

PUBLIC ACCOUNTS COMMITTEE
(1974-75)

(FIFTH LOK SABHA)

HUNDRED AND SIXTIETH REPORT

INDIAN AGENTS' COMMISSION

[Paragraph 42 of the Report of the Comptroller and Auditor General of India for the year 1972-73— Union Government (Civil), Department of Supply].



LOK SABHA SECRETARIAT
NEW DELHI

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
REPORT	I
 APPENDICES	
I. Summary of details of commission paid to Indian Agents by Purchase Organisations during 1970—74	25
II. Details of contracts entered into by India Supply Mission, Washington, in which Socotra International Private Limited, New Delhi were the Indian Agents	29
III. Details of contracts entered into by India Supply Mission, Washington in which Voltar Ltd., New Delhi were the Indian Agents	30
IV. Statement showing the cases of supplies of Sub-standard fertilisers	31
V. Note on Inspection	33
VI. Statement showing fertiliser contracts placed by India Supply Mission, Washington during 1970—Indian Agents and Commission payable to them	34
VII. Summary of main conclusions/recommendations	62
PART II	
Minutes of the sitting of the Committee held on 25-9-1974 (F. N.) 24-4-1975 (A. N.)	

PUBLIC ACCOUNTS COMMITTEE

(1974-75)

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Shri N. Sunder Rajan—Senior Financial Committee Officer.

INTRODUCTION

1. The Chairman of the Public Accounts Committee having been authorised by the Committee do present on their behalf this Hundred and Sixtieth Report of the Committee (Fifth Lok Sabha) on Paragraph 42 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil) relating to the Department of Supply—Indian Agents' Commission.

2. The Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Civil) was laid on the Table of the House on the 30th April, 1974. The Committee examined the paragraph at their sitting held on the 25th September, 1974 (F.N.). This Report was considered and finalised by the Committee at their sitting held on the 24th April, 1975 (A.N.). Minutes of the sittings form Part II* of the Report.

3. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the Report. For facility of reference, these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of this paragraph by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the Officers of the Ministries of Supply and Rehabilitation (Department of Supply) Reserve Bank of India and Defence for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
24th April, 1975.
4th Vaisakha, 1897 (S).

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library).

INDIAN AGENTS' COMMISSION

Audit Paragraph

1.1. For import of fertilizers which the Department of Supply arranges, India Supply Mission, Washington, executes agreements with foreign supplies in North America, India Supply Mission, London, with suppliers in Western Europe and the Director General of Supplies and Disposals with suppliers in the Middle East and Japan. During 1971-72 and 1972-73, these officers executed 158 agreements for import of fertilizers as shown below:—

	Numbers of Contract	Quantity (tonnes) (in lakhs)	Value (U. S. \$) (in crores)
India Supply Mission, Washington	82	14.39	9.96
India Supply Mission, London	43	14.23	7.89
Directorate General, Supplies and Disposals	33	9.93	5.76
TOTAL :	158	38.55	23.61

1.2. Many of the foreign suppliers have their Indian agents. According to the instructions issued by Government in May, 1956, any agreement with foreign suppliers should provide that the latter would disclose the name and address of the Indian agent, the services to be rendered by him and the remuneration payable in rupees in India to the agents.

1.3. The standard conditions of contract of India Supply Mission, Washington, provide that a foreign supplier would intimate the remuneration payable to his Indian agent, but it is not required of him to intimate what services would be rendered by the agent. The rate of commission (expressed in dollar) payable in rupees is mentioned in the agreement.

1.4. A test check of 44 agreements executed by India Supply Mission, Washington, in 1971-72 and 1972-73 showed that in 43 cases out of those test checked the commission was intimated by the Indian

agents on behalf of their principals and the agency commission was between 0.03 and 0.10 per cent of the f.o.b. value in 15 contracts (value US \$ 190 lakhs), 0.11 and 0.20 per cent in 10 contracts (value US \$ 88 lakhs), 0.21 and 0.30 per cent in 12 contracts (value US \$ 165 lakhs), 0.31 and 0.40 per cent in 4 contracts (value US \$ 41 lakhs), 0.41 and 0.50 per cent in 2 contracts (value US \$ 20 lakhs) and 1.41 per cent in one contracts (value US \$ 10 lakhs). For fertilizer imports, the Indian agents have to render hardly any after-sales service in India. It seems that there is no clear rationale behind such widely divergent rates of the Indian agents' commissions.

1.5. In one of these cases (0.45 lakh tonnes worth \$ 44.78 lakhs), the Indian agent had intimated the commission as \$ 0.30 per tonne (0.30 per cent of the f.o.b. value) while the foreign supplier had subsequently intimated the commission as \$ 1.25 per tonne. On being asked, the foreign supplier explained that out of \$ 1.25, \$ 0.95 was retainer and marketing consultant fee. The case was reported by India Supply Mission, Washington, to the Department of Supply in November, 1972. India Supply Mission stated (December, 1972) that payment of \$ 0.30 per tonne mentioned as commission in the agreement had been withheld pending instructions from the Department of Supply. In another case (0.19 lakh tonne worth \$ 9.96 lakhs) the agreement was executed in June, 1972 without indicating the commission payable to the Indian agent. In September, 1972, the agreement was amended providing agency commission (\$ 0.75) which was 1.41 per cent of the C&F value.

1.6. The conditions of contract of India Supply Mission, London and the Director General, Supplies and Disposals, for foreign purchases do not require declaration of agency commission payable to the Indian agents. In the cases test checked, the agreements did not also mention that any such commission was payable to Indian agents, although a number of the foreign suppliers had their agents in India. In fact in one case of import of fertilizer against an agreement executed by India Supply Mission, London, the Indian agent had of its own volition disclosed the commission as \$ 0.10 per tonne (0.17 per cent of the f.o.b. value).

1.7. If Indian agents' commission is not fully disclosed or mentioned in the foreign contracts, to that extent our country's foreign exchange can be salted away.

[Paragraph 42 of the Report of the Comptroller and Auditor General of India for the year 1972-73—Union Government (Civil)].

1.8. In respect of 44 agreements executed by India Supply Mission, Washington for import of fertilisers from abroad, during 1971-

72 and 1972-73, which were test checked by Audit, the commission payable by the foreign suppliers to their Indian agents had been intimated by the Indian agents on behalf of their principals in 43 cases. The test check revealed that the agency commission paid varied between 0.03 per cent of the f.o.b. value to 1.41 per cent. In view of the widely disparate rates of commission and since hardly any after-sales service is involved in the case of fertiliser imports, the Committee desired to know whether Government had made any attempt to ascertain the rationale behind these rates, particularly from the foreign exchange angle. While informing the Committee that Government had not tried to ascertain the rationale for these rates, the Department of Supply stated in a written note furnished to the Committee:

“The quantity and the prices for the various items are approved by the Department of Supply before India Supply Mission, Washington, places a contract incorporating the various conditions. If any departure has to be made from the normal terms and conditions, then the ISM, Washington obtains the approval of the Department of Supply. The Supply Department has not encouraged the employment of agents in India for fertilisers. The employment of an agent, however, depends on the principals as he has to rely on the local Indian agent for keeping him informed of the requirements of the Government of India, the various types of fertiliser required and subsequently to follow up the completion of the contract. Decision on the tender is taken on the basis of the quotations submitted either on f.o.b. or C&F basis. Any commission payable to the Indian agent and so deducted is a saving in free foreign exchange. Payment to the Indian agents is made in rupees.”

1.9. According to the instructions issued by Government in May, 1956, any agreement with foreign suppliers should provide that the latter would disclose the name and address of the Indian agent, the services to be rendered by him and the remuneration payable to him. While the standard conditions of contract of India Supply Mission, Washington, provide that a foreign supplier would intimate the remuneration payable to his Indian agent, it is, however, not required of him to intimate what services would be rendered by him. On the other hand, the standard conditions of contract of India Supply Mission, London and the Director General, Supplies and Disposals for foreign purchase do not require declaration of agency commission payable to the Indian agents.

1.10. The Committee enquired why the India Supply Mission, Washington, had not been able to ascertain the details of the services to be rendered by the agents in the country. The Secretary, Department of Supply, stated during evidence:

"The instructions of 1956 relate mostly to the general purchases, especially plant and machinery, maintenance, etc. In the case of fertiliser contracts, there is no question of maintenance. The Indian agents are appointed mostly by the suppliers; the former are expected to give them detailed information about production utilisation, etc."

1.11. Since the Fertiliser Corporation of India takes charge of the commodity as soon as the vessels touch Indian shores, the Committee desired to know what services could possibly be rendered by an agent in India.

The Secretary, Department of Supply, stated during evidence:

"In one of our replies to the Audit, we had mentioned that from the point of view of the Department of Supply, the Indian agents are generally of no help, except for making enquiries about the supply. This is not of much significance. There is nothing like after-sales service either for foodgrains or for fertilisers."

Explaining the role of the Indian agent, the Secretary, Department of Supply, added:

"I would like to explain the role of the Indian agent. I am speaking from my experience during these one and a half years. Every Indian agent is not working to the best interests of Government of India. Lot of information is being supplied to their suppliers and in these days of shortage of fertiliser, we have to be very careful that all the information does not fall into the hands of the foreign suppliers because it makes our position difficult at the time of negotiations. Until and unless we find that the Indian agent is really rendering certain exceptional services to our advantage also, I personally think that we should not look upon them with favour. This is my assessment of the present situation."

1.12. To another question whether the instructions issued in May, 1956, had been modified to suit the conditions relating to fertilisers, the Secretary replied during evidence:

"The question whether we should have separate instructions regarding the commission to Indian agents, or

whether we can modify the clause concerned, is to be studied."

1.13. The Committee enquired whether the obligation to disclose the name and address of the Indian agent and the quantum of commission payable had been included in all the agreements. The Secretary, Department of Supply, stated:

"Indian agent's commission should be invariably revealed in the contracts that are entered into. Recently, the Department has taken up a study of ISM, London, ISM, Washington and DGS&D contracts, in respect of general stores and other stores as well as fertilisers to see that there is no loophole left in this matter. But, I would only submit that even if a certain defect is disclosed in these contracts, it does not absolve them of their responsibility to disclose the true facts to the Reserve Bank of India who take action under the Exchange Control Act. But, we have, as I mentioned earlier, taken up this study as to what should be done because fertiliser is a little different from plant and machinery and other things. We are trying to see whether we can have a uniform clause for all the three organisations in respect of all commodities or we should try to sort out the commodities into two or three. We are working on it. Whenever we enter into contracts, We ask the India Supply Mission, London, India Supply Mission, Washington as well as the DGS&D that we should get these figures. On checking, up, we find that in the DGS&D contracts, for fertiliser, contracts as given to them by the Department of Supply, Department, there was no specific provision, pointed provision, though it talks about general terms and conditions of the Director General of Supplies and Disposals. In order to put these matters free from doubt, we are trying to put it this way."

1.14. The Committee desired to know the reasons for not providing a clause in the standard conditions of contract of India Supply Mission, London and the Director General of Supplies and Disposals similar to the one provided in the conditions of contract of India Supply Mission, Washington for the declaration of the agency commission payable to the Indian agents by foreign suppliers. The Secretary, Department of Supply, deposed during evidence:

"As I see from the papers the DGS&D are simply issuing the contracts as given to them by the Department of Supply, so far as fertilisers are concerned. Those contracts talk

only about the general clause of the terms of contract of the DGS&D. It appears to me that they do not pinpoint this matter fully. It is absolutely essential that the amounts should be specified clearly in the contracts issued. The contracts issued by the DGS&D from here relate to purchases from Kuwait, Japan and Saudi Arabia. The suppliers in Japan have no Indian agents, they have their own offices here. The suppliers in Kuwait have an Indian agent. We have said that in future, they should declare the Indian agents' commission. But in order to make it very specific, we are going to incorporate a specific clause in our contracts."

In a written note subsequently furnished to the Committee on this subject, the Department of Supply stated:

"In respect of India Supply Mission, London and DGS&D, it may be stated that the tender enquiries issued by the Mission/DGS&D, always require the suppliers to indicate the names of the Indian agents alongwith the amount of commission to be paid to the agents and the same is mentioned in the contracts. Presumably for this reason, it was not necessary to include a specific provision on this account in the standard terms and conditions of contract of ISM, London. However, the Mission have since amended their standard conditions of contract so as to include a specific clause on the agency commission which provides for declaration by contract of Indian agent's name, address, amount and nature of his commission or other remuneration and also indicate the services which the Indian agents shall render to the Purchaser/Consignee."

1.15. According to the Audit paragraph, in one of the cases test checked by Audit relating to the purchase of 0.45 lakh tonnes of fertiliser worth US dollars 44.78 lakhs, the Indian agent (Socotra International Private Ltd., E-1, Maharani Bagh, New Delhi-14) had intimated the commission as US dollar 0.30 per tonne, representing 0.30 per cent of the f.o.b. value, while the foreign supplier (Agrico Chemical Company, Oklahoma, USA) had subsequently intimated the commission as US dollars 1.25 per tonne. However, on a further enquiry in this regard, Agrico Chemicals Company had explained that out of the US dollars 1.25, US dollar 0.95 was a retainer and marketing consultancy fee. Since there were variations in the commission intimated by Socotra International Private Ltd. and that intimated by Agrico Chemical Company, the Commit-

tee desired to know the action taken by the Department of Supply on this being brought to notice by India Supply Mission, Washington in November, 1973. The Department of Supply stated in a written note, furnished to the Committee:

“The matter was examined by the Supply Department in consultation with the Finance Ministry and it was decided that only the commission at the rate of 30 cents per MT should be recognised as such payment at this rate was made in rupees. The balance of 95 cents per MT was claimed by the agent as a ‘retainer which he would get regardless of whether any fertiliser was purchased or not’. However, this sum of 95 cents per MT has not so far been released to the Principals or the Agent. The legal aspect is being examined.”

1.16. Copies of the letter dated 30th November, 1972 from the Director General, India Supply Mission, Washington to the Secretary, Department of Supply and enclosure thereto on the question of agency commission payable Socotra International Private Ltd., furnished to the Committee by the Department, are reproduced below:

“Thank you for your d.o. letter No. PIL-4(85)/72 dated November 23, 1972 which I received yesterday.

“I fully understand your sense of bewilderment and irritation at the message Socotra International reportedly sent to their principals. I know of course from the beginning that there could have been no question of the Ministry making any ‘suggestion’ to Socotra about what commission should or should not be indicated in this or any other case. Obviously, the Ministry simply directed them to disclose their commission. From what I can inform, it seems to me that after having repeatedly declined to disclose the commission and pressed upon their principals not to do so, when they were finally persuaded by you to make the disclosure and you gave them directions to that effect after your meeting, Socotra tried to make it appear to their principals that they were retreating only at the ‘suggestion’ of the Ministry. Whether the amount of 30 cents indicated by them represents the entire amount of the their commission is; to say the least, not yet clear to me.

“As anticipated by you, Mr. Kakkar of Socotra was here. He saw me at his request. I naturally did not discuss

with him the contents of my correspondence with you, but we did talk as to why there was hesitation to disclose his commission in the present case. He had more or less, the same explanation to give as he apparently gave at your meeting, viz. that this had not been asked for in certain other cases (not ISM, Washington cases), specially for purchases made against free foreign exchange, and that he had trouble with the Chief Accounts Officer on the rate of exchange. On that latter point, I told him, what you did also, viz. that if this was indeed his problem, he should have taken up with us instead of making that a ground for refusing to disclose his commission in the present cases. He was also not able to give me any good reason why a purchase against free foreign exchange should by itself make any difference in regard to the enforcement of this condition.

“Perhaps somewhat significantly, on the same day on which Mr. Kakkar came to see me, Mr. Korrigan of Agrichemico brought me a letter from the firm of which I enclose a copy. In this letter there is suggestion that 30 cents is the commission in the present case, but another 95 cents represent ‘a retainer and marketing consultancy fee’. This was the explanation which Mr. Kakkar also conveyed to me at some length about the discrepancy between the figures received by us from the two sources. I did not know what to make of this explanation now offered and must confess to my strong disinclination to accept the explanation. However, I would leave the matter to be considered and decided by the Ministry. From what little I know, a ‘retainer’ is generally in the nature of a fixed monthly or annual payment unrelated to the actual quantity or volume of purchase in a given case. It deals, instead, with the less tangible area of general market intelligence, consultancy, public relations, expert opinion and that kind of services rendered. In all the circumstances of the present case, I feel that 95 cents was also a figure based ‘per ton’ arises directly from the quantity involved in the present contract. There was thus no good reason for its exclusion from the total ‘commission’ payable to Socotra on account of this contract. I am inclined to doubt that it could genuinely represent the arithmetical product of dividing the lumpsum retainer by the quantity, supplied in this case, because a genuine reta-

iner could hardly be thus related to one such single supply. However, I should not like to pre-judge this issue and would instead leave it to you to decide on the basis of the present representation made on behalf of the principals and their agents and any other enquiries that you may consider appropriate to make directly from Socotra International.

“What we would need to have from you is a directive whether any payment of commission should be made to Socotra International at this stage at all.”

Copy of letter from Agrico Chemical Company referred to in para 4 of letter above is reproduced below:

“November 13, 1972.

Mr..., Director General,
India Supply Mission,
2536 Massachusetts Avenue N.W.
Washington D. C.

Dear Mr...

In reviewing our contract and confirming our telephone conversation of November 10, 1972 in regard to our India Agent's commission, as I explained to you on the telephone, due to the complicated calculations the total remuneration of approximately \$ 1.25 is correct.

The manner in which we computed this is \$ 0.30 per MT commission on 45,000 MT and the balance of \$ 0.95 is a retainer and marketing consultation fee. Since you insisted on the total remuneration, we have declared it and feel that this should clear up any misunderstanding that might have taken place.

Sincerely,
Sd....”

1.17. The Committee desired to know what enquiries had been made on the basis of the letter written by the Director General, India Supply Mission, Washington. The Secretary, Department of Supply, stated during evidence:

“That matter was passed on to the Reserve Bank and I think they are investigating into that.”

1.18. After a perusal of the letter, the Committee found it rather strange that Socotra International Private Ltd. should have hesitated to disclose the agency commission in the present case on the

ground that this had not been asked for in certain other cases, especially in respect of purchases made against free foreign exchange. The Secretary, Department of Supply, stated:

“Later on this commission was revealed to us. In Washington when we approached the supplier, we got a different description. Then the explanation was given by this firm and we have withheld the remaining part and said we were not going to give it.”

1.19. In reply to questions why the Department had accepted information about the rate of commission furnished by Socotra International Private Ltd. on behalf of its principals and why the India Supply Mission, Washington had not insisted upon the foreign supplier to intimate the remuneration payable to its Indian agent, the Department of Supply replied, in a written note:

“The India Supply Mission, Washington, insists upon the declaration of the quantum of agency commission payable to the Indian agents before issuing the formal contract. ISM, London, has also been asked to do so in future. In the case of Socotra International in contract for D.A.P. in June, 1972, ISM, Washington, was informed by this Department, that according to M/s. Socotra their commission will be 30 cents per M/T. But this was to be confirmed by their Principals. M/s. Agrico, who, on receiving such a reference from the India Supply Mission, Washington, informed the Mission that the commission payable to M/s. Socotra will be \$1.25 per M/T and not 30 cents per M/T. Action in this case has been taken on the information furnished by the Principals and not the agents, and the entire position has also been reported to the Reserve Bank.”

1.20. The Committee desired to be informed whether the India Supply Mission, Washington, should not have ascertained the reasons for the difference in the rates of commission disclosed respectively by the agent and supplier, in view of the foreign exchange angle. The Department of Supply stated, in another written note:

“Under the contract, the commission actually declared is paid to the Agent only in rupees, and no foreign exchange angle is involved. If there is any payment by the Principals to the Agent, not disclosed to the India Supply Mission and the Supply Department, it would be contrary to the terms of the contract. But such a concealed transaction, which may have a foreign exchange angle,

cannot be checked by the India Supply Mission or the Supply Department."

1.21. In reply to observations of the Committee that even though a prima facie case had been established in this case to the satisfaction of Government and the letter from Washington had been received as early as November, 1972, there was no apparent progress and that this was a fit case for the Enforcement Directorate, the Secretary, Department of Supply, stated during evidence:

"That is why Socotra's case is within the knowledge of the Reserve Bank."

He added further that this case was also already within the knowledge of the Enforcement Directorate.

1.22. The Committee were also informed by Audit that in respect of two subsequent contracts for Di-ammonium Phosphate entered into by the India Supply Mission, Washington with Agrico Overseas SA, Panama (a fully-owned subsidiary company of Agrico Chemical Company, Oklahoma, USA) in April 1973 and May 1973, in which Agrico Chemical Company, USA were the manufacturers, the agency commission payable to Socotra International Pvt. Ltd., New Delhi had been provided as US dollar 0.50 per tonne as against the rate of US dollar 0.30 per tonne provided in the contract mentioned in the Audit paragraph and the rate of US dollars 1.25 per tonne intimated by the foreign supplier in that case.

1.23. The Committee desired to know who had intimated the rate of commission (US dollar 0.50) for these two contracts, whether it was the supplier, viz. Agrico Overseas SA, Panama, or its agent Socotra International. The Department of Supply informed the Committee, in a written note, that the rate of commission had been intimated to India Supply Mission, Washington, by the suppliers.

1.24. According to the information furnished to the Committee by the Department of Supply, at the instance of the Committee, the Directors of Socotra International Private Ltd. are Shri J. N. Kakkar, Business Executive, residing at 31, Nizamuddin East, New Delhi and Smt. Purnima Kakkar, Housewife and wife of Shri J. N. Kakkar.

1.25. In another case test checked by Audit, the agreement for the purchase of 0.19 lakh tonnes of fertiliser worth US dollar 9.96 lakhs was executed (with Collier Carbon and Chemical Corporation, Los Angeles, California, USA) in June 1972 without indicating the commission payable to the Indian agent (Voltas Ltd., New

Delhi) and in September 1972, the agreement was amended providing agency commission at US dollar 0.75 which was 1.41 per cent of the C&F value.

1.26. In view of the fact that the standard conditions of contract provide that the contractor shall warrant that he has made a full written disclosure to India Supply Mission of all commissions or other remuneration that is payable by him to an agent, the Committee enquired whether the supplier had disclosed that no commission was payable and, if this was not so, how the contract was executed in June 1972 without indicating the Indian agent's commission. If the supplier had, on the other hand, indicate earlier that no commission was payable, the Committee desired to know how the question of amending the contract to provide for payment of commission arose. In a written note, the Department of Supply stated:

"This is correct. The suppliers had not stated anything regarding agency commission payable. However, India Supply Mission was asked to obtain this for suppliers. ISM, Washington issued the contract (No. FP. 55/72FFE/Urea Bulk 593 dated 23-6-1972) for supply of 18,750 MT of Urea (Bulk) with the following clause incorporated in it:

Without prejudice to purchaser's right to damages under the terms of the contract payment less agency commission will be made in US\$ by the CAO, India Supply Mission, Washington not later than twenty clear working days from the presentation of the documents listed below in respect of each shipment.

The India Supply Mission, Washington sent a telex to the Principals on 14-9-72 and a reply was also received on the same day in which it was stated that agency commission payable to M's. Voltas in this contract was 75 cents per MT. Necessary amendment to the contract was issued on 15-9-72."

1.27. The Committee were also informed by Audit that in a subsequent contract placed by the India Supply Mission, Washington on Collier Carbon and Chemical Corporation, USA on 15th June, 1973 for supply of 14,000 MT of Urea (bulk), the agency commission payable to the Indian agents, Voltas Ltd., New Delhi was in the first instance provided as US dollar 0.75 per metric tonne (at the same rate as provided in the earlier contract executed in

June 1972 and referred to in the Audit paragraph). The agency commission was subsequently reduced to US dollar 0.50 per metric tonnes in August, 1973.

1.28. The Committee enquired from the Department of Supply as to why the rate of commission payable in respect of this contract had been reduced subsequently in August 1973 and who had intimated the initial rate of US dollar 0.75 per metric tonne mentioned in the contract executed in June 1973. In a written reply, the Department stated:

“These queries pertain the India Supply Mission, Washington contract No. 1025 dated 5-6-73 placed on M/s. Collier Carbon for purchase of 14,000 MT of Urea (bulk). The Indian Agents in this case are M/s. Voltas who, in the offer dated 22-5-73 made by them on behalf of their Principals M/s Collier/Carbon, had not indicated any rate of commission payable to them. This offer was accepted *vide* this Department's letter No. PII-4(38) 73 dated 31-5-73 on the terms and conditions as incorporated in the previous contract No. 593 dated 23-6-1972 placed on M/s. Collier Carbon, M/s. Voltas. It may be stated that in the previous contract the rate of agency commission paid to the Indian Agents M/s. Voltas was @ 75 cents per MT as intimated to the Mission by the Principals M/s. Collier Carbon. So in the subject contract also, acting on the presumption that the rate of agency commission would be 75 cents per MT, the Mission issued the formal A/T to the suppliers for their acceptance and returning of the signed A/T. But the supplier M/s. Collier Carbon before accepting the contract raised certain points. One of their objections was that the agency commission in this contract would be 50 cents per MT and not 75 cents per MT as in the previous contract. The acceptance by the Supply Department of the revised agency commission which is evidently necessary in such cases was communicated to the India Supply Mission, Washington *vide* this Department's telex dated 30-7-73.”

1.29. The Audit paragraph had highlighted two specific instances of variations in the agents' commission and also pointed out the widely divergent rates of the Indian agent's commission paid in respect of different purchases of fertilisers by the Indian Supply Mission, Washington. Besides, in respect of purchases made by India Supply Mission, London and the Directorate General, Supplies and Disposals, the agreements, in cases test checked by Audit,

had not mentioned that any such commission was payable to Indian agents, although a number of the foreign suppliers had their agents in India. Only in one case of import of fertiliser against an agreement executed by the India Supply Mission, London, the Indian agent had, of his own volition, disclosed the commission.

1.30. Since the commission received had not been divulged in many cases and there was a likelihood of the agents receiving this undisclosed commission abroad, the Committee desired to know whether, at any point of time, the Reserve Bank of India had examined this from the point of view of exchange control and how it was ensured that the entire commission received by them in foreign exchange was revealed. The representative of the Reserve Bank of India informed the Committee during evidence:

“Under the Indian Exchange Control regulations, when an Indian agent is entitled to receive commission from the foreign supplier in respect of orders booked by the former or other services rendered, he is required to repatriate that commission through a bank authorized to deal in foreign exchange. He will receive that commission in Indian rupees or in foreign exchange through banks. So long as he received that commission, there is no further obligation under the Act and the Reserve Bank does not come to know all such cases at all. Unless the bank is put on notice that in such-and-such cases the commission is receivable, we cannot check them up. In the case of visible exports, we have a procedure of checking up; but in the case of invisible items, it is not there.”

1.31. To another question as to how the Government made sure that the whole amount received as commission was revealed by the Indian agents, the Secretary, Department of Supply, replied:

“If it is not revealed to us we will not know about it.”

1.32. The Committee enquired whether the Department of Supply keep various Government agencies such as the Income-tax authorities, the Reserve Bank and the Enforcement authorities informed of the transactions relating to agency commission, the Secretary, Department of Supply, stated:

“I think, all copies of our contracts as from the DGS&D come to us and we have a recheck both at London and Washington.”

He added.

“Where there is an Indian agent, we must know who is the Indian agent and what commission is being paid. We should be in a position to make that information available to the Reserve Bank of India so that they can check it up. We agree to that.”

1.33. On the attention of the Department being drawn to the fact, mentioned in the Audit paragraph, that the agreements executed by the India Supply Mission, London, had not mentioned the commission payable to the Indian agents, although a number of the foreign suppliers had their agents in India, the Secretary, Department of Supply, stated during evidence:

“So far as the DGS&D is concerned, it is only one party who has not yet indicated to us what the agent’s commission is. We are going to indicate to the Reserve Bank the names of the parties who are dealing with us. So far as the DG, ISM, Washington is concerned, in the contract the amount is mentioned and is repatriated to India. So far as the ISM, London, is concerned, by and large the contracts are on the basis of what they call a retainer fee but in respect of each contract, I am collecting all the data as to what retainer fee each firm is getting. When that principal came to me, I said they must give us the basis of handling the Indian agents.”

1.34. Inviting attention also to the following information furnished by the Department of Supply to Audit in December 1973, the Committee desired to have the comments of the Department:

“the purchases of the Department are based on f.o.b. and C&F prices which include Indian agents’ commission. The decisions of this Department are based by taking the quantum of Indian agents’ commission into consideration. It is presumed that commission, if any, paid by the Principals against the contracts entered into by this Department with Europe and Japan, etc. where commission is not disclosed, must be disclosed to the Reserve Bank. This Department do not therefore know whether information is available to the Government or not.”

The Secretary, Department of Supply, stated during evidence:

“As I mentioned, whatever commission is disclosed to us, we see that it is repatriated in Indian rupees. About what has not been disclosed, there is one party which I have

already mentioned, and we are insisting on them that we must make a provision in our contract. So far as any other amount, which is received, is concerned, suppose they are not specified in the contract, I do not know whether the information is made available to the Government."

1.35. In reply to a question as to how it was ensured that agency commission was paid in rupees and not in foreign currency, the Secretary, Department of Supply, stated in evidence:

"So far as our contracts are concerned, we make a deduction out of the contracted amount."

1.36. In a written note furnished subsequently to the Committee in this regard, the Department of Supply added:

"It is expressly provided in the terms of payment in the contract that the payment less than agency commission at the specified rate will be made in foreign exchange to the suppliers and that the payment of agency commission at the specified rate will be payable by the Reserve Bank of India, rupee draft to the Indian agents. The payment are made in foreign exchange by the ISM, London/Washington and DGS&D only to the extent of the amount payable to the principals. For the amount payable to the Indian agents the drafts are sent by them in Indian rupees."

1.37. In view of the fact that large sums were spent every year on imports of fertilisers, part of which was paid to the Indian agents within the country and probably abroad also, the Committee enquired how it was ensured that the commission received, particularly abroad, if any, was not being accumulated by the agents illegally for various purposes, including smuggling and whether any checks were being exercised in this regard. The representative of the Reserve Bank, stated:

"In the case of Socotra, whatever rate of commission has been advised to us as per the contract, we have ensured that they have received this amount."

1.38. As it was not unlikely that many of the Indian agents were keeping as much money as possible abroad in foreign exchange, the Committee enquired whether any efforts had been made to investigate this aspect. The Secretary, Department of Supply, stated during evidence:

"The Supply Department has not taken up the question of investigating it as such."

1.39. At the instance of the Committee, the Department of Supply furnished details of the Indian agents who had drawn commission from foreign suppliers of fertilisers during 1970--74. The salient features of the details furnished are briefly summarised in Appendix I.*

1.40. From the details furnished by the Department, the Committee also found that in addition to the one contract mentioned in the Audit paragraph and two other contracts subsequently brought to the notice of the Committee during evidence, Socotra International Private Ltd., New Delhi had also functioned as the Indian agents in respect of twelve other contracts for the supply of fertilisers entered into by the India Supply Mission, Washington, during 1970--74 (upto September, 1974). Details of these contracts are furnished in Appendix II. It will be seen therefrom that the agency commission of the firm varied from US dollar 0.25 to 0.45 per MT and Canadian dollar 0.25 to 0.30 per MT and the total commission payable on the ordered quantity, excluding two contracts for which the agency commission had not been indicated, worked out to US dollars 23187.50 and Canadian dollars 23875.00 converted into the rupee equivalent. The agency commission had not been indicated in two contracts executed in October 1973 and June 1974. The commission payable on the three contracts referred to earlier worked out to US dollars 33500.00.

1.41. Similarly, apart from the two contracts discussed earlier, Voltas Ltd., New Delhi had received agency commission on four other contracts of the India Supply Mission, Washington during the same period, details of which are indicated in Appendix III. In these cases, the agency commission varied from US dollar 0.50 to 0.75 per MT and Canadian dollar 0.01 per MT. The total commission payable was US dollars 68750.00 plus Canadian dollars 906.25. The commission payable on the two contracts already referred to was US dollars 24562.50.

1.42. The Committee had also desired to know the amount of commission actually repatriated in all these cases. The Department of Supply informed the Committee in a written note that payment was made to the principals as soon as the material was shipped in accordance with the terms and conditions of the con-

*Complete details of the commission paid for various purchases are also indicated in Appendix VI.

tracts and payment was also made by cheques to the Indian agents in rupees.

1.43. The Committee desired to know whether the Department have any machinery to test the potency and chemical properties of the fertilisers and in how many cases sub-standard fertilisers had been shipped. The Secretary, Department of Supply, stated during evidence:

“The rejection of sub-standard material has not arisen because there is good quality control in most of the manufacturing places. Take, for example, London. The contracts which are placed through the DG, ISM, London, are inspected; the staff goes there and gets a certificate. If there is any variation, they write to us and if the variation is significant, we take necessary action..”

A note on the procedure for inspection of imported fertilisers and a statement indicating cases of supplies of sub-standard fertilisers subsequently furnished to the Committee by the Department of Supply are reproduced in Appendices IV and V.

1.44. In reply to a question by the Committee whether there were other commodities like fertilisers for which commission was payable to Indian agents, the Secretary, Department of Supply stated during evidence:

“So far as the Supply Department is concerned, we are only handling fertilisers from free foreign exchange areas.”

1.45. The Committee find that widely divergent rates of commission are being paid to Indian agents by foreign suppliers in respect of different purchases of fertilisers by the India Supply Mission, Washington. A test check by Audit of 44 agreements executed by the Mission, in 1971-72 and 1972-73, revealed that the Indian agents' commission varied between 0.03 per cent and 1.41 per cent of the f.o.b. value in 43 cases in which the commission had been intimated by the Indian agents on behalf of their principals. No after-sales service is involved in the case of fertiliser imports and the commodity is also taken over by the Fertiliser Corporation of India as soon as the vessels touch Indian shores. The Secretary, Department of Supply also stated during evidence tendered before the Committee that the Indian agents are of no help and the little service rendered by them in making enquiries about the supply is also of no significance at all. Under these circumstances, the Committee are indeed surprised to learn that Government have not made any attempt to ascertain the rationale for these rates. It

would appear that the encouragement given by the Government to Indian agents is tantamount to granting patronage to private parties.

1.46. Though the Department of Supply have maintained that the commission actually declared is paid to the agent only in rupees and, therefore, no foreign exchange angle is involved, the Committee are concerned to note that the agent's commission had not been disclosed initially in two cases, test checked by Audit, as required under the standard conditions of contract. In one case (Socotra International Private Ltd., New Delhi), the Indian agent had repeatedly declined to disclose the commission and had also gone to the extent of pressing upon the principal (Agrico Chemical Company, Oklahoma, USA) not to do so. A disclosure of the commission payable had been made by the agent only after persuasion. Further enquires with the supplier, however, revealed a different position. While the Indian agent had disclosed the commission as US dollar 0.30 per metric tonne, the foreign supplier had subsequently intimated the commission as US dollars 1.25 per metric tonne. It is also surprising that in respect of two subsequent contracts entered into by the India Supply Mission, Washington, with a fully-owned subsidiary company of the foreign supplier who had executed the earlier contract, the agency commission payable to Socotra International Private Ltd. had been provided as US dollar 0.50 per metric tonne as against the rate of US dollar 0.30 per metric tonne provided in the contract mentioned in the Audit paragraph and the rate of US dollars 1.25 per metric tonne intimated by the foreign supplier in that case.

1.47. In the second case pointed out by Audit, the initial agreement had been executed without indicating the commission payable to the Indian agent (Voltas Ltd., New Delhi). The agreement was subsequently amended providing agency commission at US dollar 0.75 per metric tonne, which worked out to 1.41 per cent of the C&F value. Here also, the foreign suppliers had not stated anything regarding agency commission payable, despite the clear provision in this regard in the standard conditions of contract.

1.48. From the information relating to the contracts for the purchase of fertilisers executed by the India Supply Mission, Washington during 1970-74 (upto September, 1974) furnished by the Department of Supply, the Committee observe that the commission payable to the Indian agents had not been indicated in two contracts executed in 1971, in two contracts in 1972, in one case in 1973 and in one case in 1974 (Socotra International Private Ltd., New Delhi were the Indian agents in the last two cases). The Committee are also not aware whether in respect of other contracts executed by

the Mission, the commission had invariably been disclosed at the outset itself or only upon enquiries by the Mission. This non-divulgence of the agency commission payable leads the Committee to believe that there is a tendency on the part of the foreign suppliers and the Indian agents to avoid disclosing the commission for avoiding payment of tax with the object of accumulating foreign exchange abroad by violating the Foreign Exchange Regulations Act.

1.49. It is most likely that many of the Indian agents arrange to receive their commission directly from the foreign suppliers abroad in foreign exchange which is not repatriated and is likely to be utilised for various purposes. The Secretary, Department of Supply, has also stated that if the entire amount received as commission by the Indian agents was not revealed Government would not know about it and that he was not aware whether information on receipt of amounts not specified in the contract was made available to the Government. It has also been stated by the representative of the Reserve Bank of India that unless the Bank was informed of the cases in which commission was receivable, the Bank cannot exercise any check on the repatriation of the amounts, if any, received abroad. He has also stated that no procedure exists for checking invisible transactions. The Committee are unable to accept the contention of the Department of Supply that no foreign exchange angle is involved. The Committee desire that this aspect should be examined thoroughly by the Ministry of Finance, Central Board of Direct Taxes, in consultation with the Reserve Bank of India and the Enforcement Directorate, both from the foreign exchange and from the taxation angles and measures taken to plug the loopholes.

1.50. From the foregoing paragraphs, it is evident that there are more unseen factors in the institution of Indian agents than what meets the eye. The receipt of undisclosed commission abroad by the Indian agents helps them to accumulate untaxed foreign exchange abroad. It is surprising that such evasions have been continuing under the very nose of Government out of Government payments. These are serious instances of failure to safeguard the Government's interests. That such a state of affairs has been allowed to continue unchecked for a number of years would indicate negligence and inefficiency. Responsibility for the failure to safeguard Government's financial interests should be fixed for appropriate action. The action taken thereon should be intimated to the Committee.

1.51. The Committee also desire that Government should examine the advisability of reopening and re-examining cases in which agency commission has been paid during the past 16 years to ensure that there have been no violations of the Foreign Exchange Regulations Act and that there has been no evasion of tax. Stringent action should be taken on those Indian agents who are found guilty of economic offences.

1.52. According to the instructions issued by Government in May, 1956 any agreement with foreign suppliers should provide that the latter would disclose the name and address of the Indian agent, the services to be rendered by him and the remuneration payable to him. However, no uniform practice is followed by the Supply Missions in Washington and London and the Directorate General, Supplies and Disposals. While the standard conditions of contract of the India Supply Mission, Washington provide that a foreign supplier would intimate the remuneration payable to his Indian agent, it is, however, not required of him to intimate what services would be rendered by the agent. On the other hand, the conditions of contract of the India Supply Mission, London and the Directorate General, Supplies and Disposals for foreign purchases do not require the declaration of the agency commission payable to the Indian agents. The Committee have been informed by the Department of Supply that they have taken up a study of the contracts of these three agencies, in respect of general stores and other stores as well as fertilisers to see that no loopholes exist and to remove doubts and ambiguities. A specific clause for declaration of the Indian agents' commission is also proposed to be incorporated in the contracts. The Committee desire that this should be done expeditiously. There should also be an effective liaison and co-ordination between the Department of Supply, Reserve Bank of India, Central Board of Direct Taxes and the Enforcement Directorate so that prompt action can be taken as soon as such transactions come to notice.

1.53. In respect of the transaction relating to Socotra International Private Ltd., New Delhi, pointed out by Audit, it is evident that this has been done only to conceal facts. From the letter of the Director General, India Supply Mission, Washington dated 30th November, 1972, the Committee find that the Indian agent had also gone to the extent of pressing the principals not to disclose the commission payable. This is most serious. The explanation subsequently offered by the foreign supplier and the agent that only US dollar 0.30 represented the commission and the balance of US dollar 0.95 a retainer and a marketing consultancy fee is far from convincing. As has been rightly pointed out by

the Director General, India Supply Mission, Washington, a 'retainer' is generally in the nature of a fixed monthly or annual payment unrelated to the actual quantity or volume of purchase in a given case. In fact, in the case of a number of agreements entered into by the India Supply Mission, London and the Directorate General, Supplies and Disposals, the principals have paid a fixed annual service fee irrespective of whether they sell any fertiliser to the Government of India or not. The Committee are, therefore, not satisfied with the explanation of Socotra International Private Ltd., and are of the opinion that a prima facie case of malpractice has been established.

1.54. The Committee have been informed by the Department of Supply that this case is already within the knowledge of the Reserve Bank of India and the Enforcement Directorate. The Committee cannot but express their anxiety with the slow progress of the case and desire that the investigations should be completed expeditiously and appropriate action taken. The outcome of the investigations and the action taken thereon should be reported to the Committee.

1.55. The Committee also find from the information furnished by the Department of Supply that besides the contract mentioned in the Audit paragraph and two other contracts subsequently brought to their notice during evidence, Socotra International Private Ltd. had also functioned as the Indian agents in respect of twelve other contracts for the supply of fertilisers entered into by the Indian Supply Mission, Washington during 1970-74 (upto September 1974). And again the agency commission payable had not been indicated in two of these contracts. The Committee desire that all these transactions should be investigated thoroughly. The Committee would await a further report in this regard.

1.56. The total agency Commission payable to the firm in respect of thirteen contracts (excluding two contracts for which the commission had not been indicated) worked out to the rupee equivalent of US dollars 56,687.50 plus Canadian dollars 23,875, at the corresponding prevailing rates of exchange. The Committee would like to know whether all the amounts received by the firm as commission had been duly declared in the Returns of Income and assessed to tax. In case the firm has also been guilty of evasion of tax, the Committee require that appropriate proceedings should be initiated forthwith and the maximum punishment provided under the law meted out.

1.57. Another aspect which has come to the notice of the Committee is that foreign suppliers organise what appears to be either

their own branches or subsidiaries in India to function as their agents in India. For instance, the Committee find that M/s Interore, New Delhi are Indian agents for M/s. Interore, New York and the agency commission is decided in individual contracts. Similarly, M/s. Compagne Indo-Francaise de Commerce, New Delhi are the Indian agents for M/s. Comptoir Francais De L' Azote (CFD), Paris and M/s. Indische-Osterreichische Handelsgesellschaft Pvt. Ltd., New Delhi are the Indian agents for M/s. Chemie Linz, AG, Austria. In the former case, the principals are said to pay a fixed service fee of French Francs 20,000 a year to the Indian agents and, in the latter case, a fixed service fee of 100,000 in Austrian currency per year. Yet another instance is the payment of Italian liras 2,250,000 per year as service fee by M/s. Montedison, spa, Italy to their Indian agents M/s. Societa Commerciale Indo-Italiana Pvt. Ltd., New Delhi. In all these cases, the service fee is payable irrespective of whether any fertiliser is sold to the Government of India or not. No doubt, the Department of Supply would say that the service fee in all these cases has been paid only in Indian Rupees. The very names of these firms operating in India would, however, suggest that these are only foreign firms in the garb of 'Indian' agents. In all probability there is an interlocking of capital between some of these foreign suppliers and their so-called Indian agents. Interore, New Delhi is also, perhaps, only a subsidiary of Interore, New York. If foreigners hold a substantial interest in these agencies, the repatriation of the profits of these agencies, after deduction of tax due in India, is permissible under the existing law. The Committee, therefore, desire that Government should investigate in detail such interlocking of capital and whether any such service fee, retainer or agency commission, received in rupees by such companies has been repatriated in foreign exchange as profits of the companies and, if so, what has been the net outflow of foreign exchange in these cases. The outcome of these investigations should be reported to the Committee.

1.58. From the details of instances of supply of sub-standard fertilisers furnished by the Department of Supply, the Committee find that during the period 1971-73, there were as many as twenty three instances of sub-standard supplies. Of these, penalties on the suppliers have been imposed merely in seven cases. While a decision not to impose any penalty is stated to have been taken in four cases, the remaining twelve cases are stated to be under consideration for a considerable length of time either in the Department of Supply or in the Department of Agriculture. One of these cases relates to a contract placed in March, 1972, two cases to contracts executed in April, 1972, seven cases to a contract placed in January, 1973, one

case to April, 1973 and one case to September, 1973. The Committee require that these cases should be finalised without any further loss of time and the details of the action taken intimated to them at the earliest. The Committee would also like to know the reasons for the non-levy of any penalty in four cases of supply of sub-standard urea by KCFC, Kuwait in November, 1973.

1.59. In respect of supplies of sub-standard fertilisers, the Committee are also surprised to find that no action has been taken against the Indian agents in these cases. The Committee would like to know the contractual obligations of the Indian agents in respect of supplies of defective or sub-standard fertilisers. In case they are also liable under the contract, the Committee would like to be informed of the reasons for not taking any action against the Indian agents.

1.60. A general question that arises out of the examination of the facts brought out in the Audit paragraph and those subsequently brought to the notice of the Committee is whether there is any need for agents in such transactions. The Committee can understand the need for such agents in the case of imports of plant, machinery and other equipment where after-sales services are involved. However, in the case of imports of commodities such as fertilisers or foodgrains, where there is no question of maintenance, the role of the Indian agent is of no utility.

1.61. During the period from 1970 to 1974 (upto September), the total quantum of commission paid to the Indian agents for purchase of fertilisers by the India Supply Mission, Washington, alone amounted to the rupee equivalent of US dollars 3.72 lakhs plus Canadian dollars 0.94 lakh, in 118 cases. It has been stated by the Secretary, Department of Supply, during evidence that not every Indian agent was working to the best interest of Government and that lot of information was being supplied by the Indian agents to the foreign suppliers which often placed Government at a disadvantage at the negotiating table. The Committee are, therefore, of the view that Government should deal directly with the foreign suppliers. This should not be very difficult since Government already have their own organisations in Washington and London. The Committee find no reason whatsoever as to why the import of fertilisers should not be made only through the Minerals and Metals Trading Corporation.

NEW DELHI;
24th April, 1975.

4th Vaisakha, 1897 (S).

JYOTIRMOY BOSU,
Chairman,
Public Accounts Committee.

APPENDIX I

(Vide paragraph No. 1.39)

SUMMARY OF DETAILS OF COMMISSION PAID TO INDIAN AGENTS BY PURCHASE ORGANISATIONS DURING 1970—74

Year	No. of contracts	Quantity ordered (in metric tonnes)	Rate of Agency Commission	Total commission payable on ordered quantity
A. INDIA SUPPLY MISSION, WASHINGTON				
1970	13	2,22,750	US \$ 0.07 to US \$ 0.35 C \$ 0.10 to C \$ 0.30	US \$ 1,7,730.00 C \$ 25,725.00
1971	48	10,51,125	US \$ 0.07 to US \$ 0.30 C \$ 0.01 to C \$ 0.55	US \$ 68,912.50 } (A) C \$ 55,291.25 } (B)
1972	46	9,76,550	US \$ 0.07 to US \$ 0.75* C \$ 0.01 to C \$ 0.30	US \$ 69,663.56 } (B) C \$ 13,062.50 }
1973	18	9,87,000	US \$ 0.07 to US \$ 0.75 ⁱⁱ	US \$ 1,71,603.75 (C)
1974 (upto September)	4	1,42,000		US \$ 44,250.00 (D)
	129	33,79,425		US \$ 3,72,159.81 C \$ 94,078.50
B. INDIA SUPPLY MISSION, LONDON				
1971	11	2,96,181	} See Remarks next page	
1972	22	7,67,075		
1973	42	11,11,881		
1974 (upto September)	9	2,40,950		
	84	24,16,087		
C. DIRECTORATE GENERAL, SUPPLIES AND DISPOSALS				
1971	3	1,97,381	} See Remarks next page	
1972	5	4,47,639		
1973	6	7,55,000		
1974 (upto August)	2	2,25,000		
	16	16,25,020		

REMARKS : (A) Agency commission not indicated in two cases and no agency commission in three cases. (B) Agency commission not indicated in two cases. (C) Agency commission not indicated in one case and no agency commission in two cases. (D) Agency commission not indicated in one case. *0.25% of f.o.b. value in one case. ⁱⁱ 1/2% in 2 cases and 0.25% of C&I² value in one case.

**REMARKS ON AGENCY COMMISSION IN RESPECT OF INDIA
SUPPLY MISSION, LONDON AND DTE. GENERAL OF
SUPPLIES AND DISPOSALS**

M/s. Unitrade, New Delhi vide their letter dated 22nd October, 1974 have stated that they get 1 per cent Agency Commission after completion of contractual obligations for the contract.

M/s. Shaw Wallace act as sub-agents of Sime Derby Trading Limited, London who are the Agents of following:

- (i) M/s. Comptoir Belge De L'Azote-Belgisch Stickstoffbureas "Cobelaz" of Belgium.
- (ii) CSV, Holland.
- (iii) Ruhrstickstoff, West Germany.
- (iv) UVKF, Holland.

M/s. Shaw Wallace received a remuneration of £14,729 from Sime Derby Trading Co. Ltd., as their sub-agents.

M. s. Norinco Pvt. Ltd., New Delhi represent Norsk Hydro a.s. Oslo, Norway from whom they receive their commission. In case of complex fertiliser shipped by West European Producers, who are members of Complex Fertilisers, Zurich M/s. Norinco receive commission @0.05 per cent of FOB value during the year 1973-74 and @0.1 per cent of the FOB value during 1974-75.

M/s. Compaigne Indo-Française De Commerce (P) Ltd., New Delhi (Principals M/s. Comptoir Français De L'Azote, CFD), Paris), The principals pay a fixed service fee of FF 20,000 per year irrespective whether they sell any fertiliser to the Government or not.

The Principals M/s. Chemie Linz, AG, Austria pay a fixed service fee of A.S. 100,000 per year to their Indian Agents M/s. Indische —Osterreichische Handelsgesellschaft Pvt. Ltd., New Delhi, irrespective of whether they sell any fertiliser to Government of India or not.

The Principals M/s. Montedison, spa, Italy pay a fixed service fees of Lit. 2,500,000.00 per year to their Indian Agents M/s. Societa Commerciale Indo-Italiana Pvt. Ltd., New Delhi irrespective of whether any fertiliser is sold to the Govt. of India or not.

M/s. Kumar Enterprises, New Delhi are Indian Agents of M/s. Complexport, France who are members of Complex Fertilisers, Zurich. The rates of agency commission settled on contract to contract basis. On ISM, London contracts M. 16471 and M. 16465 both dated 19th August, 1972, they will be paid commission 0.3 per cent of the FOB value of the contract.

M/s. BASF, New Delhi are Indian Agents of M/s. BASF, West Germany, who sell directly or through NITREX/COMPLEX and will reimburse the actual expenses incurred plus annual remuneration of Rs. 20,00.00 to BASF, New Delhi.

M/s. Hoechst Pharmaceuticals Ltd., Bombay did not receive any commission from M/s. Hoechst, AG, West Germany on their supplies of fertilisers through the agency of Nitrex AG, Zurich Switzerland in the year 1973.

M/s. Mitsubishi Corporation, New Delhi are branch office of M/s. Mitsubishi Corpn., Tokyo. They do not receive any commission because their activities are liaison service for the principals.

M/s. Morlidhar Premchand, New Delhi do not have any specific Agency commission agreement with their overseas suppliers. Any agency commission in a particular contract as decided by their Principals is declared in their offers.

M/s. Interore, New Delhi are Indian Agents of M/s. Interore, New York, Their agency commission is decided in individual contracts.

M/s. Voltas, New Delhi act as liaison representatives for their foreign suppliers who submit their offers for fertilisers through them. The margins are not pre-determined and vary from transaction to transaction.

In the following cases, no agency commission is involved indicated:

<i>European firm</i>	<i>Indian Agent</i>
1. Durofert or Windmill, Holland	Not known.
2. Kaliund salz. West Germany } 3. SCPA, Paris } 4. Chemical Industries of Northern Greece }	Potash fertilisers Ltd., Bombay.
5. Fisons, U.K.	Mulraj G. Dunganasey, Bombav.
6. Nitrex & Complex fert members :	William Jacks (P) Ltd., New Delhi.
7. Agrohemiya, Belgrade	Indian Agents Committee for Nitrex, New Delhi.
8. Office Cherifen des phosphates	NIL.
	NIL.

M/s. Snam Progetti, New Delhi are Indian agents of M/s. Anic, Italy. No agency commission is involved as the New Delhi firm is a subsidiary of E.N.I. Group.

M/s. JUASECO, Japan *vide* their letter dated 8th August, 1974 informed that for the execution of contract between Indian Govt. and their Industry is done by six Japanese firms viz., M/s. Mitsui & Co. Ltd., M/s. Mitsubishi Corpn., New Delhi, M/s. Submitomo Shoji Kaisha, New Delhi, M/s. Nichimen, New Delhi, M/s. Marubeni, New Delhi and M/s. C. Itoh, New Delhi. M/s. JUASECO have appointed these six firms and are not paying any commission to them.

Amount of agency commission is 1 per cent credit for 1 per cent given in firm's invoice and payment made to Indian Agents ICI (India) Pvt. Ltd., by a rupee draft. The principals are M/s. ICI, UK.

APPENDIX II

(Vide Paragraph 1.40)

(DETAILS OF CONTRACTS ENTERED INTO BY INDIA SUPPLY MISSION, WASHINGTON, IN WHICH SOCOTRA INTERNATIONAL PRIVATE LIMITED, NEW DELHI WERE THE INDIAN AGENTS)

S. No.	Month and Year	Foreign Supplier	Foreign Manufacturer	Quantity ordered (in M/tonnes)	Rate of Agency Commission	Total Commission.
						(In US Dollars)
1.	May, 1970	H.J. Baker, USA	Gulf Oil, USA	5,000	0.35	1,750.00
2.	August, 1970	Do.	Do.	20,000	0.25	5,000.00
3.	February, 1971	Do.	W.R. Grace, USA	10,000	0.25	2,500.00
4.	February, 1971	Do.	Chemical Distributor, USA	10,000	0.25	2,500.00
5.	August, 1971	Do.	Arkla Chemical, USA	10,000	0.30	3,000.00
6.	September, 1972	Do.	Northwest Nitro Chemicals, Ltd., Canada	18,750	0.45	8,437.50
7.	June, 1974	Agrico, USA	Agrico, USA	75,000	(Not indicated)	
			TOTAL	1,48,750		US \$ 23,187.50
8.	March, 1971	Western Co-op., Canada	Western Co-op. Canada	40,000	0.25	10,000.00
9.	November, 1971	Do.	Do.	25,000	0.25	6,250.00
10.	May, 1972	Do.	Do.	12,500	0.25	3,125.00
11.	June, 1972	Brockville Chem., Ind. Ltd., Canada	Brockville Chem. Ind. Ltd., Canada	15,000	0.30	4,500.00
12.	October, 1973	Canpotex, Canada	Canpotex, Canada	4,50,000	(Not indicated)	
			TOTAL	5,42,500		C \$ 23,875.00
			GRAND TOTAL	6,91,250		US \$ 23,187.50 C \$ 23,875.00

APPENDIX III

(Vide Paragraph 1.41)

(DETAILS OF CONTRACTS ENTERED INTO BY INDIA SUPPLY MISSION, WASHINGTON IN WHICH VOLTAS LTD., NEW DELHI, WERE THE INDIAN AGENTS)

Sl. No.	Month and year	Foreign Supplier	Foreign Manufacturer	Quantity ordered (in M/Tonnes)	Rate of Agency Commission.	Total Commission.
					<i>(In US Dollars)</i>	
1.	April, 1973 . . .	Continental Ore, USA	Central, IMC, Bekar, USA	55,000	0.50	27,500.00
2.	August, 1974 . . .	IMC, New York, USA	Reyster Co., USA	50,000	0.75	37,500.00
3.	September, 1974 . . .	Do.	Do.	5,000	0.75	3,750.00
			TOTAL	1,10,000		US \$ 68,750.00
					<i>(In Canadian Dollars)</i>	
4.	June, 1971 . . .	Canpotex, Canada	Canpotex, Canada	90,625	0.01	906.25
			TOTAL	90,635		C\$ 906.25
			GRAND TOTAL	2,00,625		US\$ 68,750.00 C\$ 906.25

APPENDIX IV

(Vide Paragraph 1.43)

STATEMENT SHOWING THE CASES OF SUPPLIES OF SUB-STANDARD FERTILISERS

Serial No.	Number & date of contract	Name of Supplier	Name of Fert.	Name of vessel	Default	Remarks
1	2	3	4	5	6	7
1.	FP(CDA)70MO/P/9701 dated 3-6-71	Canpotex	MOP	Icaros	Particle Size	1% penalty imposed(C\$ 5,467.60)
2.	FP55 (CDA)/72/MOP/482 dt. 30-3-72	Kalium Chemicals	MOP	Jagat Vijeta	Do.	do. (\$ 5,494.40)
3.	Do.	Do.	MOP	Chennai Perumai	Excess NACL	3/4% penalty imposed (\$ 4,245.58)
4.	FP. 55(CDA)/73/MOP/799 dated 16-1-73	Canpotex	MOP	Jag Asha	Do.	Cases under consideration in the Department of Supply. This Deptt. letter D.O. No. 4-1/73 MPR dated 21-9-74 refers.
5.	Do.	Do.	MOP	Vishva Shakti	Do.	
6.	Do.	Do.	MOP	Troyan	Do.	
7.	Do.	Do.	MOP	Litija	Do.	
8.	Do.	Do.	MOP	Jag Vijay	Do.	
9.	Do.	Do.	MOP	Valiant	Do.	
10.	Do.	Do.	MOP	Jaganand	Do.	
11.	FP. 55/72/FFE/DAP/659 dated 19-9-72	Kaiser Trading Co.	DAP	Takis	Excess moisrute content	\$ 2,180. recovered.

1	2	3	4	5	6	7
12.	FP. 55/72/FFE/Urea/(Bagged)/549 dated 24-4-72	International Ore	Urea	Chennai Jayam	Less dunnage	} Matter under consideration in the Deptt. of Agriculture.
13.	PII-4(34)72 dated 24-4-72	Transammonia	Urea	Do.	Do.	
14.	FP. 55/72/DAP/514 dated	Int. Comm. Export Corpn.	DAP	Granton	Substandard material	
15.	16658/470/73-Misc. 3 dt. 11-9-73	Ruhr Stickst off	ANP	Khian Island	Excess moisture in in one lot.	} Matter under Consideration in the Deptt. of Agriculture
16.	M. 16535/698/72/Misc. 3 dated 12-4-73.	Ruhr Stickstoff	ANP	Ialgirja	Substandard material	A sum of US \$ 23, 033,90 recovered from the firm.
17.	Do.	Do.	ANP	Khian Sun	Do.	Matter under consideration in the Deptt. of Supply
18.	16586/455/73/Misc. 3 dt. 11-9-73	Carbochemique	Urea & C.A.N.	Vishva Amitabh	Substandard bags.	\$ 2,500 withheld from payment due to the firm.
19.	FP. 55/72/FFE/DAP663 dt. 19-9-72	Interore	DAP	Vishva Vivek	Cargo shipped without pre-inspection.	A discount amounting to \$ 30408.92 for supply of substandard material was recovered.
20.	220/51/347/12-11-73/PAOD/632 dt. 12-11-73.	KCFC, Kuwait	Urea	Fareeda	Particle size	} It was decided not to impose any penalty
21.	Do.	Do.	Urea	Maldive Builder	Do.	
22.	Do.	Do.	Urea	Maldive Express	Do.	
23.	Do.	Do.	Urea	Activity	Do.	

APPENDIX V
(*Vide* Paragraph 1'43)

NOTE ON INSPECTION

1. *U.K. and Europe*: All inspections are carried out by ISM, London, who have fulfilled inspection organisation and there is no problem relating to inspection.

2. *U.S.A.*: ISM, Washington, does not have any inspection staff either in USA or in Canada and they invite tenders from parties interested in carrying out inspection and based on reliability and lowest rates received, they appoint inspecting agents. At present we have following organisation undertaking this work:—

(a) M|s Amerinspect Corporation, USA.

(b) M|s Warnock Harsey International Ltd., Vancouver, USA. Inspection charges are made by ISM, Washington.

3. *Japan*: We have following parties on our List interested for inspection:—

(a) M|s Far-East Superintendence Co. Ltd., Tokyo and of Kobe Japan.

(b) M|s United States Consultants Inc, Marunouchi, Chiyedeku, Tokyo.

(c) M|s International Inspection Corpn. Yoto Bldg. Koamiche Ninodaschi, Cho-ku, Tokyo.

4. *Kuwait*: Inspection arrangements are made by the Indian Embassy and when necessary, they consult us or get our approval to the extent of charges to be paid to these organisations.

5. Normally inspection is carried out at source of supply either through our Inspection Organisation in UK and Europe or through independent agencies approved by us. In one case of supply from Saudi Arabia as a special case it was agreed to carry out inspection in India. This was done as we were pressed for time and no inspection agencies had been approved earlier for carrying out inspection in that country.

Appendix VI

[vide paragraph 1-39]

**STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, WASHINGTON DURING 1970—
INDIAN AGENTS AND COMMISSIONS PAYABLE TO THEM**

Serial No.	Contract No. & Date File No.	Indian Agent/Supplier/manufacturer	Item	Quantity MT ordered	Price in \$ per MT FOB	Rate of Agency Commission	Total amount of Agency Commission payable on ordered quantity
1	2	3	4	5	6	7	8
1	PII-5(8)/70 30th May, 1970	Coastal New Delhi/Interore, USA/ Coastal Chemical, USA.	NPK (Bulk)	5,000	60.12	US\$ 0.15	US\$ 750.00
2	PII-5(9)/70 30th May, 1970	Meteor, New Delhi/Phibro Asia USA/ Gulf Oil, USA.	Do.	5,000	53.75	US\$ 0.10	US\$ 500.00
3	P-II—5(10)/70 30th May, 1970	Industries & Overseas, New Delhi/ Chemoleum, USA/Olin, USA.	Do.	5,000 } 5,000 }	55.40 } 58.35 }	US\$ 0.15	US\$ 1500.00
4	PII-5(11)/70 30th May, 1970	Socotra International, New Delhi/ HJ Baker, USA/Gulf Oil USA.	Do.	5,000	55.00	US\$ 0.35	US\$ 1750.00
5	PII-5(14)/70 5th Aug. 1970	Socotra International, New Delhi/ HI Baker, USA/Gulf Oil, USA.	Urea (Bagged)	20,000	62.40	US\$ 0.25	US\$ 5000.00

6	PII-5(15)/70 5th Aug. 1970	Shaw Wallace, New Delhi/Woodward Dickerson, USA/Gulf Oil, U.S.A	Do.	20,000	62.40	US\$ 0.07	US\$ 1400.00
7	PII-5(16)/70 5th Aug. 1970	MDPC, New Delhi/ICEC,/Shell Chemicals U.S.A.	Do.	13,600	66.44	US\$ 0.16	US\$ 2080.00
8	PII-5(17)/70 5th Aug. 1970	Shaw Wallace, New Delhi/Woodward Dickerson, USA./Arkla Chemicals, USA.	Do.	15,000	62.97	US\$ 0.07	US\$ 350.00
9	PII-5(18)/70 5th Aug. 1970	Industries & Overseas, New Delhi/Chemoleum Corpn. N. York/Nipak, Inc., USA.	Do.	30,000	63.48	US\$ 0.11	US\$ 3300.00
10	PII-5(19)/70 5th Aug. 1970	Industries & Overseas, New Delhi/Chemoleum Corpn. New York/M/s Olin Chemical, USA.	Do.	10,000	63.48	US\$ 0.11	US\$ 1100.00
11	FP. 55/9011 19-8-70 P-II4(14)/70.	BMC, Calcutta/BMC/Canada/Calium Chemicals Ltd., Canada	MOP Bulk	43,750	C\$ 35.62	C\$ 0.30	C\$ 13125.00
12	FP. 55/9144 13-10-70 PII-4(31)/70	BMC, Calcutta/BMC, Vancouver/Calium Chemicals, Ltd., Canada.	Do.	35,000	C\$ 35.63	C\$ 0.30	C\$ 10500.00
13	FP. 55/9145 13-10-70 PII-4(32)/70	Indo Chemical Co. Pvt. Ltd., New Delhi/Canpot ex, Canada/Calium Chemicals Ltd., Canada.	Do.	21,000	C\$ 35.64	C\$ 0.10	C\$ 2100.00

STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, WASHINGTON DURING
1971—INDIAN AGENTS AND COMMISSIONS PAYABLE TO THEM

Serial No.	Contract No. & Date/File No.	Indian Agent/Supplier/manufacturer.	Item	Qty. MT ordered	Price in \$ per MT FOB	Rate of Agency Commission	Total amount of Agency Commission payable on ordered quantity
1	2	3	4	5	6	7	8
1	PII-5(7)/71 5th Feb., 1971	Coastal Chemicals, New Delhi/Interore, New York/Coastal Chemicals, USA.	NPK (Bulk)	15,000 10,000	63.60 58.60	US\$ 0.15	US\$ 3750.00
2	PII-5(8)/71 5th Feb., 1971	Socotra International, New Delhi/HJ Baker/WR Grace, USA.	Do	10,000	56.95	US\$ 0.25	US\$ 2500.00
3	PII-5(9)/71 5th Feb., 1971	Shaw Wallace, New Delhi/Woodward & Dickerson, USA/Gulf Oil, USA.	Do.	10,000 7,500 10,000	57.37 56.36 56.37	US\$ 0.07	US\$ 1925.00
4	PII-5(10)/71 5th Feb., 1971	MDPC, New Delhi/ICBC, USA/Arkla Chemicals, USA	Do.	5,000	57.05	US\$ 0.20	US\$ 1000.00
5	PII-5(11)/71 5th Feb., 1971	Meteor, New Delhi/Phibro Asia, USA/ Gulf Oil, USA	Do.	10,000	55.21	US\$ 0.10	US\$ 1000.00
6	PII-5(12)/71 5th Feb., 1971	Shaw Wallace, New Delhi/ Woodward Dickerson/Arkla Chemical	Do.	5,000	56.63	US\$ 0.07	US\$ 350.00

7	PII-5(13)/71 5-2-1971	Shaw Wallace, New Delhi/ Woodward Dickerson/W R Grace, USA.	Do.	5,000	56.95	US\$ 0.07	US\$ 350.00
8	PII-5(14)/71 5-2-1971	Socotra/HJ Baker/Chemical Distributer	Do.	5,000 5,000	57.00 58.00	US\$ 0.25	US\$ 2500.00
9	FP. 55/9478 26-2-71 PII-5(15)/71	Shaw Wallace/Woodward Dickerson/ Sylvite, Canada	MOP Bulk	43,750	32.99	US\$ 0.05	US\$ 2187.50
10	FP.55/9477 26-2-71 PII-5(16)/71	BMC, Calcutta/BMC, Vancouver/ Kalium Chemicals, Canada	MOP Bulk	143,750	C\$33.01	0.10	14,375.00
11	FP.55/9498 22-5-71 PII-5(21)/71	MDPC/ICEC, Canada/Esso Chemicals, Canada.	NPK (Bagged)	12,500	C\$68.65	0.20	2,500.00
12	FP-55/9496 22-3-71 PII-5(20)/71	Shaw Wallace, N. Delhi/ Woodward Dickerson/Sherritt Goradon, Canada	Do.	11,000	C\$68.50	0.07	770.00
13	FP-55/9499 22-3-71 PII-5(19)/71	Socotra/Western Coop. Do.	NPK(Bagged) 14-14-14	12,500	C\$62.88	0.25	10,000.00
				5,000	60.48		
				10,000	72.92		
				12,500	50.65		
14	FP.55/9497 22-3-71 PII-5(22)/71	MDPC/ICEC, Canada/Esso Chemicals, Canada.	DAP Bulk	12,500 12,500 12,500	C\$60.98 62.31 58.98	0.17	8,075.00
15	FP.55/9495 22-3-71 PII-5(23)/71	Shaw Wallace/Woodward Dickerson/Sherritt Gordon, Canada.	Do.	22,000	C\$62.50	0.07	1,540.00
16	FP.55/9523 29-3-71 PII-5(24)/71	Albright Morarji/Electric Reduction, Canada/Belledune Fert.	Do.	10,000	C\$64.48	0.55	5,500.00
17	PII-5(25)/71 23-4-71	MDPC/ICEC/Swift/Occidental USA.	Do.	5,000 5,000 5,000 5,000	US\$53.49 53.59 53.64 53.66	0.12	2,400.00

1	2	3	4	5	6	7	8
18	PII-5(26)/71 23-4-71	Shaw Wallace/Woodward Dickerson/ Arko Chemical, USA	DAP Bulk	15,000 US\$	53.89	0.10	1,500.00
19	PII-5-(27)/71 23-4-71	MDPC/ICEC/Arco Chemical, USA	Do.	5,000 US\$ 5,000 US\$	53.94 53.98 54.10	0.10	1,500.00
20	PII-5(28)/71 23-4-71	BMC, Calcutta/Kaiser Trading/Cities Services, USA.	Do.	10,000 US\$	54.29	Not indicated.	
21	PII-5(29)/71 23-4-71	Interore, N. Delhi/Interore, USA/ Occidental, USA	Do.	30,000 US\$	54.32	0.25	7,500.00
22	PII-5(18)/71 FP. 55/9701 3-6-71	Voltas, N. Delhi/Canpotex, Canada/ Do.	Mop Bulk	90,625 US\$	32.38	0.01	906.25
23	PII-5(42)/71 11-8-71	Interore, N. Delhi Interore, USA/ Smith Douglas	NPK	5,000 US\$ 5,000	66.50 67.50	0.10	1,000.00
24	PII-5(43)/71 11-8-71	Coastal Chemical, N. Delhi/Interore, USA/ Coastal, USA.	Do.	20,000 US\$	66.95	0.10	2,000.00
25	PII-5(44)/71 11-8-71	Ind. & Overseas. N. Delhi/Chemo- leum, USA/Smith Douglas	Do.	5,000 US\$ 5,000	66.50 67.50	0.15	1,500.00
26	PII-5(45)/71 11-8-71	Mitsubishi, N. Delhi/Mitsubishi, USA/ Yongnam, Korea.	Do.	15,000 US\$	55.90	No. agency commission.	
27	PII-5(46)/71 11-8-71	Mitsubishi, N. Delhi/Mitsubishi, USA/ Chinhae, Korea.	Do.	10,000 US\$	56.00	Do.	
28	PII-5(47)/71 11-8-71	Mitsui, N. Delhi/ Mitsui, USA/WR Grace, USA.	Do.	5,000 US\$ 5,000	65.99 66.69	0.10	1,000.00

29	PII-5(48)/71 11-8-71	Socotra, N. Delhi/ HJ Baker, USA/ Arkla Chemical, USA	Do.	5,000 US\$ 66.00 5,000 66.85	0.30	3,000.00
30	PII-5(49)/71 11-8-71	Ind. & Overseas, N. Delhi/ Chemoleum, USA/Olin, USA	Do.	10,000 US\$ 66.44	0.15	1,500.00
31	PII-5(50)/71 11-8-71	MDPC/ICEC, USA/ Arkla Chemicals, USA	Do.	20,000 US\$ 65.80	0.20	4,000.00
32	PII-5(51)/71 11-8-71	Shaw Wallace/Woodward Dickerson USA/ Arkla Chemicals.	Do.	10,000 US\$ 66.40	0.07	700.00
33	PII-5(52)/71 1-9-71	Afrasian N. Delhi/ USS Agrichem. USA/ Do.	DAP Bulk	20,000 US\$ 61.50	0.50	10,000.00
34	PII-5(53)/71 1-9-71	Mitsui, N. Delhi/Mitsui, USA/ WR Grace, USA	Do.	10,000 US\$ 61.93	0.05	500.00
35	PII-5(54)/71 1-9-71	Shew Wallace/Woodward Dickerson/ Smith Douglas.	Do.	10,000 US\$ 61.97	0.07	700.00
36	PII-5(55)/71 1-9-71	Shaw Wallace/Woodward Dickerson /Farmland. USA	Do.	10,000 US\$ 62.47 20,000 62.96	0.07	2,100.00
37	PII-5(55)/71 1-9-71	Shaw Wallace/Woodward Dickerson, / Wilchemco, USA	Do.	15,000 US\$ 62.98 13,000 63.37 10,000 63.92	0.07	2,450.00
38	PII-5(57)/71 1-9-71	Indul. & Allied Sale, N. Delhi/ Trans ammonia/Ryster	Do.	5,000 US\$ 62.66	0.15	750.00
39	PII-5(58)/71 1-9-71	Ind. & Allied Sale N. Delhi/Trans ammonia/Smith Douglas.	Do.	10,000 US\$ 62.66	0.15	1,500.00

1	2	3	4	5	6	7	8
40	PII-5(59)/71 1-9-71	Indl. & Allied Sales N. Delhi /Trans- ammonia/Wilchemco, USA.	DAP Bulk	10,000	US\$ 63·61	0·15	1,500·00
41	PII-5(60)/71 1-9-71	Meteor/Phibro Asia, USA/Royster, USA	Do.	5,000	US\$ 62·68	0·10	500·00
42	PII-5(61)/71 1-9-71	Meteor/Phibro Asia, USA/Wilchemco,	Do.	10,000 10,000	US\$ 62·98 63·37	0·10	2,000·00
43	PII-5(62)/71 1-9-71	Sumitomo, N. Delhi/Sumitomo, USA/ Cynamide, USA.	Do.	5,000	US\$ 62·79	Not indicated.	
44	PII-5(63)/71 1-9-71	Mitsubishi, N. Delhi/Mitsubishi, USA/Cynamide, USA.	Do.	5,000	US\$ 62·79	No agency commission.	
45	PII-5(64)/71 1-9-71	MDPC/ICEC, USA/Arco Chemicals, USA.	Do.	10,000	US\$ 62·97	0·17	1,700·00
46	PII-5(65)/71 1-9-71	MDPC/ICEC, USA/Wilchemco, USA.	Do.	15,000	US\$ 63·92	0·17	2,550·00
47	FP. 55/126 3-11-71 PII-5(38)/71	Shaw Wallace/Woodward Dickerson, Canada/Sylvite, Canada.	MOP Bulk	107,500	CO\$ 32·37	0·05	5,375·00
48	FP. 55/150 11-11-71 PII-5(39)/71	Socotra, N. Delhi/Western Coop. Canada/	NPK Bulk	12,500 12,500	C\$ 59·75 C\$ 60·75	0·25	6,250·00

STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, WASHINGTON
DURING 1972- INDIAN AGENTS AND COMMISSION PAYABLE TO THEM

Sl. No.	Contract No. & date/File No.	Indian Agent/Supplier/Manufacturer	Item	Qty. MT ordered	Price in \$ per MT FOB	Rate of Agency Commission per MT	Total amount of Agency Commission payable on ordered Qty
1	2	3	4	5	6	7	8
1	FP. 55(CDA)/482 30th March, 72 (PII-5(16)/72)	M/s British Metal Corpn. India Pvt. Ltd., Calcutta/M/s Kalium Chemicals Ltd., Canada/M/s Kalium Chemicals Ltd., Canada.	MOP (bulk)	93,750	C\$ 23.33 FOB	C\$ 0.01	C\$ 937.50
2	FP. 55/515 30th March, 72 (PII-4(11)/72)	M/s Morlidhar Premchand & Co., New Delhi/M/s ICEC, New York/M/s ESSO Chemicals, Canada.	DAP (Bulk)	13,300 6,650	78.39 72.89	US\$ 0.19	US\$ 3790.5
3	FP. 55/513 30th March, 72 (PII-4(12)/72)	Morlidhar Premchand & Co., New Delhi/M/s ICEC, New York, M/s Willchem Co. Inc., U.S.A.	Do.	5,000	83.50	US\$ 0.19	US\$ 95.00
4	FP. 55/514 30th March, 72 (PII-4(13)/72)	M/s Morlidhar Premchand & Co., New Delhi/M/s ICEC, New York/M/s Arco chemical Co. U.S.A.	Do.	20,000 10,000	85.98 85.98	US\$ 0.19	US\$ 5700.00
5	FP. 55/508 30th March, 72 (PII-4(14)/72)	M/s Shaw Wallace & Co., New Delhi/M/s Woodward & Dickerson, USA/M/s Chinhae Chemical Co., Ltd., Seoul (Korea).	Do.	5,000	79.85	US\$ 0.07	US\$ 350.00
6	FP. 55/509 30th March, 72 (PII-4(15)/72)	M/s Shaw Wallace & Co. Ltd., M/s Woodward & Dickerson, Canada/Sherritt Gordon. Canada.	DAP (Bulk)	12,000	78.17	US\$ 0.07	US\$ 840.00

1	2	3	4	5	6	7	
7.	FP. 55/510 30th March, 72 (PII-4(16)/72)	M/s Shaw Wallace & Co. Ltd., New Delhi/M/s Woodward & Dickerson, USA/M/s Willchem Co. Inc., USA.	DAP (Bulk)	5,500	83.50	US\$0.07	US\$385.00
8.	FP. 55/512 30th March, 72 (PII-4(17)/72)	M/s International Trading Co., New Delhi/M/s Continental Fertiliser Corpn., New York / M/s National Phos. Corpn., USA.	Do.	10,500	79.25	US\$0.30	US\$3150
9.	FP. 55/511 30th March, 72 (PII-4(18)/72)	M/s International Trading Co., New Delhi/M/s Continental Fertiliser Corpn-New York/M/s Willchem, USA.	Do.	5,250	84.50	US\$0.20	US\$1050
10.	FP. 55/516 30th March, 72 (PII-4(19)/72)	M/s International Ore and Fertiliser India (P) Ltd., New Delhi/Interore & Fert. Corpn. New York/M/s Occidental Chemical Co., USA.	Do.	6,000 6,000	80.50 82.00	} US\$0.10	US\$1200.00
11.	FP. 55/517 30th March, 72 (PII-4(20)/72)	M/s Coastal Chemical Co., (P) Ltd., New Delhi/Interore & Fert. Corpn., New York, M/s Coastal Chemical Corpn./USA.	Do.	10,000	80.95			US$0.10	US$1000.00
12.	FP. 55/519 30th March, 72 (PII-4(21)/72)	M/s. Meteor (P) Ltd., New Delhi / M/s. Phillips Bros. Export Corpn, USA M/s. Royster Co., USA . . .	Do.	7,000	83.50	US\$0.10	US\$700.00
13.	FP. 55/518 30th March, 72 (PII-4(22)/72)	M/s. Meteor (P) Ltd., New Delhi / M/s Phillips Bros. Ex- port Corpn, USA/ M/s. Willchem, USA.	Do.	5,000	83.50	US\$0.10	US\$500.00

14. FP.55/593 23rd June, 72 (PII-4(23)/72)	M/s. Volta Ltd., New Delhi M/s. Collier Carbon & Chemical Corpn., USA M/s. Collier Carbon, USA	Urea (Bulk)	18,750	53.13 US\$0.75 C&FFO	US\$14062.50
15. FP. 55/547 3rd May, 72 (PII-4(31)/72)	M/s Meteor Pvt., Ltd., New Delhi M/s Phibro Asis. USA M/s Taiwan Fert. Co. Taiwan	Urea	18,750	56.80 US\$0.10	US\$1875.00
16. FP. 55/549 3rd May, 72 (PII-4(33)/72)	M/s. Interore, New Delhi, M/s. Interore Corpn. USA Korea Fert. Co. Seoul.	Do.	20,000	57.00 US\$0.10	US\$2000.00
17. FP 55/550 3-5-72 (PII-4(34)/72)	M/s. Ind. & Allied Sales (P) Ltd., New Delhi M/s Trans-ammonia, USA M/s. Yongnam Chemical, Co. USA.	Do.	8,000	57.00 US\$0.25	US\$2000.00
18. FP. 55/577 14-6-72 (PII-4(37)/72)	M/s. Shaw Wallace & Co New Delhi Woodward & Dickerson, USA M/s. Chinhae Chem, South Korea.	NPK (12:32:16) (Bulk)	12,500	66.90 US\$0.70	US\$875.00
19. FP 55/576 14th June, 72 (PII-4(36)/72)	M/s Shaw Wallace & Co. New Delhi M/s. Woodward and Dickerson, USA M/s Yongman Chem. Co., South Korea	NPK 10:26:26 Bulk	12,500	65.90 US\$0.70	US\$875.00
20. FP 55/578 14th June, 72 (PII-4(38)/72)	M/s Interore, New Delhi M/s Interore, New York M/s Border, World Trade, Inc, USA	NPK 15:15:15 (Bulk)	10,000	62.39 US\$0.10	US\$1000.00

1	2	3	4	5	6	7	8
21	FP 55/564 30-5-72 (PII-5(22)/72)	M/s Morlidhar Premchand New Delhi / M/s. ICEC, Canada/ M/s Esso Chem. Canada.	NPK 15:15:15 Bulk	25,000	C\$69.75 & C\$74.75 }	CS\$0.18	C\$4500.00
22	FP 55/565 30-5-72 (PII-5(23)/72)	M/s Socotra International New Delhi/M/s. West Co-op. Fert. Ltd., Canada/Western Co-op Fert. Ltd., Canada.	Do.	12,500	C\$70.12	C\$0.25	C\$3125.00
23	FP 55/594 23-6-72 (PII-5(25)/72)	M/s Socotra International New Delhi / M/s. Brackville Chem. Industries Ltd., Canada / M/s. Brookville Chem. Ind. Ltd., Canada	NPK 12:32:16 Bulk	15,000	C\$92.86	C\$0.30	C\$4500.00
24	FP 55/595 23-6-72 (PII-4(47)/72)	M/s Ind. & Allied Sales (P) Ltd., New Delhi/M/s. Transammonia, New York / M/s. Yongman Chemical Co. Seoul, S. Korea	Urea	17,000	62.85C&F	US\$0.25	US\$4250.00
25	FP 55/655 19-9-72 (PII-4(65)/72)	M/s Shaw Wallace, New Delhi/ M/s Woodward & Dickerson, USA / M/s. Sherrit Gordon Ltd., Canada	DAP (Bulk)	6,600	92.00	US\$0.07	US\$462.00
26	FP 55/656 19-9-72 (PII-4(66)/72)	M/s Shaw Wallace & Co., New Delhi/ M/s Woodward & Dickerson, USA/M/s Comin Co. Ltd., Canada	Do.	12,000	92.00	US\$0.70	US\$840.00

27	FP 55/657 19-9-72 (PII-4(67)/72)	M/s Mitsubishi Corpn, New Delhi / M/s Mitsubishi International Corpn, USA/M/s Yongnam, South Korea	Do	12,500	96.25	US\$	Not indicated.
28	FP 55/658 19-9-72 (PII-4(72)/72)	M/s Shaw Wallace, New Delhi / M/s. Woodward & Dickerson, USA/ M/s Beker Export Corpn, USA	Do.	5,250	95.25	US\$0.70	US\$367.50
29	FP 55/659 19-9-72 (PII-4(73)/72)	M/s British Metal Corpn (India) Pvt. Ltd., Calcutta/M/s Kaiser-Trading Co., USA/M/s Belledune Fertiliser, Canada	Do.	13,500	93.75	US\$0.25% of FOB value	US\$3164.06
30	FP 55/660 19-9-72 (PII-4(74)/72)	M/s International Trading Co. New Delhi / M/s Continental Fert. Co., New York/M/s National Phosphate Corpn., USA	Do.	10,000	93.45	US\$0.25	US\$2500.00
31	FP 55/661 19-9-72 (PII-4(75)/72)	M/s Morlidhar Premchand & Co., New Delhi / M/s. ICEC, New York M/s JR Simplot Co., U.S.A.	Do.	6,500	98.74	US\$0.20	US\$1300.00
32	FP 55/662 19-9-72 (PII-4(76)/72)	M/s Cocotra International New Delhi /M/s HJ Beker, USA/ M/s' North West Nitro Chemicals, Ltd., Canada	Do.	18,750	100.00	US\$0.45	US\$8437.50
33	FP 55/663 19-9-72 (PII-4(77)/72)	M/s. Interore, New Delhi/ M/s. Interore, USA/M/s Occidental Chemical Co., USA	DAP (Bulk)	37,000 10,000	98.00 } 99.00 }	US\$0.10	US\$4700.00

1	2	3	4	5	6	7	8
34	FP 55/665 22-9-72 (PII-4(78) 72)	M s. Mitsui & Co. Ltd., New Delhi/ M s. Mitsui & Co. USA/ M s. National Phosphate, USA	DAP (Bulk)	6,000	105.50 C&F WC India or 106.00 C&F EC India	Not Indicated.	
35	FP 55/666 19-9-72 (PII-4(80) 72)	M s. Morlidhar Premchand & Co., New Delhi/ M's ICTC, New York/ M's. Agrico, USA	Do.	15,000	110.24 C&F	US\$0.20	US\$3000.00
36	FP 55/667 19-9-72 (PII-4(84) 72)	M s. Shaw Wallace & Co. New Delhi/ M/s Woodward & Dick- son. USA	Do.	5,500	99.50	US\$0.07	US\$385.00
37	FP 55/668 22-9-72 (PII-4(85) 72)	M's. Socotra International Pvt. Ltd., New Delhi/ M's. Agrico Chem. USA/ Agrico USA	Do.	45,000	99.50	US\$0.30	US\$13500.00
38	FP 55/669 22-9-72 (PII-4(86) 72)	M's. International Trading Co. New Delhi/ M's. Continental Fert, Co. USA/ M's. Olin Chem. USA	Do.	5,000	94.75	US\$0.25	US\$1250.00
39	FP 55/664 22-9-72 (PII-4(87) 72)	M's. Intero. New Delhi/ M's Intero. USA/ M's. Occidental Chem. Co. USA or from S. Korea	Do.	10,000	08.25 or 103.00 FOB S. Korea	US\$0.10	US\$1000.00
40	FP 55/672 22-9-72 (PII-4(88) 72)	M's. MDPC New Delhi/ M's ICEC New York/ M's Agrico, USA	Do.	15,000	99.45	US\$0.25	US\$3750.00

41	FP 55/673 22-9-72 (PII-4(89)/72)	M/s Morlidhar Premchand & Co. New Delhi/ M/s. ICEC New York/M/s Royester Co. USA	Do.	5,000	99.45	US\$0.25	US\$1250.00
42	FP 55/674 22-9-72 (PII-4(90)/72)	M/s. Morlidhar Premchand & Co. New Delhi/M/s. ICEC, New York/M/s American Plant Food Corpn. USA	Do.	5,000	99.45	US\$0.25	US\$1250.00
43	FP 55/675 22-9-72 (PII-4(91)/72)	M/s. Shaw Wallace & Co., New Delhi/M/s Woodward & Dick- son, USA/ M/s	Do.	10,000	99.50	US\$0.07	US\$700.00
44	FP 55/676 22-9-76 (PII-4(92)/72)	M/s. Meteor Pvt. Ltd., New Delhi/ M/s. Phibro Asia, USA/ M/s National Phosphate Corpn USA	Do.	20,000	98.00	US\$0.10	US\$2000.00
45	FP 55/677 22-9-72 (PII-4(81)/72)	M/s. Shaw Wallace & Co. New Delhi / M/s. Woodward & Dick- son, Canada/ M/s. Comin Co. Ltd. Canada	M.A.P. Bulk	12,000	96.00	US\$0.07	US\$840.00
46	FP 55/799 16-1-73 (PII-5(26)/72)	M/s.- Canpotex Ltd., Canada	MOP	300,000	C\$34.81	Not Indicated.	

**T ATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, WASHINGTON DURING 1973—
INDIAN AGENTS AND COMMISSION PAYABLE TO THEM.**

Sl. No.	Contract No. & Date/File No.	Indian Agent/ Supplier Manufacturer	Item	Qty. MT ordered	Price in \$per MT FOB	Rate of Agency Commission per MT	Total amount of Agency Commission payable on ordered Qty.
1	FP 55/932 10-4-73 (PII-4(20)/73)	Meteor, New Delhi/Phibro Asia New York, / Conserve Chemical, USA, National Phosphate, USA	DAP	20,000	101.75 FOB	1%	\$101,75.00
			Bulk	15,000	103.75 FOB			$ 7,781.25
2	FP 55/933 10-4-73 PII-4(21)/73)	Shaw Wallace, New Delhi/Wood- ward & Dickerson, USA.	Do.	48,000	104.00 to 104.50 FOB	0.07	\$3,360.00
3	FP 55/935 dt. 10-4-73 PII-4(22)/73	Socotra, New Delhi./Agrico USA/ Agrico, USA	Do.	20,000	104.00 FOB	0.50	\$10,000.00
4	FP 55/934 10-4-73 PII-4(22)/73	Harshadray, New Delhi/ Agri- culture & Indl. Chemical, USA/ Farmland USA, National Phosphate, Royster Co., USA	Do.	25,000 } 5,000 } 5,000 }	104.50 FOB	0.50	\$17,500.00
5	FP 55/936 10-4-73 PII-4(26)/73	Afrasain, Dev. New Delhi, USS Agricultural, USA/ -do-	Do.	30,000	104.50 FOB	0.25	\$7,500.00
6	FP 55/937 10-4-73 PII-4(27)/73	Voltas, New Delhi, Continental Ore, USA/Central IMC, Beker, USA	Do.	40,000 15,000	103.50 FOB 103.75 FOB	0.50 0.50	\$20,000.00 20,000.00
7	FP 55/38 10-4-73 PII-4(28)/73	Indl. & Allied, New Delhi/Trans- ammonia, USA/Argo, Farmland, National Phosphate, USA	Do.	20,000 10,000 10,000	104.30 FOB 104.45 FOB 104.50 FOB	0.25	\$10,000.00

8	FP 55/1012 dt. 31-5-73 PII-4(46)/73	Secotra, N. Delhi/ Agrico, USA/ Do.	D.A.P. Bulk	20,000	104.00 FOB	0.50	\$10,000.00
9	FP 55/1025 dt. 15-6-73 PII-4(38)/73	Voltas, New Delhi / Collier Carbon, USA/ -Do.-	Urea Bulk	14,000	83.27 FOB	0.75	\$10,500.00
10	FP 55/1284 dt. 3-10-73 PII-5(3)/73	Secotra, New Delhi/ Canpotex, Canada/ Do.	MOP Bulk	450,000	42.50 FOB	Not Indicated	
11	FP 55/1222 dt. 19-9-73 PII-4(72)/73	BMC/New Delhi/ Kaiser Trading USA/Billedune Co. Canada	DAP Bulk	15,000	149.00 C&F	0.25% of \$5,587.50 C&F value	
12	FP 55/1223 dt. 19-9-73 PII-4(80)/73	Shaw Wallace, New Delhi/Woodward & Dickerson, USA/Agriculture Product, National Phosphate, USA	Do.	60,000	115.00 to 117.00 FOB	0.07	\$4,200.00
13	FP 55/1224 dt. 19-9-73 PII-4(81)/73	Meteor, New Delhi/ Phibro, USA/ National Phosphate USA.	Do.	40,000	127.75 (Revised FOB	} 1%	\$25,550.00
				20,000	132.00 (Do) FOB		\$13,200.00
14	FP 55/1225 dt. 19-9-73 PII-4(83)/73	Interore, New Delhi/ Interore, USA/ Occidental Chemical, USA	Do.	45,000	115.00 to 117.25 FOB	0.25	\$11,250.00
15	FP 55/1226 dt. 19-9-73 PII-4(82)/73	Indl. & Allied Sales, New Delhi/ Transammonia, USA /Na- tional Phosphate, USA	Do.	20,000	115.50 FOB	0.25	\$5,000.00
16	FP 55/1227 dt. 19-9-73 PII-4(84)/73	Nil/Sumitomoshoji, N. York/Beker Export, USA	Do.	5,000	115.00 FOB	No agency commission payable.	
17	FP 55/1228 dt. 19-9-73 PII-4(85)/73	Mitsubishi, N. Delhi/ Mistubishi USA/American Cynamid, USA.	Do.	10,000	117.00 FOB	Do.	

1	2	3	4	5	6	7	8
18	FP. 55/12 dt. 29 19-9-73 PII-4 (86)/73	Harshadrey, N. Delhi/Agri. Indus, Corpn, USA/Agri. Product, USA, National Phosphate, USA.	Do.	25,000	114.75 to 117.00 FOB	0.50	\$12,500.00
CONTRACTS OF YEAR 1974 UPTO SEPTEMBER, 1974							
19	FP. 55/3186 dt. 26-6-74 PII-4 (16)/74	Socotra, N. Delhi, Agrico, USA/Do.	D. A. P. Bulk	75,000	200.00 FOB	Not indicated in long term Agreement	
20	FP. 55/3212 dt. 16-8-74 PII-4 (34)/74	Voltas, N. Delhi/IMC, N. York/ ETS Gardineer, France.	NPK Bulk 15-15-15	50,000	228.00 FOB	0.75	\$37,500.00
21	FP. 55/3213 dt. 22-8-74 PII-4 (36)/74	Indl. & Allied Sales, N. Delhi/ Trans- ammonii, USA/ETS Gardineer, France.	Do.	10/12,000	225.00 FOB	0.25	\$2,500/3,000
22	FP. 55/3232 dt. 17-9-74 PII-4 (51)/74	Voltas, N. Delhi/IMC, N. York/ Royster, Co., USA	TSP (Bulk)	5,000	296.00 FOB	0.75	\$3,750.00

STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY DGS&D DURING 1971 to 1974--INDIAN AGENTS
COMMISSION PAYBLE TO THEM.

Serial No.	Contract No. & date/file No.	Indian Agent, Supplier, manufacturer	Item	Quantity ordered MT	Price \$ per MT FOB	Rate of Agency Commission	Total amount of Agency commission payable on ordered qty./Remarks
1	2	3	4	5	6	7	8
1	220/206, dated 22 July, 71 PII-4(8)/71.	Interore, New Delhi/Interore, New York/M's. Korea Fert. Co. Ltd., Seoul, S. Korea	Urea	20,000	46.40	..	-/EE
2	220/245-247, dated 6-10-71 PII-4(11)/71.	Mitsui, New Delhi, Nichimen, New Delhi, Mitsubishi, New Delhi/Mitsui, Japan, Nichimen, Japan, Mitsubishi, Japan.	Am. Sulph.	41,000	14.80	..	-/GG
3	220/269-274, dated 3-12-71 PII-4(11)/71.	Mitsui, Mitsubishi, Nichimen, Marubeni, C. Itoh, Sumitomo. New Delhi/Mitsui, Mitsubishi, Nichimen, Marubeni, C. Itoh, Sumitomo, Japan.	Do.	1,36,381	14.15	..	-/GG
4	220/333, dated 11-5-72 PII-4(39)/72.	Unitrade, New Delhi*/KCFC, Kuwait/KCFC, Kuwait.	Urea	1,40,000	64.90 to 65.00 C&F Jute bags—less \$2 for supply in PP bags.	..	..*

1	2	3	4	5	6	7	8
5	220/351-356, dated 4-7-72 PII-4(16)/71	Same as in column No. 3 above .	Do.	77,639	66.50 Jute bags	..	-/GG
6	220/361-366 dated 11-7-72 PII-4(18)/72.	Same as in Sl. No. 3	Urea	1,50,000	63.50	..	-/GG
7	220/441-444, dated 18-11-72 PII-4(68)/72.	Mitsui, Mitsubishi, Nichimen, Maru- beni, New Delhi/Mitsui, Mitsubishi, Nichimen, Marubeni, Japan	Do.	40,000	61.80	..	-/GG
8	220/456, dated 30-12-72 PII-4(83)/72.	Unitrade, New Delhi*/KCFC, Kuwait/ KCEC, Kuwait	Do.	40,000	72.00 C & F	..	-/X
9	220/460-465 dated 10-1-73 PII-4(94)/72.	Same as in Sl. No. 3	Do.	2,00,000	75.20 C & F	..	-/GG
10	220/521, dated 25-5-73 PII-4(39)/73.	Unitrade, New Delhi*/KCFC, Kuwait, KCFC, Kuwait	Do.	50,000	108.09 C & F	..	-/*
11	220/556-561 dated 6-4-73 576, 577, dated 18-8-73 PII-4(6)/73.	Same as Sl. No. 3	Do.	3,00,000	86.25 C & F	..	-/GG
12	220/581 dated 29-8-73. PII-4(60)/73.	Unitrade, New Delhi*/ KCFC, Kuwait/KCFC, Kuwait	Am. Sulph.	10,000	65.80 C & F	..	-/*
13	220/632, dated 12-11-73 PII-4(74)/73.	Do.	Urea	75,000	126.67 C & F	..	-*
14	220/687-692, dated 20-4-73 PII-4(76)/73.	Same as in Sl. No. 3	Urea Am. Sulph.	1,00,000 20,000	169.58 C & F 87.13 C & F	.. ..	-/GG ..
15	220/706, dated 16-5-74 PII-4(18)/74.	Unitrade, New Delhi/KCFC, Kuwait/KCFC, Kuwait	Urea	75,000	285.60 C & F	..	..
16	220/727-732, dated 15-6-74 744, dated 24-6-74 777, dated 23-8-74 PII-4(21)/74.	Same as in Sl. No. 3	Do.	1,00,000	278.96 C & F (Bagged)	..	-/GG
				50,000	263.56 C&F(Bulk)	..	..

STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, LONDON FOR THE YEAR 1971
INDIAN AGENTS COMMISSION PAYABLE TO THEM

Serial No.	Contract No. & date/File No.	Indian Agent/Supplier/manufacturer	Item	Quantity ordered MT	Price in \$ per MT FOB	Rate of Agency Commission	Total amount of Agency Commission payable on ordered Quantity/Remarks
1	2	3	4	5	6	7	8
1	M. 16221 dated 20-4-71 PII-4(36)/70	Indian Agents Committee of Nitrex, Zurich, New Delhi/Complexfert, France	ANP	30,000	58.00	..	-/FF
2	M. 16223 dated 27-4-71 PII-4(34)/70	Potash Fert. Bombay/Kaliund Salz, West Germany	MOP	40,000	31.00	..	-/FF
3	M. 16258 dated 13-9-71 PII-4(17)/71	ICN, Zurich, New Delhi/Comptoir- velge de l'Agote, Belgium	CAN	11,630	33.50	..	-/XX
4	M. 16259 dated 13-9-71 PII-4(18)/71	Do. R hrstickst off, West Germany	CAN	25,000	33.50	..	-/XX
5	M. 16256 dated 14-9-71 PII-4(19)/71	Do. /Comptoir Francis de l'Azote, Paris/	Urea	50,000	49.50	..	-/AA
6	M. 16255 dated 24-9-71 PII-4(20)/71	Do. BASF, West Germany	Am. Sul	40,000	13.25	..	-/CC
7	M. 16257 dated 14-9-71 PII-4(21)/71	Do. /CSV Holland/	CAN	18,600	33.50	..	../**

1	2	3	4	5	6	7	8
8	M.16274 dt. 6-10-71 PII-4(14)/71	South Indian Fort, New Delhi/ Windmill, Holland	CAN	4,366	36.50	..	.. / FF
9	M.16283 dt. 17-11-71 PII-4(15)/71	Snam Progetti, m. Delhi/Anic, Italy/	AM.SUL	26,585	13.25	..	.. / FFF
10	M.16293 dt. 19-11-71 PII-4(23)/71	ICI, New Delhi*/ICI, UK/	CAN	20,000	35.595	..	.. / GGG
11	M.16276 dt. 14-10-71 PII-4(13)/71	Do. Do.	Urea	30,000	39.45	..	.. / GGG

*In case of ICI, India Pvt. Ltd. the amount of agency commission included in price is 1%. Credit for 1% given in firms' invoice and payment made to ICI India pvt. Ltd. by a Rupee Draft.

STATEMENT SHOWING FERTILISER CONTRACTS PLACED BY INDIA SUPPLY MISSION, LONDON FOR THE YEAR 1972—
INDIAN AGENTS COMMISSION PAYABLE TO THEM

Sl. No.	Contract No. & date/file No.	Indian Agent/Supplier manufacturer	Item	QTY. ordered	Price in per MT FOB	Rate of Agency commission	Total amount of agency commission payable on ordered quantity/Remarks
1	2	3	4	5	6	7	8
1.	M.16288 dt. 13-1-72 PII-4(12)/71	Hoechst. New Delhi /BASF, West Germany./	ANP	2,710	64.256	..	../CC
2.	M. 16289 dt. 13-1-72 PII-4(12)/71	Do. Chemische, West Germany	ANP	1,008	64.256	..	../FF
3.	M.16290/Do. /Do.	Do. /Guanwarke, W. Germany/	Do.	1,008	Do.	..	../FF
4.	M. 16291/Do. /Do.	Do. Faruwarufe Hoechst, W. Germany	Do.	2,629	Do.	..	../CCC
5.	M.16292/DO./Do.	Do. /Rulrstickstoff, W. Germany	Do.	2,720	Do.	..	../**
6.	M.16395 dt. 8-5-72 PII-4(32)/72	Interore, New Delhi/Interore, Saudi Arabia/Seifco, Dammam	Urea	15,000	60.50	—10 cents	\$1500.00
7.	M.16394 dt. 3-5-72 PII-4(9)/72	Potash Fert, Bombay/Kailinsar, West Germany	MOP (Bulk)	65,000	33.00	..	../FF
8.	M. 16402 dt. 18-5-72 PII-4(24)/72	ICI, New Delhi */ICI, UK	Urea	60,000	57.20	..	../GGG

1	2	3	4	5	6	7	8	
9.	M.16406 19-5-72 PII-4(35)/72	Interore, New Delhi/Interore, Rome/ Seifco, Dammam	Urea	117,000	65.00 62.00	C&F Jute bags C&F PP Bags.	.. /FF	
10.	M. 16399 15-5-72 PII-4(40)/72	IDN, Zurich, N. Delhi/CSV Holland	Urea	40,000	57.40	.. ..	./**
11.	M.16400 12-5-72 PII-4(41) /72	Do. /Cobelaz Belgium	Do.	16,000	Do.	.. ..	./**
12.	M.16407 19-5-72 PII-4(25)/72	Potash Fert, Bombay/Societe Com- mercial France/	SOP	6,000	61.00	.. ..	./FF
13.	M.16419 to 16421 23-6-72 PII-4 (44)/72	IGN, Zurich New Delhi/CSV Hol- land, Montedison, Italy, Cobeliza, Belgium	CAN	44,000	39.75	.. ..	./xx, BB
14.	M.16430 5-7-72 PII-4(44)/72	ICN Zurich, New Delhi/Ruhrstick stoff West Germany.	CAN	10,000	39.50	.. ..	./zx
15.	M.16445 17-8-72 PII-4(60)/72	ICN Zurich, New Delhi/Tchokasvu Oy, Helsinki, Finland	Urea	10,000	54-40PP Bags 57.40Jute bags.	.. ..	./FF
16.	M.16461 to 16465, 16471 dt. 19-8-72 PII-4(105, 106, 108, 111, 112, 117)/72.	ICN Zurich, New Delhi/BASF, W. Germany, Chemische, W. Germany Hoechst, W. Germany, Ruhrstick- stoff, W. Germany, CFA, Paris General des Cangras, France./	ANP	63,000	66.00	..	M.16465, 16471-BBB M.16461-CC M.16462- M.164-FF 63,16464-xx	
17.	M.16458 19-8-72 PII-4(98)/72	ICN Zurich, N. Delhi/CSV Holland	CAN	31,000	40.75	.. ..	./**
18.	M.16459 19-8-72 PII-4(100)/72	Do. /Ruhrstickstoff, W. Germany	CAN	40,000	40.75	.. ..	./**
19.	M. 16460 19-8-72 PII-4(99)/72	Do. /Societe cargochimique Belgium	CAN	10,000	40.75	.. ..	./FF
20.	M. 16466 29-8-72 PII-4(63)/72	/UKF Holland	NPK 15:15:15	10,000	69.70	Jute Bags/**

1	2	3	4	5	6	7	8
21	M. 16467 1-9-72 PII-4(70)/72 PII-4(104)/72	Potash Fert, Bombay/Kalinsar West Germany/	MOP	120,000	33.00	..	.. /FF
22	M.16468 1-9-72 PII-4(103)/72	Potash Fert, Bombay/Societe Com- mercial, France	MOP	100,000	33.00	..	.. /FF

*In case of ICI India Pvt. Ltd. the amount of agency commission included in price is 1%. Credit for 1 % given in items' invoice and payment made to ICI India Pvt. Ltd., by a Rupee draft.

STATEMENT SHOWING FERTILIZER CONTRACTS PLACED BY ISM, LONDON FOR THE YEAR 1973.

1	2	3	4	5	6	7	8
1.	16508 dt. 5/10-1-73 PII-4(28)/72	Snam Progetti, N. Delbi, Anic Italy.	Urea	60,000	77.00 FOB	..	-/FFF
2.	16528 dt. 16-3-73 PII-4(121)/72	ICI, N. Delhi, ICI, UK . . .	Urea	20,000	70.50 FOB	..	-/GGG
3.	16522 dt. 1-3-73 PII-4(3)/73 .	Potash Fert, Bombay, Potash Fert. France	S.O.OP	5,000	64.44 FOB	..	-/FF
4.	16521 dt. 8-3-73 PII-4(122)/72 .	Nitrex/CSV, Holland	Urea (Bulk)	10,300	63.50 FOB	..	-/FF
5.	16553 dt. 15-6-73 PII-4(55)/73 .	-do-/Cargo Chemic. Belgium. . .	Do.	10,000	77.50 FOB Jute Bags.	..	-/XXX
6.	16558 dt. 25-6-73 PII-4(54)/73 .	Do.-/C.S.V., Holland	Urea (Bulk)	69,700	63.50 FOB	..	-/XXX
7.	16559 dt. 27-6-73 PII-4(57)/73 .	Compt. France	Urea	30,000	77.50 FOB Jute Bags.	..	-/AA
8.	16525 dt. 12-3-73 PII-4(31)/73 .	Complexfert, Zurich, Hoechst, West Germany	ANP (Bulk)	5,000	66.40	..	-/CCC
9.	16526 dt. 9-3-73 PII-4(32)/73 .	Complexfert, Zurich, Ruhrstick Stoff, West Germany	-do-	5,000	66.40	..	-/XX
10.	16534 dt. 12-4-73 PII-4(33)/73 .	Complexfert, Zurich, Hoechst West Germany	-do-	55,000	80.40 Jute Bags. 66.40 (Bulk)	..	-/CCC
11.	16535 dt. 12-4-73 PII-4(34)/73 .	Complexfert, Zurich, Ruhr Stick Stoff, W. Germany.	-do-	30,000	-do-	..	-/XX
12.	16536 dt. 12-4-73 PII-4(35)/73 .	Complexfert, Zurich, Chiemische Fabric, West Germany	A.N.P.	15,000	80.40 Jute Bags 66.40 (Bulk)	..	-/FF

13.	16537 dt. 12-4-73 PII-4(36)/73	Complexfert, Zurich/Badische, West Germany	-do-	30,000	-do-	..	-/FF
14.	16539 dt. 12-4-73 PII-4(41)/73	Complexfert, Zurich/U.K.F., Holland	-do-	70,000	-do-	..	-/XXX
15.	16538 dt. 12-4-73 PII-4(43)/73	Complexfert, Zurich/General des engras, France.	-do-	20,000	-do-	..	-/FF
16.	16547 dt. 12-4-73 PII-4(61)/73	Complexfert, Zurich/Norsk Hydro Oslo, Norway.	-do-	20,000	-do-	..	-/XXX
17.	16541 dt. 12-4-73 PII-4(42)/73	Complexfert, Zurich/Compagnie Francaise, France.	-do-	10,000	-do-	..	-/AA
18.	16542 dt. 11-5-73 PII-4(25)/73	Intrere, N. Delhi/Intercere, Romee SAFCO, Damman	Urea	40,000	113.00C&F	..	-/FF
19.	16565 dt. 31-7-73 PII-4(59)/73	Snam Progetti/Anic, Italy.	Am. Sulphate	30,000	35.00	..	-/FFF
20.	16566 dt. 13-8-73 PII-4(63)/73	William Jack, New Delhi, Fisons, London.	NPK	20,000 10,000 10,000	86.29 92.64 93.91	..	-/FF
21.	16578 dt. 12-9-73 PII-4(67)/73	Potash Fert, Bombay/Kali und Salz W. Germany.	MOP	10,000	43.54	..	-/FF
22.	16572 dt. 28-8-73 PII-4(71)/73	Kemira Oy, Helsinki, Finland.	Urea CAN	7,500 15,000	107.00 FOB Rs.7.50 per ton 71.00 FOB Rs.7.50 do	Rs.56250.00 Rs.12500.00	
23.	16583 dt. 11-9-73 PII-4(68)/73	Voltas, N. Delhi/Continental Ore, London/Spain.	ORE CAN	30,000	67.50	..	-/FF
24.	16605 dt. 11-9-73 PII-4(98)/73	Nitrex/BASF, W. Germany	ANP	46,125	110.80 Jute Bags 92.32 (Bulk)	..	-/CC
25.	16606 dt. 11-9-73 PII-4(99)/73	-do-/CFK, W. Germany	-do-	7,000	-do-	..	-/FF
26.	16607 dt. 11-9-73 PII-4(100)/73	-do-/Hoechst, W. Germany.	-do-	16,125	-do-	..	-/FF

1	2	3	4	5	6	7	8
27.	16608 dt. 11-9-73 PII-4(101)/73	Nitrex/Ruhr Stickstoff, W. Germany.	ANP	15,000	110 80 Jute Bags 92 32 (Bulk)	..	-/XX
28.	16610 dt. 11-9-73 PII-4(102)/73	-do-/Montedison, Italy.	-do-	10,750	110 80 Jute Bags	..	-/BB
29.	16582 dt. 11-9-73 PII-4(104)/73	-do-/do-	Urea	10,000	110 80 Jute Bags	..	-/BB
30.	16585 dt. 11-9-73 PII-4(105)/73	-do-/Noshk Hydro, Norway	Urea	15,000	91 60 Bulk	..	-/XXX
31.	16586 dt. 11-9-73 PII-4(106)/73	-do-/Cargochemic, Belgium	-do-	10,000	110 08 Jute Bags	..	-/FF
32.	16587 dt. 11-9-73 PII-4(107)/73	-do-/CSV, Holland	-do-	30,000	91 60 Bulk	..	-/XX
33.	16582 dt. 11-9-73 PII-4(104)/73	-do-/Montedison, Italy	CAN	60,000	73 00 74 40	..	-/BB
34.	16581 dt. 11-9-73 PII-4(103)/73	-do-/Ruhr Stickstoff, W. Germany	-do-	40,000	-do-	..	-/XX
35.	16580 dt. 11-9-73 PII-4(70)/73	Snam Progetti/Anic Italy	Urea	40,000	112 53 FOB Jute Bags	..	-/FFF
36.	16594 dt. 11-9-73 PII-4(69)/73	Nitrex/BASF, W. Germany	ASN	15,000	75 90 FOB Jute Bags	..	-/CC
37.	16599 dt. 3-10-73 PII-4(75)/73	-do-/do-	Am. Sulphate (Bulk)	15,000	37 45	..	-/CC
38.	16600 dt. 3-10-73 PII-4(75)/73	-do-/CSV, Holland	-do-	15,000	-do-	..	-/XX
39.	16593 dt. 11-9-73 PII-4(69)/73	-do-/Montedison, Italy	-do- CAN	12,381 5,000	-do- 74 40	..	-/BB
40.	16612 dt. 9-10-73 PII-4(77)/73	Chemical Industries of Northern Greece Atlanta	CAN	12,000	68 24	..	-/FF
41.	16624 dt. 13-12-73 PII-4(108)/73	Potash Fert. Bombay/Societe Comm- erciale France	MOP SOP (Bagged)	90,000 10,000	42 50 83 53	..	-/FF -/FF
42.	16627 dt. 13-12-73 PII-4(109)/73	-do-					

STATEMENT SHOWING FERTILIZER CONTRACTS PLACED BY ISM. LONDON FOR THE YEAR 1974

1	2	3	4	5	6	7	8
1.	16665 dt. 1-7-74 PII-4(24)/74	Snam Pergetti Anic Italy.	Am. Sulphate	25,000	120.00	FOB	-/FFF
2.	16661 dt. 21-6-74 PII-4(2) 73	Potash Fert. Bombay Kali-und-Salz W. Germany	M. O. P.	30,000	44.00		-/FF
3.	16692 dt. 20-9-74 PII-4(45) 74	Snam Pergetti Anic Italy	Am. Sulphate	40,000	131.50		-/FFF
4.	16690 dt. 13-9-74 PII-4(65)/74	Nitrex Montedison Italy.	ANP 20-20-9 (Bagged)	10,000	290.19	FOB	-/BB
			-do- 20-10-10	10,000	243.02		-/BB
			NPK (Bagged) 15-15-15	20,000	253.21		-/BB
5.	16691 dt. 13-9-74 PII-4() 74	Nitrex/Basf, W. Germany	NPK Bu- lk)15-15-15	25,000	222.64		-/CC
6.	16678 dt. 2-9-74 PII- 4(46)/74	-do-/Montedison, Italy	Urea CAN	3,200 7,750	112.63 69.09		-/BB
7.	16697 dt. 18-9-74 PII-4(61)/74	Office Chemifien des Phosphate Paris, France.	NPK (Bu- lk)15-15-15	35,000	225.00		-/FF
8.	16679 dt. 9-9-74 PII-4(76)/74	General des Engra's France	ANP	30,000	DM 376.47 (Bulk) DM 421.55 (Jute Bags)		-/FF
9.	16680 dt. 9-9-74 PII-4(77)/74	Compagnie, Francis, France	-do-	5,000	-do-		-/AA

APPENDIX VII

Summary of main conclusions|recommendations

S.No.	Para No.	Ministry/Department concerned	Conclusions recommendations
1	2	3	4
1	1.45	Supply	<p>The Committee find that widely divergent rates of commission are being paid to Indian agents by foreign suppliers in respect of different purchases of fertilisers by the India Supply Mission, Washington. A test check by Audit of 44 agreements executed by the Mission, in 1971-72 and 1972-73, revealed that the Indian agents' commission varied between 0.03 per cent and 1.41 per cent of the f.o.b. value in 43 cases in which the commission had been intimated by the Indian agents on behalf of their principals. No after-scales service is involved in the case of fertiliser imports and the commodity is also taken over by the Fertiliser Corporation of India as soon as the vessels touch Indian shores. The Secretary, Department of supply also stated during evidence tendered before the Committee that the Indian agents are of no help and the little service rendered by them in making enquiries about the supply is also of no significance at all. Under these circumstances, the Committee are indeed surprised to learn that Government have not made any attempt to ascertain the rationale for these rates. It would appear that the encouragement given by the Government to Indian agents is tantamount to granting patronage to private parties.</p>

2 1.46

Supply/Economic Affairs

Though the Department of Supply have maintained that the commission actually declared is paid to the agent only in rupees and, therefore, no foreign exchange angle is involved, the Committee are concerned to note that the agents' commission had not been disclosed initially in two cases, test checked by Audit, as required under the standard conditions of contract. In one case (Socotra International Private Ltd., New Delhi), the Indian agent had repeatedly declined to disclose the commission and had also gone to the extent of pressing upon the principal (Agrico Chemical Company, Oklahoma, USA) not to do so. A disclosure of the commission payable had been made by the agent only after persuasion. Further enquiries with the supplier, however, revealed a different position. While the Indian agent had disclosed the commission as US dollar 0.30 per metric tonne, the foreign supplier had subsequently intimated the commission as US dollars 1.25 per metric tonne. It is also surprising that in respect of two subsequent contracts entered into by the India Supply Mission, Washington, with a fully-owned subsidiary company of the foreign supplier who had executed the earlier contract, the agency commission payable to Socotra International Private Ltd., had been provided as US dollar 0.50 per metric tonne as against the rate of US dollar 0.30 per metric tonne provided in the contract mentioned in the Audit paragraph and the rate of US dollars 1.25 per metric tonne intimated by the foreign supplier in that case.

3 1.47 Supply

In the second case pointed out by Audit, the initial agreement had been executed without indicating the commission payable to the Indian agent (Voltas Ltd., New Delhi). The agreement was

subsequently amended providing agency commission at US dollar 0.75 per metric tonne, which worked out to 1.41 per cent of the C & F value. Here also, the foreign suppliers had not stated anything regarding agency commission payable, despite the clear provision in this regard in the standard conditions of contract.

4 1.48

Supply/Economic Affairs

From the information relating to the contracts for the purchase of fertilisers executed by the India Supply Mission, Washington during 1970-74 (upto September, 1974) furnished by the Department of Supply, the Committee observe that the commission payable to the Indian agents had not been indicated in two contracts-executed in 1971, in two contracts in 1972, in one case in 1973 and in one case in 1974 (Scootra International Private Ltd., New Delhi were the Indian agents in the last two cases). The Committee are also not aware whether in respect of other contracts executed by the Mission, the commission had invariably been disclosed at the outset itself or only upon enquiries by the Mission. This non-divulgence of the agency commission payable leads the Committee to believe that there is a tendency on the part of the foreign suppliers and the Indian agents to avoid disclosing the commission for avoiding payment of tax with the object of accumulating foreign exchange abroad by violating the Foreign Exchange Regulations Act.

5 1.49 Supply Revenue & Insurance Economic Affairs Cabinet Secretariat

It is most likely that many of the Indian agents arrange to receive their commission directly from the foreign suppliers abroad in foreign exchange which is not repatriated and is likely to be utilised for various purposes. The Secretary, Department of Sup-

ply, has also stated that if the entire amount received as commission by the Indian agents was not revealed, Government would not know about it and that he was not aware whether information on receipt of amounts not specified in the contract was made available to the Government. It has also been stated by the representative of the Reserve Bank of India that unless the Bank was informed of the cases in which commission was receivable, the Bank cannot exercise any check on the repatriation of the amounts, if any, received abroad. He has also stated that no procedure exists for checking invisible transactions. The Committee are unable to accept the contention of the Department of Supply that no foreign exchange angle is involved. The Committee desire that this aspect should be examined thoroughly by the Ministry of Finance, Central Board of Direct Taxes, in consultation with the Reserve Bank of India and the Enforcement Directorate, both from the foreign exchange and from the taxation angles and measures taken to plug the loopholes.

6 1.50

Supply/Economic Affairs

From the foregoing paragraphs, it is evident that there are more unseen factors in the institution of Indian agents than what meets the eye. The receipt of undisclosed commission abroad by the Indian agents helps them to accumulate untaxed foreign exchange abroad. It is surprising that such evasions have been continuing under the very nose of Government out of Government payments. These are serious instances of failure to safeguard the Government's interests. That such a state of affairs has been allowed to continue unchecked for a number of years would indicate negligence and inefficiency. Responsibility for the failure to safeguard Government's

financial interests should be fixed for appropriate action. The action taken thereon should be intimated to the Committee.

7 1.51 Supply
Revenue & Insurance
Economic Affairs

The Committee also desire that Government should examine the advisability of reopening and reexamining cases in which agency commission has been paid during the past 16 years to ensure that there have been no violations of the Foreign Exchange Regulations Act and that there has been no evasion of tax. Stringent action should be taken on those Indian agents who are found guilty of economic offences.

8 1.52 Supply
Revenue & Insurance
Economic Affairs

According to the instructions issued by Government in May, 1956, any agreement with foreign suppliers should provide that the latter would disclose the name and address of the Indian agent, the services to be rendered by him and the remuneration payable to him. However, no uniform practice is followed by the Supply Missions in Washington and London and the Directorate General, Supplies and Disposals. While the standard conditions of contract of the India Supply Mission, Washington provide that a foreign supplier would intimate the remuneration payable to his Indian agent, it is, however, not required of him to intimate what services would be rendered by the agent. On the other hand the conditions of contract of the India Supply Mission, London and the Directorate General, Supplies and Disposals for foreign purchases do not require the declaration of the agency commission payable to the Indian agents. The

Committee have been informed by the Department of Supply that they have taken up a study of the contracts of these three agencies, in respect of general stores and other stores as well as fertilisers to see that no loopholes exist and to remove doubts and ambiguities. A specific clause for the declaration of the Indian agents' commission is also proposed to be incorporated in the contracts. The Committee desire that this should be done expeditiously. There should also be an effective liaison and coordination between the Department of Supply, Reserve Bank of India, Central Board of Direct Taxes and the Enforcement Directorate so that prompt action can be taken as soon as such transactions come to notice.

9. I. 53 Supply

In respect of the transaction relating to Socotra International Private Ltd., New Delhi, pointed out by Audit, it is evident that this has been done only to conceal facts. From the letter of the Director General, India Supply Mission, Washington dated 30th November, 1972, the Committee find that the Indian agent had also gone to the extent of pressing the principals not to disclose the commission payable. This is most serious. The explanation subsequently offered by the foreign supplier and the agent that only US dollar 0.30 represented the commission and the balance of US dollar 0.95 a retainer and a marketing consultancy fee is far from convincing. As has been rightly pointed out by the Director General, India Supply Mission, Washington, a 'retainer' is generally in the nature of a fixed monthly or annual payment unrelated to the actual quantity or volume of purchase in a given case. In fact, in the case of a number of agreements entered into by the India

Supply Mission, London and the Directorate General, Supplies and Disposals, the principals have paid a fixed annual service fee irrespective of whether they sell any fertiliser to the Government of India or not. The Committee are, therefore, not satisfied with the explanation of Socotra International Private Ltd. and are of the opinion that a prima facie case of malpractice has been established.

10. I. 54 Supply
Economic Affairs
Cobinat Sectriat

The Committee have been informed by the Department of Supply that this case is already within the knowledge of the Reserve Bank of India and the Enforcement Directorate. The Committee cannot but express their anxiety with the slow progress of the case and desire that the investigations should be completed expeditiously and appropriate action taken. The outcome of the investigations and the action taken thereon should be reported to the Committee.

11. I. 55 Supply

1.55. The Committee also find from the information furnished by the Department of Supply that besides the contract mentioned in the Audit paragraph and two other contracts subsequently brought to their notice during evidence, Sacotra International Private Ltd. had also functioned as the Indian agents in respect of twelve other contracts for the supply of fertilisers entered into by the Indian Supply Mission, Washington during 1970—74 (upto September 1974). And again the agency commission payable had not

been indicated in two of these contracts. The Committee desire that all these transactions should be investigated thoroughly. The Committee would await a further report in this regard.

12. 1 56 Revenue & Insurance

The total agency commission payable to the firm in respect of thirteen contracts (excluding two contracts for which the commission had not been indicated) worked out to the Rupee equivalent of US dollars 56,687.50 plus Canadian dollars 23,875, at the corresponding prevailing rates of exchange. The Committee would like to know whether all the amounts received by the firm as commission had been duly declared in the Returns of Income and assessed to tax. In case the firm has also been guilty of evasion of tax, the Committee require that appropriate proceedings should be initiated forthwith and the maximum punishment provided under the law meted out.

13. 1 57 Supply Revenue & Insurance
Economic Affairs

Another aspect which has come to the notice of the Committee is that foreign suppliers organise what appears to be either their own branches or subsidiaries in India to function as their agents in India. For instance the Committee find that M/s. Intirore, New Delhi are Indian agents for M/s. Interore New York and the agency commission is decided in individual contracts. Similarly, M/s. Compagne Indo-Francaise de Commerce, New Delhi are the Indian agents for M/s Comptoir Francais De L'Azote (CFD), Paris and M/s. Indische-Osterreichische Handelsgsellschaft Pvt. Ltd., New Delhi are the Indian agents for M/s. Chemie Linz, AG, Austria. In the former case, the princi-

pals are said to pay a fixed service fee of French Francs 20,000 a year to the Indian agents and, in the latter case, a fixed service fee of 100,000 in Austrian currency per year. Yet another instance is the payment of Italian liras 2,500,000 per year as service fee by M/s. Montedison, spa, Italy to their Indian agents M/s. Societa Commerciale Indo-Italiana Pvt. Ltd., New Delhi. In all these cases, the service fee is payable irrespective of whether any fertiliser is sold to the Government of India or not. No doubt, the Department of Supply would say that the service fee in all these cases has been paid only in Indian Rupees. The very names of these firms operating in India would, however, suggest that these are only foreign firms in the garb of 'Indian' agents. In all probability there is an interlocking of capital between some of these foreign suppliers and their so-called Indian agents. Interore, New Delhi is also, perhaps, only a subsidiary of Interore, New York. If foreigners hold a substantial interest in these agencies, the repatriation of the profits of these agencies, after deduction of tax due in India, is permissible under the existing law. The Committee, therefore, desire that Government should investigate in detail such interlocking of capital and whether any such service fee, retainer or agency commission, received in rupees by such companies has been repatriated in foreign exchange as profits of the companies and, if so, what has been the net outflow of foreign exchange in these cases. The outcome of these investigations should be reported to the Committee.

14. I.55 Supply

From the details of instances of supply of sub-standard fertilisers furnished by the Department of Supply, the Committee find that during the period 1971-73, there were as many as twenty three instances of sub-standard supplies. Of these, penalties on the suppliers have been imposed merely in seven cases. While a decision not to impose any penalty is stated to have been taken in four cases, the remaining twelve cases are stated to be under consideration for a considerable length of time either in the Department of Supply or in the Department of Agriculture. One of these cases relates to a contract placed in March 1972, two cases to contracts executed in April, 1972, seven cases to a contract placed in January, 1973, one case to April, 1973 and one case to September, 1973. The Committee require that these cases should be finalise without any further loss of time and the details of the action taken intimated to them at the earliest. The Committee would also like to know the reasons for the non-levy of any penalty in four cases of supply of sub-standard urea by KCFC, Kuwait in November, 1973.

15. I.59 Supply

In respect of supplies of sub-standard fertilisers, the Committee are also surprised to find that no action has been taken against the Indian agents in these cases. The Committee would like to know the contractual obligations of the Indian agents in respect of supplies of defectives or sub-standard fertilisers. In case they are also liable under the contract, the Committee would like to be informed of the reasons for not taking any action against the Indian agents.

16. 1.60 Supply

A general question that arises out of the examination of the facts brought out in the Audit paragraph and those subsequently brought to the notice of the Committee is whether there is any need for agents in such transactions. The Committee can understand the need for such agents in the case of imports of plant, machinery and other equipment where after-sales services are involved. However in the case of imports of commodities such as fertilisers or foodgrains, where there is no question of maintenance, the role of the Indian agent is of no utility.

17. 1.61 Supply

During the period from 1970 to 1974 (upto September), the total quantum of commission paid to the Indian agents for purchase of fertilisers by the India Supply Mission, Washington, alone amounted to the rupee equivalent of US dollars 3.72 lakhs plus Canadian dollars 0.94 lakh, in 118 cases. It has been stated by the Secretary, Department of Supply, during evidence that not every Indian agent was working to the best interest of Government and that lot of information was being supplied by the Indian agents to the foreign supplier which often placed Government at a disadvantage at the negotiating table. The Committee are, therefore, of the view that Government should deal directly with the foreign suppliers. This should not be very difficult since Government already have their own organisations in Washington and London. The Committee find no reason whatsoever as to why the import of fertilisers should not be made only through the Minerals and Metals Trading Corporation.

Sl. No.	Name of Agent	Sl. No.	Name of Agent
WEST BENGAL			
21.	Grantholoka, 5/1, Ambica Mookherjee Road, Belgharia, 24-Parganas.	32.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.
22.	W. New Man & Company Ltd., 3, Old Court House Street, Calcutta.	33.	Bahree Brothers, 188, Lajpat Rai Market, Delhi-6.
23.	Firma K. L. Mukhopadhyay, 6/1-A, Banchharam Akur Lane, Calcutta-12.	34.	Jayna Book Depot, Chhapparwala Kuan, Karol Bagh, New Delhi.
24.	Mrs. Manimala, Buys & Sells, 128, Bow Bazar Street, Calcutta-12.	35.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
25.	M/s. Mukerji Book House, Book Seller, 8B, Duff Lane, Calcutta.	36.	People's Publishing House, Rani Jhansi Road, New Delhi.
DELHI		37.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.
26.	Jain Book Agency, Connaught Place, New Delhi.	38.	Hind Book House, 82, Janpath, New Delhi.
27.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	39.	Book Well, 4, Sant Nirankari Colony, Kingsway Camp, Delhi-9.
28.	Atma Ram & Soas, Kashmere Gate, Delhi-6.	40.	M/s. Saini Law Publishing Co 1899, Chandni Chowk, Delhi.
29.	J. M. Jaina & Brothers, Mori Gate, Delhi.		
30.	The Central News Agency, 23/90, Connaught Place, New Delhi.	MANIPUR	
31.	The English Book Store, 7-1, Connaught Circus, New Delhi.	41.	Shri N. Chasob Singh, News Agent, Ram Lal Paul High School Annex Imphal.—MANIPUR.

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