the small miners etc. Whether the Corporation owes or not, I do not want to argue, but certainly the Government does. Following the directions of the Estimates Committee the Corporation has been encouraging and giving concrete help to the small mine owners to club together into associations and enter into bulk contracts with the Corporation.

**SHRI BISWANATH DAS:** Sir, may I know since how long this help to the small mine-owners has been going on?

**SHRI N. KANUNGO:** I suppose for certainly more than one year. Sir, I come from the same area as my hon. friend, Mr. Das, comes from and I have to say that unfortunately the mine-owners of that area have not taken advantage of it.

**SHRI JASPAT ROY KAPOOR:** In spite of your belonging to that area?

**SHRI N. KANUNGO:** Yes, I suppose that is one of the disinclinations. If I remember aright, in the contracts that the Corporation has while buying their raw materials of iron ore from the various sources, they provide in the case of the Corporation a "A" bonus quota, which is not given to other contracting parties and the Government. That means that they are treated in a preferential manner. I have to be brief and I am sorry my time is running out.

The figure of Rs. 38 lakhs or so is the cost of the staff which frightened one of the hon. Members just now and I would only submit that the Estimates Committee have, no doubt, observed that the ratio of cost to the operations of the company has got to be reduced. Even before the Parliamentary Committee observed that way, the Finance Ministry of the Government of India had also made such an observation and the Corporation has set up a special committee to go into this matter and they are going into it. But with all respect to the Committee on Estimates, of this Parliament, and to the Finance Ministry of the Government of India, I might submit that this Corporation has got to plan from a long-term point of view and it has got to invest on staff as well as on other things for purposes of development which may not bring in trade immediately but which at the same time will enable it to have trade in course of time.

**SHRI AKBAR ALI KHAN:** And that on a governmental scale or level?

**SHRI N. KANUNGO:** On a scale which the Board of Directors feel is necessary, and it is for this House to judge whether it is fair or not. All I mean to say is that a higher expenditure in a particular year should not be related to the operations of that year only, but also as investment for future trade. The staffing in the S.T.C. no doubt may be excessive at

certain levels and at certain places, but I may say it is lagging far behind in certain respects. Today, for instance, though we have the largest operations in Japan, the S.T.C. has not an office in Japan and does not have an officer of the higher ranks in Japan, because in the name of economy that has not been done which I personally think is not a right thing.

The hon. Member, Shri Sapru, mentioned about recruitment of the staff for the Corporation and the care that should be taken in this matter. Well, normally, the Board of Directors of the S.T.C. have a committee for recruitment which interviews the candidates and then recruits them. There could be improvement and in fact one member on the Board of Directors was a Member of the Union Public Service Commission and in fact he was inducted into the Board of Directors in order to lay down the principles and give guidance for the recruitment of the staff.

**SHRI P. N. SAPRU:** An excellent man.

**SHRI N. KANUNGO:** But I may mention that it will take some time to crystallise the principles on which the right type of recruitment can be made and it ought to be the endeavour of the Board of Directors to remember always that they must make the best effort to recruit the right type of men.

**SHRI SUDHIR GHOSH:** But Mr. Sapru's point about Caesar's wife should be answered. Caesar may or may not agree to marry the lady. But having once agreed to marry the lady there is no point in suspecting her. You may or may not give them autonomy, but once having given it, how can you take it away?

**SHRI N. KANUNGO:** What I say is, the Board of Directors are quite alive to it and they are doing it on their own. As a matter of fact, we have not given them any directions, except that certain jobs with salaries of Rs.

1,000 or so, should be sanctioned by the Government. As a matter of fact, I believe in course of time and when the operations become larger and larger, the Government will find it difficult to cope with it and I hope that day will not be far.

Regarding the Board of Directors, we had, as was mentioned here, in the initial stages what you call the Secretaries of the different Ministries, all Government officers exclusively. I must say from my own knowledge and from the reports that the Directors of the S.T.C. do not work in a slipshod manner, as has been suspected by some of my hon. friends over there. They do apply their minds to the work. They work hard and they are men of the Civil Service who are charged with this responsibility and they are trying to discharge their duties to the best of their capacity and this they have done and the result is shown in the operations of the Corporation. The present thinking of the Government is that in course of time—maybe 3 or 4 years—the Directors should rise from amongst the ranks of the officers of the Corporation. I am told that the advice of managerial experts has been that an organisation must throw open chances for its own men to rise to the topmost position and if such a corporation as the S.T.C. cannot do it, then I do not know which corporation could. Of course, this will take time. It will take a little time for our younger men who have been working splendidly in the Divisional Offices and other places to be ripe enough to come to the higher places of responsibility. But it is our contemplation that the management should be controlled by a group of Managing Directors, because as against the three types, i.e., managing agents, board-managed companies and director-managed companies, the S.T.C. is being developed on the lines of the director-managed company. In fact, today, including the Chairman they have got three almost whole-time Managing Directors and in course of time this number will have to grow. Mention was made about the possibilities of handloom and handi-

craft goods being exported. The Corporation has already a Division which is dealing with handicrafts and 5 P.M. handlooms. I am sorry I do not have time to mention about the various activities of the Corporation but I would like to mention, Sir, that the Corporation works under severe limitations. It is not to supplant anybody but only to supplement, and that is a very severe limitation.

SHRI KHANDUBHA' K. DESAI (Gujarat): Why can't it supplant anybody if it is necessary?

SHRI N. KANUNGO: It will certainly do so when it is directed by Parliament, but at present Parliament has directed it to work under limitations. Of the ten items of import that have been taken up, I might say, Sir, that these have been undertaken not out of the free will of the Corporation but due to the direction of the Government. I am sorry I have no time to discuss the question of cement but this is a matter which has been discussed in this House and in the other House several times. Cement trade was handed over to the Corporation under the directions of the Government and all that the Corporation gets is a half per cent. commission on the turnover. The rest is handed over to Government. This has been approved by both the Houses of Parliament. I would only say that the prices of items on which the State Trading Corporation has been working as distributors and importers have been stabilised. Take, for example, caustic soda, a commodity which was mentioned in the course of the debate. If the price of caustic soda over a period of seven or eight years is judged, then it will be clear that since the Corporation came in as the canalising agent, prices have been fairly stable.

Some criticism was made of the Corporation having appointed Messrs. Imperial Chemical Industries as their distributors. The Corporation could not have done otherwise. Before the Corporation came in, that particular

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concern was the largest distributing organisation in the country and it had complete arrangements for warehousing, storing, distribution and other services. I am glad that the Corporation found it useful to use this particular concern and the facilities available. Apart from this, the State Trading Corporation has got associations of importers dealing in this commodity for purposes of distribution. In other words, the State Trading Corporation has seen to it that the commodity is distributed fairly.

I do not want to take any more of your time. I believe that the debate, on the whole, has been encouraging to the Government as well as to the Board of Directors and the staff of the State Trading Corporation. I hope this will enable the Corporation to give better results in the coming years.

SHRI BISWANATH DAS: I am thankful to the hon. Minister for having given the information that the State Trading Corporation has been trying to organise small mine-owners and to purchase from them. This probably has been done for the last year or so. Nothing of that kind is mentioned in the Report. The Report only speaks of bigger mine-owners. Could I have information from the hon. Minister as to what quantity has been purchased from small mine-owners in this year?

SHRI N. KANUNGO: I would suggest the hon. Member to table a question. I shall get the information.

SHRI M. GOVINDA REDDY: I am grateful to the Members who have participated in this discussion and to the Minister of Commerce who has thrown new light on some of the points raised in the course of the discussion.

The State Trading Corporation is designed to play a vital role in the

country. It is playing a great role and we expect it to play a greater role. It is my conviction that for this country, with so many mouths to feed, socialism is the only means of increasing the social well-being and State trading is the only thing on which more and more the people and Government have to depend for increasing the earnings. If Members have been critical of some points, it is not to underrate the role of the State Trading Corporation but it has been only to pinpoint some of the issues. I myself have been critical on two points but it was only to focus attention on them that I made those points. I agree with the Minister that some of the things have to be left to the discretion of the management. I myself was of the opinion that the establishment was rather on the high side but, as the Minister says, it is a new experience for the Corporation it has to be left to its best judgment as to what to spend and what not to spend.

I have only two points to clarify. Mr. Anwar thought that I disapproved of delegations. He said that more and more officers should go. I agree because business cannot be done by sitting tight in one corner but my point was that there should be no duplication of delegations. I pointed out one or two instances. When officers are sent on delegations their experience should be made use of by the Corporation. That was the point I made, not that I was against delegations.

I agree with my hon. friends, Shri Biswanath Das and Shri Sri Rama Reddy, that in the matter of export of food articles care has to be taken. They have exported groundnut kernel and masoor dal. I do not know the circumstances under which they came to export them, but in the very nature of things, it should be in very small quantities. Whenever they have to export such food articles, they have to—I believe they do—see that there may be repercussions on the country and on

the well-being of the people, and it is only when internal prices are not going to be violently affected that they should think of exporting.

The other point I want to refer to is about the need for having the Corporation as a statutory body. Personally, I feel that it should be as it is instead of being a statutory body. As it is now, it is more and more open for the Government to give them instructions. In fact, Government have, with great advantage, given instructions to them and have asked the Corporation to expand the scope of trading. The range of articles that the Corporation have been dealing in has been widened and I am glad that the Corporation is entering into trading in more and more of these articles because this kind of trading serves to stabilise prices and also gets foreign exchange which we so badly need.

I do not want to detain the House any more, Sir. I wish godspeed to the Corporation, and we expect it to give better and better results in future.

# MESSAGE FROM THE LOK SABHA

## THE COMPANIES (AMENDMENT) BILL, 1960

SECRETARY: Sir, I have to report to the House the following Message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Companies (Amendment) Bill, 1960, as passed by Lok Sabha, at its sitting held on the 1st December, 1960."

Sir, I lay the Bill on the Table.

MR. DEPUTY CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at ten minutes past five of the clock till eleven of the clock on Tuesday, the 6th December, 1960.