

**PUBLIC ACCOUNTS COMMITTEE  
(1975-1976)**

(FIFTH LOK SABHA)

**HUNDRED AND NINETY-SEVENTH REPORT**

**TRADE FAIRS AND EXHIBITIONS**

**MINISTRY OF COMMERCE**

[Paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1973-74. Union Government (Civil)].



सत्यमेव जयते

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(FIFTH LOK SABHA) PRESENTED TO LOK SABHA  
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**PUBLIC ACCOUNTS COMMITTEE**

(1975-76)

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Shri H. N. Mukerjee

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3. Shri Chandulal Chandrakar
4. Shri Chandrika Prasad
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22. Shri Rabi Ray

**SECRETARIAT**

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*

Shri N. Sunder Rajan—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Ninety-Seventh Report on Trade Fairs and Exhibitions—Paragraph 47 of the Report of the Comptroller and Auditor General of India for the year 1973-74, Union Government (Civil).

2. The Report of the Comptroller and Auditor General of India for the year 1973-74, Union Government (Civil) was laid on the Table of the House on 30th April, 1975. The Committee examined the representatives of the Ministry of Commerce and the Trade Development Authority on 18th July, 1975 and 27th August, 1975. The Committee also examined Shri Mohammad Yunus, former Secretary, Ministry of Commerce, on 25th August, 1975, and Shri J. J. Bhabha, Chairman, Indian Council of Trade Fairs and Exhibitions, Bombay on 26th August, 1975. The Report was considered on 3rd February, 1976 by a Sub-Committee appointed by the Public Accounts Committee. The Report, as modified and approved by the Sub-Committee, was considered and finalised by the Committee at their sitting held on 28th February, 1976. The minutes of the Sitzings of the Committee form Part II of the Report.

3. A statement containing the summary of the main conclusions/recommendations of the Committee is appended to the Report (Appendix VI). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee would like to express their thanks to the former Secretary, Ministry of Commerce for furnishing a Memorandum on the subject of Trade Fairs and Exhibitions and for giving valuable information to the Committee during his evidence.

5. The Committee place on record their appreciation of the assistance rendered to them in the examination of the Audit Report by the Comptroller and Auditor General of India.

6. The Committee would also like to express their thanks to the officers of the Ministry of Commerce, the Indian Council of Trade



**Fairs & Exhibitions, Bombay and the Trade Development Authority  
for the cooperation extended by them in giving information to the  
Committee.**

**NEW DELHI;  
March 8, 1976.  
Phalgun 18, 1997 (S).**

**H. N. MUKERJEE,  
Chairman,  
Public Accounts Committee.**

## CHAPTER I

### TRADE DEVELOPMENT AUTHORITY

#### Participation in Asia 1972 Fair by the Trade Development Authority

##### *Audit Paragraph*

1.1. The Trade Development Authority was registered under the Societies Registration Act, 1860 in July 1970. Its objective is to induce and organise entrepreneurs, largely in the medium and small scale, to develop their export capabilities. The Trade Development Authority had gross receipts of about Rs. 41.05 lakhs in 1973-74, of which Rs. 34.38 lakhs were received as grants from government. Its other sources of receipts in 1973-74 were mainly service charges from clients (Rs. 3.77 lakhs), sale proceeds of directory and souvenir (0.71 lakhs) and grants from two international bodies (Rs. 0.39 lakhs). The total expenditure of the Authority in that year was Rs. 38.07 lakhs.

1.2. In July, 1972 the Marketing Development Fund authorities approved participation of the Trade Development Authority in Asia 1972 Fair scheduled to commence from 3rd November, 1972. Expenditure approved by the Marketing Development Fund authorities for this purpose was Rs. 5.60 lakhs, upto 75 per cent of which, after deducting receipts, was to be paid as grant from the Marketing Development Fund. Against this, the total expenditure of the Authority for Asia 1972 Fair was Rs. 9.89 lakhs. The increase in expenditure was mainly on construction and decoration of the pavilion which cost Rs. 6.41 lakhs against the original provision of Rs. 3.50 lakhs. The pavilion having floor area of about 11,000 square feet was constructed with structural steel, bricks in foundation and superstructure and soft wood planking. It had asbestos cement corrugated sheet roofing, soft wood ceiling and teak wood doors. The actual cost of construction of the pavilion was about Rs. 47 per square feet.

1.3. Prior approval of the Marketing Development Fund authorities was not taken for the excess expenditure. The Finance Ministry, when the excess expenditure came to its notice, pointed out in

December 1973 that the Trade Development Authority should have obtained prior permission from Government for the excess expenditure. Subsequently, when in March, 1974 this came up before the Main Committee of the Marketing Development Fund for reimbursement of excess expenditure from the Marketing Development Fund, that Committee wanted to know whether approval of the Government Body/Steering Committee of the Trade Development Authority had been obtained for the excess expenditure. The Committee was then informed (August 1974) that the Chairman of the Government Body had expired on 24th August, 1972 and his successor was appointed on 12th January 1973 and meeting of the Steering Committee, which the Chairman was competent to convene, could not take place before commencement of the Fair. The Committee was also informed that as it was not possible to hold back the construction work, the Executive Director of the Trade Development Authority had, in the circumstances, no alternative but to proceed with the construction according to his best judgement. The Main Committee of the Marketing Development Fund, while approving (August 1974) the excess expenditure, took exception to the undertaking of the liability for provision of extra assistance through the Marketing Development Fund, without consulting the sanctioning authority, i.e., with Main Committee of the Marketing Development Fund. The Committee desired that no such commitment should be made in future. The Committee, however, decided to pay 75 per cent of the actual expenditure, after deducting receipts, from the Marketing Development Fund.

1.4. Unless previous permission was obtained for retention of any pavilion, each participant of Asia 1972 Fair was required to demolish its structure and restore the site to the Fair authorities within 3 months of the end of the Fair. In January 1973, Government intimated to the participants of Asia 1972 Fair its intention to hold an International Trade Fair and requested them not to demolish their pavilions in case they were interested in participating in that Fair. In July, 1973, while informing the Authority of its decision to hold the International Trade Fair in November-December 1974 Government wanted to know from the Authority whether its existing pavilion would be retained till then, and added that in case the pavilion was not strong enough there would be 'no point in its further retention'. The Authority informed (July 1973) Government that it would dispose of its pavilion and hand over the site. However, in August 1973 the Authority informed the Fair authorities that it would participate in the 1974 Fair in a bigger way than in the Asia 1972 Fair. In November 1973 the Fair authorities

informed the Trade Development Authority that the plot which was given to it for Asia 1972 Fair would be reserved for it with additional space covering a total area of 2,820 square metres. The Trade Development Authority, however wanted two adjacent plots, having a total area of 2,820 square metres, in another site in the same row about 41\* metres away, separated by a road and a vacant, plot. The new site was allotted by the Fair authorities in December 1973. A new pavilion estimated to cost Rs. 22.74 lakhs (75 per cent of the net expenditure is payable from the Marketing Development Fund) is under construction (January 1975) on the new site. Expenditure on the new pavilion was Rs. 8.64 lakhs upto December 1974. It was decided by the Main\*\* Committee of Marketing Development Fund in January 1975 that the expenditure on this pavilion should be restricted to Rs. 14.05 lakhs for the present, as the International Trade Fair has been postponed.

1.5. Government stated (February 1975) that "since the construction on the old site was purely temporary and would have not been suitable for use in November-December 1974, and as the old site was not considered suitable in connection with its participation in the International Trade Fair, 1974, it asked for another suitable site.....".

1.6. The pavilion for Asia 1972 Fair constructed and decorated at a cost of Rs. 6.41 lakhs was demolished in March 1974. The Contractor appointed for demolition was given, in lieu of demolition charges, ownership of the dismantled material for which he was to pay Rs. 64,000 in cash to the Authority.

[Paragraph 47 of the Report of the Comptroller & Auditor General of India for the year 1973-74 Union Government (Civil)]

#### *A-Excessive Expenditure on 1972 Fair*

1.7. It would be seen from the audit para that against the original estimate of Rs. 5.60 lakhs, the actual expenditure incurred was Rs. 9.88 lakhs. The break up of the estimated expenditure of Rs. 5.60 lakhs and the actual expenditure of Rs. 9.89 lakhs on cons-

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\*In April, 1975, the Ministry of Commerce stated that the distance between the two plots is 62 metres approximately (and not 41 metres as mentioned in audit paragraph).

\*\*The Ministry stated in April, 1975 that the decision was taken by Sub-Committee II of the Marketing Development Fund.

struction of the Pavilion in Asia '72 Fair is given below:—

Sl. No.	Particulars	Estimated Expenditure	Actual Expenditure
		Rs.	Rs.
1.	Rent of the plot . . . . .	1,4,000	1,33,480
2.	Net cost of the building including sanitary and electricity fittings . . . . .	2,75,000	5,39,889
3.	Landscaping and other display . . . . .	25,000	35,526
4.	Interior Decoration and furnishing . . . . .	50,000	1,01,510
5.	Publicity including printing of brochures, write-ups, photographs and printing of other papers . . . . .	50,000	35,691
6.	Transport expenses . . . . .	10,000	21,632
7.	Watch & Ward and other staff . . . . .	5,000	75,808
8.	Contingencies . . . . .	5,000	45,101
		<u>5,60,000</u>	<u>9,88,637</u>

(a) *Reasons for Excess Expenditure*

1.8. In a written note, the Ministry of Commerce stated that the reasons for increase in expenditure were :

- (1) Cost of building was based on a floor area of approximately 8,000 sq. ft. originally envisaged, at the rate of Rs. 40 per sq. ft. Only a few electronic items were included in the original plan of display since the Department of Electronics and the Electronics Commission were themselves to hold as industry—wise exhibition of electronic goods separately. Subsequently, however, the Department of Electronics decided that they would not be displaying any electronic products and desired that TDA enlarge its display in respect of the electronic products in its pavilion to cover a wider range of electronic products. This necessitated an additional floor area of about 3000 sq. ft. which in turn, resulted in an increase of approximately Rs. 1.20 lakhs in the cost of construction.
- (2) The Fair generated tremendous construction activities leading to an all-round spurt in the cost of both men

and material. The cost of construction originally estimated at Rs. 40 per sq. ft. went up to Rs. 47 per sq. ft. This rate hike alone contributed to an overall increase in the cost of construction by about Rs. 77,000.

- (3) The cost of building estimated at Rs. 2.75 lakhs was the net cost after deducting the salvage value of Rs. 45,000 expected to be realised from the working contractors. The pavilion could not be handed over to the contractors for demolition immediately after conclusion of Asia '72 as per the terms of agreement because the Asia '72 Fair was converted into the National Industries Fair from 24-12-72 to 31-1-73. The estimated salvage value of Rs. 48,280 (Rs. 33,250 for civil works and Rs. 15,030 for electrical works) could not, therefore, be realised and it resulted in a net increase of the building cost of Rs. 48,280.
- (4) The original estimates were based on the cost of steel at JPC rates. But due to non-availability of certain sections of steel at this rate, the purchases had to be made from the local market resulting in an increase of approximately Rs. 3,500. This apart, an expenditure of Rs. 8,000 was incurred on unforeseen items during construction. A model of the Trade Information Centre had also to be constructed at a cost of Rs. 7,500.
- (5) The original estimates amounting to Rs. 25,000 for landscaping had to be revised upwards due to certain changes in the original design in keeping with the general get-up of the exhibition ground.
- (6) It was originally estimated that about 4,000 exhibits would be displayed at the pavilion. The response from the clients was, however, so great that even on the most selective basis the display space in the form of cupboards, shelves, walls and pillars etc. had to be provided for 6,000 exhibits. The increase in expenditure on this account was approximately Rs. 25,000. Besides, there was an increase on interior decoration on account of the enlarged area under electronics which amounted to Rs. 20,000. Sudden increase in the price of material for interior decoration and furnishing also accounted for Rs. 6,500 approximately.
- (7) The number of foreign delegations and other important visitors to the pavilion was larger than anticipated. Since

TDA had to provide the transport facilities to these visitors, expenses on this account exceeded the anticipated provision to the extent indicated.

- (8) A notional amount of Rs. 5,000 was provided under the head "Watch & Ward and other Staff" as it was difficult to anticipate the total requirements. An amount of Rs. 31,500 was spent towards payment of wages of the girl guides on their dresses and also on training according to the rates prescribed by the Fair authorities as indicated below:—

Charges for one girl guide	Amount	(Rs.)
(i) Orientation Charges . . . . .	200.00	Approx.
(ii) Pay @ Rs. 750/- p.m. per Guide for 1½ months	1,125.00	"
Pay during training period @ Rs. 350/- for ½ month per guide . . . . .	175.00	"
(iii) Dress charges per guide . . . . .	600.00	"
Total . . . . .	2,100.00	"

Quite a large number of exhibits of the various clients were received or displayed in the pavilion on returnable basis. It, therefore, became necessary to make security arrangements round the clock to obviate the possibility of theft and pilferage as well as to avoid damage to the facade of the pavilion building made of fancy decorative panel. The expenditure on this account was Rs. 23,000. Special displays had to be arranged for the foreign buying delegations at very short notice. It entailed employment of casual labour. Besides, very frequently the staff were detained for round the clock-duty and sometimes for long extra hours. Scavenging staff of sweepers, farash etc. was also necessary for maintaining cleanliness of the pavilion. This item of work resulted in an expenditure of Rs. 16,000 approximately.

- (9) For "Contingencies" also, only a notional provision of Rs. 5,000 was made. The net excess over the nominal provision came to Rs. 40,000 approximately mainly for the following reasons :

1. Electricity and water consumed and the charges on the telephone accounted for Rs. 13,000 approximately.
2. Furniture of the total value of Rs. 3,000 was purchased for the pavilion.

3. Due to frequent power failures, alternative lighting arrangements were provided. There was some expenditure on entertainment of foreign buyers and delegations, besides some expenses on miscellaneous items.

1.9. The Committee enquired how the TDA had satisfied itself that the cost of construction of the pavilion at the rate of Rs. 47 per sq. ft. was not on the high side. The Executive Director stated :—

“Now, all these three pavilions as I was mentioning, which were constructed by the CPWD were temporary and subsequently dismantled. One was for Works & Housing, another for Tourism and the third for Defence. The CPWD cost here hangs from Rs. 42 to Rs. 43 while ours is Rs. 47. There is thus a difference of about four or five rupees per sq. ft., which I would like to explain in this manner.

Ours was a commercial pavilion in the sense that a lot of transactions were taking place. So we wanted to have some kind of a design to attract foreign buyers or at least for the foreign buyers to appreciate the kind of structure we were putting up. So we had a facade consisting entirely of smoked glass which cost us about Rs. 68,000. This was done only for the purpose I have mentioned to you—in order to make the pavilion attractive to the foreign customers. If this Rs. 68,000 is taken into account, this alone will explain the extra expenditure of Rs. 4 or 5 per sq. ft. Otherwise, our cost per sq. ft. is entirely comparable to the cost of those built by the CPWD for three other organisations.”

1.10. The Committee pointed out that if the actual expenditure on construction of the pavilion was Rs. 47 per sq. ft. on a built up area of 11,000 sq. ft., the expenditure should have been Rs. 5 lakhs only and not more. In reply, the Executive Director clarified that this expenditure also includes rent of the plot, and sanitary and electricity fittings, etc.

1.11. The Committee desired to know whether it was necessary to provide for asbestos cement corrugated sheet roofing, soft wood cell-



ing and teak doors for a Pavilion which was to be temporary structure only. The Executive Director stated :—

“I would like to point out most humbly that asbestos cement corrugated sheets were not utilised for roofing; it was purely of softwood and plywood.”

1.12. Asked how the cost of Rs. 7 lakhs or so in construction of temporary structure could be justified, the witness stated:—

“Compared to the export orders booked, the cost would work out to about 3.5 per cent of the total orders. According to our experience of participation in fairs and exhibition this compares quite favourably as a percentage of the total orders booked in a fair.”

1.13. The Committee desired to know whether it was the TDA alone which found itself in a predicament or whether other participants faced similar situation. The Commerce Secretary stated that besides the TDA there were 10 Export Promotion Councils involved and 11 of them had exceeded their budgetary allotments as approved by the Marketing Development Fund to the following extent:—

Sr. No.	Pavilion	Sanctioned Expenditure	Excess Expenditure incurred
		Rs.	Rs.
1.	Textile Pavilion . . . . .	38,00,000	47,92,000
2.	Chemicals & Allied Products . . . . .	6,50,000	21,604
3.	Basic Chemicals, Pharmaceuticals & Soap Promotion Council . . . . .	4,00,000	23,692
4.	Leather Council . . . . .	2,75,175	29,075
5.	Plastics & Linoleum Promotion Council . . . . .	1,44,000	17,226
6.	Shellac Export Council . . . . .	25,000	24,897
7.	Cashew & Spices } Total 24,000	20,000 4,000	14,552 11,263
8.	Tobacco Council, estimate was . . . . .	25,000	34,356
9.	Sports Goods estimate . . . . .	80,000	35,685
10.	Processed foods estimate . . . . .	45,000	33,659

1.14. The Committee enquired whether it was a fact that the TDA had purchased steel from the open market. The Executive Director, TDA stated:

“We got steel from the CPWD at the basic price. In certain cases the steel was available at JPC price. For that we had to go to open market. The amount spent was Rs. 3,400/- only.”

1.15. The Committee desired to know why sanction to the incurring of excess expenditure was obtained by the TDA so late. The Ministry of Commerce stated, *inter alia* that:—

“During the progress of construction of TDA's Asia '72 Pavilion it came to light towards the end of August, 1972 that the expenditure on construction was likely to exceed the approved original estimates. Executive Director, TDA was not able to consult the Steering Committee about the increased cost due to the fact that a meeting of the Committee could only be convened by its Chairman as laid down in the TDA's Memorandum of Association and Rules and Regulations. Shri H. Lal, the then Chairman of the Steering Committee expired on August 29, 1972 and his successor was appointed only on January 12, 1973. Meanwhile the Executive Director, TDA thought that the construction could not be abandoned as the Fair was to take place on December 3, 1972. . . . . Asia '72 Fair closed on December 17, 1972 and the National Industries Fair came in continuation thereof and concluded on January 31, 1973. . . . . On February 7, 1973 the MDF Sub-Committee II approved the estimates in principle. The Sub-Committee was, however, informed that the anticipated expenditure on electronics convention and publication of the TDA souvenir (items No. 9 & 10 of the table above) would be found from the receipts realised from the participants in the electronics convention as also from the proceeds received for the advertisements in the souvenir and sale therefore. Accordingly the estimates were approved with the stipulation that these would also need approval of the MDF Main-Committee. The Main-Committee had, however, to consider not only the case of TDA but also of ten other export promotion organisations which had exceeded the original estimates. These organisations took time in sending full details for consideration of the Main MDF Committee. There was, therefore, delay for the

Main-Committee to meet. Finally the Committee met on August 19, 1974 to consider the cases of the eleven export promotion organisations including TDA. *Ex-post-facto* sanction was given in respect of the full expenditure of TDA's participation in Asia '72."

(b) *Competence of Executive Director to sanction expenditure*

1.16. The Ministry had stated in reply to draft audit paragraph (April 1975) that "the matter was discussed by the Authority with the concerned Joint Secretary in the Ministry and the Financial Adviser, both of whom were members of the Steering Committee. These officers appreciated the position and in the circumstances prevailing at that time suggested that the Executive Director of the Trade Development Authority had no alternative but to proceed with the construction work, according to his best judgement....."

1.17. During evidence, the Committee desired to know whether Executive Director of TDA was competent to incur the excess expenditure to the tune of Rs. 4.28 lakhs. In reply, the Executive Director stated:—

"Although he may not be the competent authority in this respect, the duties of the Executive Director have been clearly specified in our charter which are as follows:

'Subject to the rules and bye-laws of the Authority and the directions, if any, issued in its behalf by the Steering Committee, the Executive Director, as the principal executive officer of the Authority, shall be responsible for proper administration of the affairs of the Authority under the direction and guidance of the Steering Committee.'

Now, once I could not consult the Steering Committee in connection with this Fair, I had two alternatives before me, either to let the construction work come to a grinding halt or, as I did, to take courage in both hands, go ahead with the construction activities and complete the display which had considerable international value from the point of view of export sales. I thought I could not abdicate my responsibility and that is why I had to take courage in both hands and complete the Fair."

1.18. The Committee wanted to know that as the Steering Committee could not meet for sometime, whether the Executive Direc-

tor of TDA was only officer incharge of the whole affair or whether there was someone else to give assistance or guidance:—

“I was the only official incharge but I was informally consulting two members on the Steering Committee, one from the Commerce Ministry, Shri V. S. Mishra and the other who represented Finance in the Steering Committee, Mr. Katoch.”

Asked whether decisions involving excess expenditure of lakhs of rupees could be taken by informal consultations, the witness explained:—

“It was a critical situation. We were racing against time. People were doubting whether the fair would open on the opening day. There was a great deal of delay in the constructional activities. As I made submissions initially, if at that point of time I had to take a decision, I would have no alternative, but to take the kind of decision I had taken. I am quite clear in my conscience.”

1.19. The Committee desired to know why the Steering Committee could not hold any meeting even though no Commerce Secretary was appointed by Government for about 4 months. The Secretary, Ministry of Commerce stated in evidence that:—

“According to convention the Secretary, Commerce is the *ex-officio* Chairman of the Steering Committee. After the death of Mr. Lal, there was no Commerce Secretary appointed for some time. The work was carried on no doubt by the appointment of Mr. Satarawala who was designated as OSD and since there was no Commerce Secretary, in terms of the convention, I think, he was approached also by the TDA whether he could be designated. But, probably, in view of the convention he went through he did not agree to do so.”

(c) *Decision to demolish the Pavilion*

1.20. As pointed out by the audit in January 1973 Government had intimated to the participants of Asia '72 Fair its intention to hold an International Trade Fair and had requested them not to demolish their pavilions in case they were interested in participating in that Fair. In July 1973 Government wanted to know from the TDA whether its existing pavilions would be retained till then but

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in case the pavilion was not strong enough there would be no point of its further retention. The TDA informed Government in July 1973 that it would dispose of its pavilion and hand over the site. On 27th/28th July 1973, the Deputy Chief of Information, Trade Development Authority informed the Joint Director (Exhibitions) that "Our Pavilion was temporary structure and we are trying to dispose it off. The site will be cleared after disposal of the pavilion."

1.21. The Committee asked as to how it was that even though Government had desired that Pavilions which were strong enough should not be demolished, TDA decided to demolish its Pavilion especially when the Exhibition's authorities had made it known on 9-1-1973 that a proposal to host India International Fair during the end of the year was under active consideration of Government. In reply, the Executive Director stated:—

"We were bound by contract to dismantle the pavilion and restore the ground to its original condition. Later on in any case we did consider along with our architect whether it would have been possible to strengthen the pavilion or convert it into a permanent structure and we came to the conclusion that it was impossible to either strengthen the structure or convert it into a permanent one. As a matter of fact we could not convert the structure into a permanent one without first demolishing it because the foundation was weak being not more than two to three feet deep. It could not take a heavy load."

1.22. Asked whether technical opinion was obtained before dismantling the pavilion, the Ministry of Commerce, in a \*note, stated *inter alia*:—

"Even though the Pavilion was constructed as a purely temporary structure and was to be handed over for demolition to the contractors in terms of the original agreement, once again technical opinion was ascertained from the architects on May 28, 1973. The representative of the architects and Shri Gulati went into the specifications of the Pavilion all over again and the final conclusion was that the Pavilion could not withstand the two monsoons before the India International Trade Fair likely to be held in November, 1974. Based upon this technical opinion, the Executive Director decided that there was no alternative but to dis-

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\*Not vetted in Audit.

mantle the Pavilion, bringing the site to its original condition as desired by the Exhibition Authorities. Accordingly steps were initiated to invite tenders for dismantling the Pavilion and removal of debris, malba, etc., clearing and levelling of the site to the original state."

1.23. The Committee desired to know whether the decision to dismantle the Pavilion was taken with the approval of the Steering Committee. The Executive Director stated in evidence that:—

"We did not put it to the Steering Committee because it appeared to us that we had to surrender the structure and restore the site to its original condition."

1.24. Asked whether it was a fact that the Pavilion in Asia '72 had to be demolished because of bad weather, the witness stated:—

"There were two heavy downpours during the fair. Our pavilion was one of those flooded completely. We had to make special arrangements for clearing the water from the pavilion."

1.25. The Committee pointed out that the Contractor appointed for demolition of the Pavilion was given, in lieu of demolition charges, ownership of the dismantled materials for which he paid Rs. 64,000 in cash to the TDA. Thus what was realised in lieu of dismantled material was 10 per cent of the total cost of building the Pavilion. The Committee enquired how was it that 90 per cent of the materials used was regarded as a waste. The Executive Director stated:—

"While it is easier to dismantle a temporary structure, the material used was not of much value after dismantling. We had gone into this before we decided to dispose of the pavilion and after taking into account every item which had gone into the construction, we fixed a reserve price of Rs. 63,000. We auctioned it. We did not call for tender. Initially we did call for tenders but the highest offer was not more than Rs. 23,000. Then we went in for auction and the bid was far below Rs. 63,000 and finally we got this Rs. 64,000. We thought that this was the best offer we could get and so we accepted it."

*(d) Performance of the Trade Development Authority Pavilion.*

1.26. The Committee desired to know how many members of TDA had taken part in the Pavilion in Asia '72. In reply, the Executive

Director stated that there were 216 participants in all, out of which 2 were from large scale sector and the balance from medium scale.

1.27. The Committee desired to know whether by expanding the Pavilion to include electronic goods, TDA was able to arrange export of such goods and thereby earn foreign exchange. The Executive Director, TDA stated:—

“In electronics, on the spot orders worth Rs. 43,800/- were booked. Subsequently, enquiries to participants which materialised into orders were worth about half a lakh of rupees.”

Asked whether Rs. 50,000/- was not a paltry sum compared to our possibilities in Asia '72, the witness stated:—

“This is the first time we are able to make a dent in the developed countries. This Rs. 50,000 plus Rs. 43,800 electronic goods orders, all of it went to the developed countries. As a result of this, our further exports to these developed countries in subsequent years have gone up. The clients of TDA are now exporting to all the developed countries electronic goods worth about Rs. 4 crores after the lapse of two years following Asia '72.”

1.28. As regards expansion of exports achieved as a result of TDA's participation in Asia '72, the Executive Director said:—

“On-the-spot export orders which we had booked were worth Rs. 258 lakhs during one month of our participation in the fair and these were all from the most difficult markets, the developed and sophisticated markets. As far as I remember, this was probably one of the highest export orders which any of the pavilions were able to book during Asia 1972. The countries where these exports went were USA, Sweden, Spain, and one other country which is not in our target market but which has placed an order, viz., Iran. Most of these are developed countries. Big departmental stores in Spain and Sweden placed orders and have become regular clients of TDA.

I would also like to mention that at the time the TDA took part in Asia 1972 it was only 2 years' old and during the

first two years the export of TDA's clients were only Rs. 6 lakhs whereas during the one month of Asia 1972 we were able to get orders amounting to Rs. 258 lakhs.

I would also like to mention that as a result of our participation in this exhibition, TDA got known all over the world, particularly, to the importing community in the developed countries as a result of which we are now able to attract many buyers' missions and individual buyers to India. For instance, during the last two years we brought 60 buyers' missions to India which, according to my judgment, would not have been possible but for the contacts we were able to develop during Asia 1972."

**1.29. The Committee find that actual expenditure of the Trade Development Authority on its participation in Asia 1972 Fair amounted to Rs. 9.89 lakhs as against the estimated expenditure of Rs. 5.60 lakhs, upto 75 per cent of which, after deducting receipts, was to be paid as grant from the Marketing Development Fund. The increase in expenditure was stated to be mainly on construction and decoration of the pavilion which cost Rs. 6.41 lakhs as against the original provision of Rs. 3.50 lakhs. The Committee concede that some increase in expenditure was inevitable because of the decision to increase the floor area from 8,000 to 11,000 sq. ft. to accommodate a larger number of electronic goods and because of TDA having gone in for a facade consisting entirely of smoked glass costing Rs. 68,000/- with a view to attracting foreign visitors. The Committee are surprised that while the C.P.W.D. was able to construct pavilions for the Ministry of Works & Housing, Ministry of Defence and Department of Tourism at a cost of Rs. 43/- per sq. ft. the expenditure on construction in the case of TDA shot up to Rs. 47/- per sq. ft. Expenditure at such a high scale on a pavilion which, according to Government's own admission, was intended to be a temporary structure only was uncalled for. It should have been possible for the Authority to keep the expenditure within sanctioned limits by practising simplicity in design, better planning and execution of construction, and stricter control on expenditure at all stages of construction. Where the major portion of the expenditure on participation in fairs is to be met by Government, Government should lay down suitable norms for incurring of expenditure on temporary construction etc. by the agency organising India's participation in fairs/exhibitions and fix ceilings up to which actual expenditure may be allowed to exceed the estimates without prior approval. Such a step would, in the Committee's view, go a long way in providing an adequate check on excess expenditure.**



1.30. The Committee find that an excess expenditure to the tune of Rs. 4.29 lakhs was incurred by the Executive Director of the Trade Development Authority according to his own judgement without obtaining prior formal approval of the Steering Committee. The Committee were informed that by convention, the Secretary of the Commerce Ministry is appointed as Ex-Officio Chairman of the Steering Committee. The Steering Committee, it appears, could not meet as the then Secretary of the Ministry of Commerce died on 24th August, 1972 and no successor was appointed by Government till 12th January, 1973. As the Chairman alone is competent to call a meeting of the Steering Committee and as there was none during the period August 24, 1972 to January 11, 1973, the Steering Committee were left in a state of suspended animation and could not hold a meeting. Meanwhile, an expenditure of Rs. 4.29 lakhs was incurred by the Executive Director on the basis of his 'informal consultations' with the officials of the Ministry. In the Committee's view, such substantial expenditure on the basis of informal consultations without the express approval of the competent authority can hardly be regarded as a sound arrangement. The Committee recommend that in order to avoid such situations in future, a provision should be made whereby the Steering Committee can hold its meetings even when the post of Secretary of the Ministry of Commerce is vacant for sometime for one reason or the other. It should be possible for Government to designate some other senior official of the Ministry to act as Chairman for the interim period.

1.31. The Committee find that the pavilion built by the Trade Development Authority for Asia '72 was demolished in March, 1974. The Committee was informed that Authority was bound by contract to dismantle the pavilion and restore the ground to its original condition. If that was so, the Committee are unable to understand why it was necessary for TDA to consult the Architects to see if the Pavilion could be converted into a permanent one for the next Fair. The Architects' technical opinion was that the pavilion's foundation being weak, it would not be able to stand till the next Fair which was likely to be held in November, 1974. The Committee feel that a vital decision like demolition of a pavilion built at the heavy cost of Rs. 6.41 lakhs should not have been taken by the Executive Director on his own, and that it was advisable at least to obtain an independent technical opinion about the durability of the pavilion and enable the Steering Committee to take a decision after a fuller consideration of the matter.

The Committee also recommend that where, as in this case, a major portion of the expenditure on construction of a pavilion is

met by Government, Government's prior approval for demolition of such structure should be obtained, notwithstanding the fact that the structure is a temporary one.

1.32. The original pavilion built by the TDA at a cost of Rs. 6.41 lakhs for Asia '72 was demolished in March 1974 because it was a temporary structure and shortly thereafter a construction of a new pavilion estimated to cost Rs. 22.74 lakhs was undertaken by TDA for the India International Trade Fair (1974). The Committee feel that in order to tackle the problem of infructuous expenditure on temporary pavilions when temporary pavilions at fairs/exhibitions are constructed, it should be possible to make greater use of standardised and prefabricated parts which are capable of re-use and thereby effect savings in cost. Government should take the assistance of the Central Building Research Institute, National Building Organisation etc. in order to devise measures to save public expenditure on this.

1.33. The Committee are glad that as a result of Trade Development Authority's participation in Asia 1972, on-the-spot export orders worth Rs. 258 lakhs were booked and these included countries like USA, Sweden, Iran, Spain, etc. The contacts established by the TDA enabled it to attract as many as 60 buyers' missions to India during the last two years or so. In electronics, on-the-spot orders worth Rs. 43,800/- were stated to have been booked. While Asia 1972 did enable the Authority to make a dent in the markets of developed countries for the first time, the Committee feel that considering the response to the Fair, and the possibilities opened up thereby, the results achieved by T.D.A. fell considerably short of expectations. The Committee trust that contacts established at the Fair would be exploited to the fullest extent for promotion of the country's exports.

#### B. Postponement of India International Trade Fair 1974

1.34. In view of the successful completion of Asia '72, Government decided on 18th May, 1973 to hold an India International Trade Fair from 14th November, 1974 to 13th December, 1974. The news about India hosting an international fair was publicised widely. Encouraging responses were received from foreign and Indian participants. Suddenly, however, Government announced postponement of the Fair *sine die*. The decision caused much disappointment, and the question of abrupt postponement of the proposed World Fair figured in Rajya Sabha on 5th August, 1974 in the form of a notice of Calling Attention to a Matter of Urgent Public Importance. In

response, the Minister of Commerce stated: "I am conscious of the unintended difficulties our decision would create for a number of foreign and friendly States, who were kind enough to agree to participate in the Fair." Justifying the postponement, however, the Commerce Minister referred to current financial difficulties and 'determination on the part of Government to contain the forces of inflation'. He pointed out that the Fair would have involved total net additional expenditure of over Rs. 10 crores from the public exchequer and the estimated receipts would have been of the order of Rs. 1.90 crores only. Incidentally, it was mentioned that the Fair was to involve participation by 11 Central Ministries, 13 public sector undertakings, 24 Export Promotion Councils and Commodity Boards, 22 State Governments and 50 participants from the private sector.

1.35. Giving his reaction to the decision to postpone the India International Trade Fair 1974, the former Secretary, Min. of Commerce stated in his Memorandum to the Committee that:—

"Having built an extremely beautiful and extensive complex for this purpose in Delhi, we could have embarked on a programme of holding many such Fairs every year. Our efforts within and contacts abroad prompted the Bureau of International Trade Fairs, Paris, to give us a written undertaking that we could become a member of this organisation after holding the India International Trade Fair in 1974. It was, therefore, a great shock when that Fair was cancelled just a few months before its commencement in November, 74. Besides other losses, it will make the task of reviving such an institution most difficult, because the participant countries could question our capacity to host such a fair."

1.36. During evidence, the former Secretary, Ministry of Commerce stated:

"This is my personal view that if we announce a Fair now, no one will come, because they have incurred losses worth lakhs of rupees. I know of three countries whose goods arrived in Bombay and they are still lying there, though two years have passed. Those participating in these Fairs are central bodies and they in turn have powerful agencies in these countries. If I tell them now that we are going to have a Fair, they will immediately enquire whe-

ther we are sure about it. Instead of agreeing to participate immediately, they will say "Please organise it properly, then ask us to join."

1.37. Asked whether as a result of the postponement, India's reputation as a Fair Organising Country had come down, the witness replied:

"You are right. And what is more, the facts which were given for the cancellation of the fair, were not at all correct, particularly the expenditure part of it, because we had spent all the money by 1973. A few lakhs were left over. The time had come to recover money. We could have realised at least two crores as rental, because we had fixed a high rental, and we would have got forty to fifty lakhs on tickets. During Asia 1972, we transacted business worth Rs. 60 crores. We were expecting at least the same if not more during 1974 as well."

1.38. When the witness stated that in 1972 he had worked under the guidance of Shri Mishra and later on under the present Commerce Minister and had the backing of both, the Committee asked then why the 1974 Fair, which was apparently so attractive and was advertised to the world, was dropped almost unceremoniously. In reply, the witness stated:

"You are quite right, Sir, that we are in the soup and I cannot think of any other reason except that the officer who was given this work was not prepared to handle it along with his other burdens. He never expected it and certainly not three months before the Fair. He was asked to do the work and, naturally, when objection came from the Finance, there was no attempt by the Commerce Ministry to sort it out and see that the exhibition was held in time. Everything was laid out and most of the arrangements already made. It would have been even bigger than Asia 1972."

1.39. The Committee learnt from Audit that the expenditure on the new pavilion of the TDA for the 1974 Exhibition was Rs. 8.64 lakhs upto December, 1974. It was decided by the Main Committee of the Marketing Development Fund in January 1975 that the expenditure on this pavilion should be restricted to Rs. 14.05 lakhs as the International Trade Fair had been postponed.

1.40. The Committee desired to know why in spite of the postponement of the Fair, TDA had started constructing a new Pavilion and went on spending money on it till January 1975. In reply, the Executive Director stated in evidence:

“We have spent Rs. 13.05 lakhs on the new structure so far. We have left it at a stage where, though incomplete, if we want to complete this in future, we can start from where we have left.”

1.41. The Committee enquired as to whether TDA alone continued with the construction of their Pavilion or other participants also did it. The Chief Executive Director for the India International Trade Fair 1974 stated:

“When we took the decision to postpone the fair around July, '74 all the space was sold out. We had about 32 foreign participants and hundreds of Indian participants...As the Secretary explained a little while ago, construction work were started by the TDA, National Small Industries Corporation, Defence Ministry, State Governments, GDR, Czechoslovakia, Poland and so on and most of them were half way through.”

1.42. Asked whether such incomplete structures would last till the next fair was held, the witness explained:

“When we took decision to postpone the fair *sine die* we issued specific instructions to the participants that each participant should examine the state of progress of his pavilion from the engineering and technical point of view and stop it only at a place where there will be no damage to the constructed portion till the fair takes place on a future date.”

1.43. Explaining the considerations which weighed with Government in postponing *sine die* the India International Trade Fair which was scheduled to be held from 14th November, 1974 to 13th December, 1974, the Secretary, Ministry of Commerce stated in evidence:

“Briefly, I can say that Government of India were, generally speaking, making determined efforts to contain the forces of inflation. There were monetary and fiscal controls imposed on the flow of money and this led, later on, to the

presentation of a Supplementary Demands for Grants within five months of the presentation of the annual budget. This appeared to be a situation where the priorities of plan investments were undergoing a reappraisal. The Ministry of Finance particularly, considered it appropriate that the matter in regard to the incurring on substantial expenditure on the fair, whose returns were after all invisible in the short run and whose impact on the inflationary pressures at that time would be immediate and direct, should be reconsidered. There were consultations with various Ministries such as Finance, External Affairs, Commerce, etc. and it was then decided that the Fair should be postponed *sine die*. The decision was necessitated by the difficult economic situation through which the country was passing. The Fair involved participation by 11 Central Ministries, 13 public sector undertakings, 24 export promotion councils and commodity boards, 22 State Governments and about fifty or more participants in the private sector. It was estimated that the total net expenditure would probably exceed the figure of Rs. 10 crores. To this of course must be added expenditure by foreign participants. Although this would not involve the resources of our exchequer the impact on the internal economy would none the less be there. Most State Governments had weak budgets and their participation in a number of cases would have meant additional central assistance to them. Besides, the provision in the budget for the Fair was less than the anticipated expenditure necessitating supplementary grants for the additional expenditure. At the same time calculations from the returns were rather uncertain and the projected revenue was likely to be offset by increase in prices during the process of construction. Apart from the financial aspect, the Fair would also need considerable quantities of scarce inputs such as power, steel, cement, etc. The consumption of electricity alone would have been of the order of 10 mw. per day and the construction would have involved 12,000 tonnes of cement, 3,000 tonnes of steel and so on. The alternative, holding it in a truncated form, was considered not desirable because it would have defeated our effort to successfully project the wide spectrum of industrial and economic progress in the country after Independence; indeed it was felt that it was likely to contribute to a loss of the image, instead of enhancing the image."

1.44. The Committee desired to know what was the actual expenditure that had been incurred before postponement of the 1974 Fair. In reply, Chief Executive Director stated:

"At the point of time when we took the decision to postpone the fair, taking together the investments in all the pavilions, I would assess it around about Rs. 1 1/2 crores. Fortunately we took the decision a little before the work gained momentum and tempo. Had the decision been taken later the expenditure would have been much more."

1.45. As regards private parties asking for compensation for loss sustained due to postponement of 1974 Fair, the witness stated:

"A high-powered committee was appointed consisting of Mr. Bose Mullick as Chairman and representatives of the Ministries of External Affairs and Finance, which met two or three times after the decision was taken to postpone the fair. It broadly took the view that, so far as Indian participants are concerned, they would be divided into two categories. The Ministries and public sector organisations would be asked not to claim any compensation or anything of that sort and complete their engineering structure and the building, as otherwise there would be a lot of infructuous expenditure. As far as the foreign participants are concerned, they were a little agitated about it, because quite in a few cases the work in the pavilion was complete. So, we said we will compensate them if they made claims upto 31st December, 1974. Fortunately, we could persuade some parties not to claim any compensation, because they have not actually incurred any expenditure. In some cases they were willing to bear the expenditure themselves. Some countries like Poland and Hungary did make some claims. One or two claims we have already settled and one or two are still under examination. One has come with a further claim of Rs. 50,000. So, we may be spending another Rs. 4 lakhs on this."

1.46. The Committee asked why considering the magnitude of the loss involved in the postponement, the Ministry of Finance had turned down the proposal to host the 1974 Fair which might have

brought a good return. The representative of the Ministry of Finance said:

“... ..It is not a question of Rs. 1 crore but there would be an outgo of Rs. 21 crores from the national resources.”

1.47. Asked whether the holding of the 1974 Fair would not have enabled the country to earn something like Rs. 200 crores by way of trade, the representative of the Ministry of Finance said:

“Considering the position of the national resources and the pressing demands, it was felt that at that point of time we need not go into this venture. You will remember that 1974-75 was an year in which there was an acute power shortage, which would have been aggravated by the holding of the fair. The fair would also require a lot of steel, which was then in short supply. Similarly, many other items like cement were also in short supply. It was felt that these items should not be diverted for the purpose of the fair at that point of time and that we should wait till the imbalance that has crept into the system has been rectified.”

1.48. The Committee regret that Government decided in July, 1974 to postpone indefinitely the India International Trade Fair scheduled to be held in New Delhi in November-December 1974. This was some fourteen months after the decision to hold the exhibition was first announced and widely publicised. To make things worse, the postponement, which has virtually meant abandonment, was announced only a little over three months before the scheduled opening of the Fair, that is to say, at a point of time when participants had progressed far in their preparations and many foreign exhibits had either arrived at the site or were on the way to Delhi. The Committee are unhappy not only because the decision came when large sums had already been spent over construction of pavilions and other preparatory work, but also because the sudden abandonment marred considerably the reputation in the world of commerce which India had earned by the spectacular success of Asia '72. It was admitted during evidence by spokesman of the Ministry of Commerce that foreign participants “were a little agitated about it”. Though some friendly countries said publicly that they appreciated India's difficulties, others, just as friendly like Poland and



Hungary, found themselves constrained to prefer claims for compensation for losses incurred, though efforts had been made to dissuade them from that course. The Committee fear that the postponement decision has instead of brightening India's image in world trade circles, contributed considerably towards turning it rather dim. It is not known for certain if the decision has cost India the membership, that was almost certain, of the Bureau of International Trade Fairs, Paris, a prestigious body, membership of which means a definite place in the Fair map of the globe.

1.49. The Committee apprehend that in regard to fairs and exhibitions Government has followed an ad hoc policy and has not worked out, on the basis of comprehensive trade reports from different countries and a principled evaluation of the pros and cons of important Fairs to be organised on our soil, a programme of well-timed Fairs and exhibitions. This is what should have been done on a review of Asia '72 and its widely applauded success, but unfortunately the country has been unable to build on that achievement.

1.50. The Committee consider the arguments of Government in favour of the indefinite postponement to be only very partially relevant. It is not easily conceivable that in 1973 the financial and other constraints referred to by Government were not known. It is strange to hear the plea of the scarcity of cement and steel and the paucity of power. This country is not so poor that such difficulties, no doubt genuine at the time, were insurmountable. During evidence, the Committee learnt also that there was a brighter side to the shield and that pessimistic ideas notwithstanding, the Fair, if held in 1974, might well have given a boost to our economy, apart from being a feather in India's cap on account of our proved efficiency in exhibition organisation. That would, indeed, have been another way of India fighting her economic problems.

1.51. The Committee trust that Government has been reviewing the position since 1974 and evolving, without avoidable delay, a comprehensive Fairs and Exhibitions policy. Unless the International exhibition, which has not formally been abandoned yet, is held early and prospective participants are persuaded of our earnestness in this regard, the danger is the further decline of India's reputation in the world of trade. It would mean also that the entire expenditure of Rs. 1 1/2 crores, already incurred on the construction of pavilions, would turn out to be totally infructuous. The Committee urge Government to take an early decision in this matter and make it known firmly to prospective participants, especially in foreign countries.

## CHAPTER II

### INDIAN COUNCIL OF TRADE FAIRS AND EXHIBITIONS

#### A. Genesis of Examination by the Committee

2.1. Disquieting reports and allegations appeared in the press in regard to India's participation in Trade Fairs and exhibitions abroad. The Committee decided to make an investigation into the working of the Directorate of Exhibitions and Commercial Publicity and the Indian Council of Trade Fairs and Exhibition. The Committee had the advantage of a memorandum from the former Secretary (Internal Trade) in the Ministry of Commerce, which indicated that the situation was by no means savoury. In the memorandum, he stated *inter alia*:

“The working of different organisations, like the Directorate of Exhibitions and Commercial Publicity and the Indian Council of Trade Fairs & Exhibitions, led us to the conclusion that some basic streamlining of the organisational set up for dealing with the highly specialised subject of participating in International Exhibitions and Specialised Fairs, was badly needed. There was great scope for an integrated approach to the whole subject. The two Ministers under whom I worked during 1971 to 1974, were aware of this drawback and wanted drastic changes to improve it.

It was noticed that out of over 3000 Trade Fairs taking place in the world, India participated in hardly 40. Even these token participations were being looked after by multiple agencies—the Directorate of Exhibitions and Commercial Publicity in a few of them, while the Indian Council of Trade Fairs & Exhibitions in the rest. Export Promotion Councils also took part in a few specialised commodity fairs and some private organisations went to others. The entire approach was *ad-hoc* and the projections were naturally lacking in depth and coverage. The two principal organisations were mainly concentrating on taking part in exhibitions abroad and that too in commodities which could be easily and profitably disposed of.

During my tenure as Secretary in the Ministry of Commerce, we had received serious complaints about the working of the Indian Council of Trade Fairs & Exhibitions from our Ambassadors and senior officers serving in our Missions abroad. These complaints had been brought to the notice of the Commerce Minister, who ordered the removal of the Officer from the Council and asked to proceed on leave. Another Officer of the Directorate was posted to the Council. I am not aware of the reasons that led to the reversal of that arrangement."

### **B. Organisational Set Up**

#### *(a) General*

2.2. The Indian Council of Trade Fairs and Exhibitions, Bombay, an autonomous body registered as a Society under the Societies Registration Act, 1860, was set up in 1964 with the object of promoting and organising Trade Fairs and Exhibitions both in India and abroad, with a view to promote exports. The Council receives grant-in-aid from the Government of India to the extent of 66-2/3 per cent of its expenditure.

2.3. The Council has five main Divisions, viz., (i) Administration, Finance and Accounts Units, (ii) Exhibition Planning Unit, (iii) Exhibition Design & Stores Unit, (iv) Market Research & Publicity Unit and (v) Shipping & Transport Unit.

Its staff strength as on 1-4-74 consisted of 6 officers and 42 other members of staff. The strength has since been reduced to 37.

#### *(b) Non-constitution of General Council and composition of Governing Council.*

2.4. The Committee desired to know why the Indian Council of Trade Fairs and Exhibitions, Bombay had failed to set up a General Council, as required by clause 2 of its constitution, in spite of having been in existence for more than ten years. The Council informed the Committee that it had not been possible to do so, because the original constitution was defective. This appeared to the Committee to be an ironic situation. However the Council pointed out that the constitution called for representation of (i) Exhibitors' Organisations, (ii) Exporters' Organisations and (iii) Importers' Associations, of which no recognised representative bodies were in existence. Moreover, it was said that out of the 50 members of the

General Council, only seven were specified in the original constitution as being eligible for election, thus leading to the anomaly that the majority of the General Council would necessarily consist of non-members unlikely to evince interest in its affairs. This was alleged to be one of the main reasons why it was considered essential to amend the original constitution so as to be able to form a proper General Council. The Governing Body of the Council at its 15th meeting held on 30th June, 1969 appointed a sub-Committee consisting of Sarvashri Ravindra Nath, H. A. Sujan, Prabhu V. Mehta and Prem Nath the then Executive Director to go into the question of the amendments to the Constitution. The Sub-Committee examined the matter, and after taking expert legal advice prepared draft amendments to the Constitution of the Council which were considered at the 18th and 19th meetings of the Government Body held on 9th February and 10th August, 1970, respectively. The final amendments to the Constitution as approved by the Governing Body of the Council were sent to the Ministry of Commerce on 10th February, 1971. Thereafter a number of communications were exchanged between Council and the Ministry, and discussion was held between their Senior Officers from time to time. The Ministry of Law gave their final opinion in March, 1972 and the Ministry of Finance in July, 1972. According to the Ministry of Law "all amendments of the rules and regulations will require approval of the General Council by a 3/5th majority. As such General Council is the only body to effect the amendments. Final comments of the Ministry of Commerce were communicated to the Council on 5th July, 1972. The Governing Body of the Council considered the matter on 12th September, 1972 and expressed the view that, in the absence of the General Council, the amendments as approved by it should be deemed to have the approval of the General Council since the Governing Body had all the powers of the General Council under the existing constitution. Final decision regarding the proposed amendments to the Constitution of the Council is still awaited. No further action was taken by Government in the matter as the question of the winding up of the Council had meanwhile come under consideration.

2.5. In the absence of the General Council, the Governing Body remains the apex body of the Council. By virtue of the powers vested in the Central Government under Clause 8(4) of the Council's Constitution, all vacancies in the Governing Body were filled from time to time by nomination by the Ministry of Commerce.

2.6. During evidence, the Committee enquired why the Governing Body met only 3 times in 1971-72 and only once in 1972-73 as against a minimum of 4 meetings specified in the Memorandum of

Association. In reply, the Chairman, Indian Council of Trade Fairs & Exhibitions stated:—

“For what purpose would we have frequent Governing Body meetings? What have I to put before them? There is nothing. There is no agenda, no programme. It will be just a waste of money. Then what have we to achieve by calling frequent meetings?”

In a subsequent note (January 8, 1976), the Ministry of Commerce informed the Committee that Governing Body met thrice in 1973-74 and twice in 1974-75.

2.7. The Committee wanted to know if a General Council not having been set up and even the Governing Body meeting only once in a year, the Indian Council of Trade Fairs and Exhibitions with only a Chairman and the Executive Director to look after everything had not become a two-man show. The witness replied:

“The Vice-Chairman of the Governing Body has all along been the Joint Secretary in the Ministry. He is an *Ex-officio* Vice-Chairman. He is therefore, completely conversant with the manner of our working and he is the same person to whom we go for sanction, approval, etc.”

In a note\* furnished after evidence, ICTFE stated that clause 8(2) of its Constitution provides that Governing Body shall have two Vice-Chairmen from among its members one annually elected and one nominated by the Central Government. The views of Government representatives on the Council's Governing body, particularly the Vice-Chairman designated by Government, were given “full weightage in all decisions taken by the Governing body”. It was also stated that the Council did not at any time receive any report from the Government's representatives about the “organisation of fairs abroad, maintenance of accounts of income and expenditure, performance of its officers and staff, etc. and the Council's attention was not drawn by the Ministry to any such report made by any one of them to the Ministry directly.”

2.8. The Committee are surprised that the question of setting up the ‘General Council’ which, under clause 9 of the Memorandum of Association, was to be the supreme authority empowered to take measures for the attainment of objectives for which the Indian

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\*Not vetted by Audit.

Council of Trade Fairs and Exhibitions had been set up, remains unresolved for more than 10 years. In the absence of the General Council, all powers and functions of the General Council have been exercised by the Governing Body. Even this body met thrice in 1971-72 and only once in 1972-73, thrice in 1973-74 and twice in 1974-75. It could have met more frequently but on the Chairman's evidence, there was not much business to be transacted because of only limited assignments being given by Government to the Indian Council. With no General Council and the Governing Body meeting very rarely, the Indian Council became virtually a two-man show, namely, the Chairman and the Executive Director. The Committee were informed that the main hurdle in constituting the General Council was that its original Constitution had certain flaws. It appears that the Council had suggested to Government amendments to the Constitution as far back as February, 1971, the advice of the Ministry of Law was obtained in March 1972 and that of the Ministry of Finance in July 1972 but no further action was taken because in the meantime, Government had started examining the idea of establishing a single authority for organisation of fairs and exhibitions, which implied the winding of both the Indian Council and the Directorate of Exhibitions. As the idea of having a single authority was mooted only in 1973, the Committee fail to understand why this matter could not be settled in eight years from 1964 to 1972. The Committee are convinced that at no stage this matter was handled with the requisite seriousness and sense of urgency. The Committee recommend that unless Government come to decide that the Indian Council should be wound up forthwith, early steps should be taken to set up the General Council. Absence of an authority like the General Council for as many as 10 years must have left a serious vacuum in the functioning of the Council and there is no reason why this state of affairs should be allowed to continue.

(c) *Decline in Membership and Inadequate involvement of Trade and Industry.*

2.9. The Committee desired to know why the Council had not been able to enlarge its membership which had fallen from 77 in 1964-65 to 62 in 1971-72. The Chairman, Indian Council of Trade Fairs and Exhibitions stated in evidence:—

“To attract the membership, we had to give concessions. Supposing normal charge is Rs. 300 per sq. m. in participation at a fair, we reduce the charge from Rs. 300 to Rs. 240 per sq. m. for a member. We find, as a result, that it is coun-

terproductive to enlarge the membership because of the concession that has to be offered in participation rates. On the other hand, if we do not offer any concession to a member, the possible member will ask, why spend money in joining the Council when there is no inducement. There is a built-in-contradiction there. What we have tried to do is that in lieu of having numerous members, a long list of names on our register, we have striven to develop regular contacts with export houses, business houses, industry and so on. It is a result of that even the fairs organised at short notice have been successful because of the liaison and the rapport we have developed with these business houses and industry without their actually becoming members and thereby depleting our resources because of concessions to members."

2.10. Asked whether unlike in Great Britain, big business interests in India were not enthusiastic and were waiting for cast iron schemes with enormous possibilities of profit to be offered to them to enlist their support, the witness said:—

"If we were given a programme which was viable and strong, we could get enthusiastic response and cooperation from the business interests. . . . . The only Fair I personally visited was the one at Zageed where I received Marshall Tito at the Fair and he went round it. On that occasion M/s. Mahindra & Mahindra secured a very large order for export of jeeps and the Tata Exports secured an order for 1,000 commercial vehicles in Yugoslavia."

2.11. The Committee enquired why none of the Chambers of Commerce and Industry appeared to have taken active part in the activities of the Council. The witness explained:—

"Chambers of Commerce and internally-oriented and more concerned with the operation of business and industry within the country whereas our stress is on exports, export earnings and projection of India's image abroad. . . . Their participation is commodity-oriented."

In a \*Note furnished after evidence, the Ministry of Commerce informed the Committee (January 8, 1976) that membership of the

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\*Not vetted in Audit.

Indian Council of Trade Fairs and Exhibitions further decreased to 51 in 1972-73, 15 in 1973-74 and 17 in 1974-75.

2.12. The Committee regret to note that the Indian Council of Trade Fairs and Exhibitions has failed to enlarge its membership which has fallen from 77 in 1964-65 to 17 in 1974-75. The Council has also not been able to generate interest and enthusiasm among the Chambers of Commerce and Industry. During evidence, the Chairman of the Council attributed this apathy to their being in the main "internally-oriented" and "commodity-oriented." The Committee wish Government to combat this alleged apathy and achieve a genuine involvement of the Chambers of Commerce and Industry in the tasks of export promotion through participation in fairs abroad.

2.13. The Committee agree that there is no use in enlarging membership of the Council by offering greater concessions to prospective members as such a course would be counter-productive in the long run. The Council should attract membership by greater publicity and demonstration of the benefits which could be derived by members from participation in exhibitions.

(d) *Reversion of Executive Director*

2.14. The Committee learnt from the Commerce Secretary that the Director, Commercial Publicity, in the Ministry had remained on deputation to the post of Executive Director in the Indian Council of Trade Fairs and Exhibitions, Bombay, since 11th June, 1964. The terms of his deputation was last extended upto 28th February, 1973. When the question of further extending his term of deputation upto the end of September, 1973 was taken up with the Ministry of Finance, they agreed to grant extension for a period of one month, that is, upto 31st March, 1973. On yet another reference, the Ministry of Finance agreed to extend the period of deputation upto 31st August, 1973 but without any deputation allowance, thus making it clear that no further extension would be permissible. The Executive Director relinquished charge of his post on 21st January, 1974 and after remaining on leave (including joining time) from 23rd January, 1974 to 13th June, 1974, joined the Ministry of Commerce as Director, Exhibitions and Commercial Publicity on 14th June, 1974.

2.15. In this Memorandum to the Committee, the former Secretary, Ministry of Commerce had stated:

"During my tenure as Secretary in the Ministry of Commerce, we had received serious complaints about the working



of the Indian Council of Trade Fairs and Exhibitions from our Ambassadors and senior officers in our Missions abroad. These complaints had been brought to the notice of the Commerce Minister, who ordered the removal of the officer from the Council and asked to proceed on leave. Another officer of the Directorate was posted to the Council. I am not aware of the reasons that led to the reversal of that arrangement."

2.16. During evidence, the former Secretary, Ministry of Commerce informed the Committee that:—

"So far as this particular officer is concerned, the Minister told me that I was being lenient. He wanted me to sack him at once. Therefore, I was amazed after I left the Ministry that the same man who should have been sacked—according to the Minister's orders—was put in charge of the Exhibition Directorate. I do not know what were the compulsions. . . . . Either the earlier decision was wrong or the present decision is wrong. Both the decisions cannot be correct. A person who was not allowed to function in a subordinate position, was being put in charge of the whole thing. He will naturally try to clear up the mess that was created. . . . ."

2.17. The Committee desired to know if the non-extension of term and reversion of the Officer from the Council had something to do with his performance as Executive Director. The witness stated that his reversion was due to the technical reason of his having been on deputation to that post for too long. The representative of the Ministry of Finance clarified:

"If on administrative grounds it becomes necessary to extend the period it is extended with the condition that no deputation allowance will be paid. If a person is recalled on any other ground prior to the expiry of the period, reference will not be made to the Finance Ministry."

2.18. The Committee enquired that if the reasons of reversion was technical and there was nothing unsavoury, why there was sudden hurry to relieve the Executive Director from the Council after he had been on deputation there for as long as nine years. In reply, the Commerce Secretary stated:

"On record what I find is that his extension was not agreed to, and he was asked to revert."

2.19. The Committee were informed that Ministry of Commerce had earlier decided that the officer already holding charge of the post of Director of Exhibitions and Commercial Publicity should be appointed as Deputy Chief Director of the India International Trade Fair Organisation by creating that post and that the Executive Director of the Council should, on reversion from the Council, be given charge of Commercial Publicity only. When the Committee enquired why then the Executive Director was entrusted with the double responsibility of both Commercial Publicity and Exhibitions, the Commerce Secretary answered:

“Sir, he was working in the Directorate. He had experience of exhibitions and we did not find anything in the record to suggest that he should not be given any kind of a post on that score. But, orders came from the Minister that he should be given the work of both Commercial Publicity and exhibition. We took the decision at that time, in my time, that he should be incharge of both the departments.”

2.20. Asked whether the selection of the Executive Director of the Council as Director of not only exhibitions but also Commercial Publicity in the Ministry of Commerce was done at the level of Committee of Secretaries, and whether the Prime Minister was also informed of it, the witness said:—

“He was a permanent incumbent in the Ministry, his lien was on the post of Director, Commercial Publicity. These kinds of appointments take place within the Ministry on orders of the Commerce Minister. But these are not reported upon, unless in a particular case, some kind of a reference has been made to us specially. We did not inform the Prime Minister’s Secretariat anything about it.”

2.21. The Committee desired to know whether it was a fact that even though the Executive Director had left the Council, the Council continued to pay rent for his flat in Bombay, bear the telephone charges and pay premium on his insurance policy. In reply, the Chairman, Indian Council of Trade Fairs and Exhibitions said in evidence:—

“I am not familiar with Government rules but I believe that when an officer is transferred from one destination to

another he has a right to hang on to his residential accommodation. We got this flat at a favourable rate of rent and in Bombay once you surrender it, you would be able to get this or a similar flat only at double the present rental. On these grounds, I recorded a communication to the Commerce Secretary that we should hang on to the flat. Likewise we are hanging on to the telephone. Until I know definitely that I am not going to get any participation, I should have a flat to offer for the future Director.....As far as the family is concerned, it is here in Delhi. There is nobody there now; the flat is locked up.”

2.22. In a Note furnished after evidence, Ministry of Commerce intimated that the officer was not allotted any Government accommodation in Delhi till 3rd January, 1975 and he retained the quarter in Bombay for education of his children with the prior approval of the Chairman, ICTFE till 14th December, 1974. This accommodation continued to be retained by ICTFE for their use.

2.23. As regards the rent, the Committee note that the local Audit Report on the accounts of Indian Council of Trade Fairs and Exhibitions for the year 1973-74, stated that the Council had taken on lease a flat at Bombay for the accommodation of the Executive Director on a monthly rent of Rs. 1200. It also pointed out that according to the Ministry of Foreign Trade and Supply Letter No. 2.Ext(70)/E/67, dated 22nd September, 1969, the Executive Director was to bear from 1st January, 1968, in addition to the usual 10 per cent of his pay, half the difference between 40 per cent of his pay and the actual rent, the other half being shared by the Council, but only 10 per cent was being recovered from the Executive Director. Audit naturally wanted the matter to be regularised under orders of competent authority. On 19th February, 1973 Office of the Senior Deputy Accountant General, Commerce and Miscellaneous, Bombay, informed the Ministry of Commerce that provision in the terms of deputation permitted the Council to recover only the 10 per cent of his pay plus compensatory (City) allowance and bear the balance itself and as this was being done, the matter was treated as closed, as far as that office was concerned.

2.24. As regards insurance the Council in a note explained that in pursuance of a decision approved in 1969 by the then Chairman

of the Council (Shri Keshab Mahindra) only a personal accident policy (excluding sickness) was taken by the Council for its former Executive Director, with the New India Assurance Company Ltd. Bombay-1, each year beginning 27th March, 1969. The total amount of yearly insurance premium for an annual cost of Rs. one lakh paid by the Council during 5 years from 1969-70 to 1973-74 at the rate of Rs. 270/- (exception 1969-70 when the premium paid was Rs. 255/- only) amounted to Rs. 1,335/-. The other members of the Council's staff deputed to various fairs/exhibitions abroad were allowed to take personal accident insurance policy for each such visit according to their entitlement and this insurance premium paid by them was reimbursed to them by the Council. In their case as a measure of economy the annual insurance policy was not taken as their visits to the fairs and exhibitions abroad were limited to once or twice a year.

2.25. The Committee learn that the Director of Commercial Publicity who had been appointed on deputation as Executive Director in the Indian Council of Trade Fairs and Exhibition, Bombay was reverted back for technical reasons to the Ministry of Commerce and given charge of not only Commercial Publicity but also the additional responsibility in regard to Exhibitions, a sphere of work where he had long experience already.

The Committee heard from the former Secretary (IT) Ministry of Commerce some very disparaging remarks against the said official, which gave rise to serious mis-givings since a person of the stature of the Secretary had made the allegations. In the absence of documented information it appears desirable for Government, in fairness to itself and to the officer concerned, to clarify the position to the extent possible and intimate it to the Committee.

### C. Financial Working

#### (a) Expenditure

2.26. The Expenditure incurred by the Council during the last 10 years amounted to Rs. 2.38 crores including Rs. 0.69 crores on its establishment including other charges. Year-wise details of the expenditure and the number of trade fairs/exhibitions hosted are

given below:—

Year	No. of trade Fairs/ Exhibitions hosted	Establishment charges (Pay & allowances)	*Other charges (premises rent etc.)	Total charges (Col 3 & 4) (Rs. lakhs)	Participation in Fairs/ Exhibitions (including deputation of staff to Fairs)	Total** of 3, 4 & 6 Exchange	Foreign earning in terms of business reported to have been negotiated
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
							(Rs. lakhs)
1	2	3	4	5	6	7	8
1965-66	5	2,81,845	2,70,082	5.52	16,24,940	21,76,867	312.95
1966-67	5	21,81,728	2,33,480	5.15	10,37,588	15,52,796	889.09
1967-68	6	3,13,945	2,47,354	5.61	16,90,730	22,51,979	706.05
1968-69	6	3,55,724	2,97,922	6.54	14,40,551	20,94,198	995.00
1969-70	5	3,58,483	3,04,922	6.64	19,04,637	25,68,042	3505.00
1970-71	11	4,19,560	4,40,324	8.60	30,86,421	39,46,305	907.20
1971-72	7	4,67,914	3,77,659	8.46	20,10,060	28,55,633	940.50
1972-73	8	4,82,695	3,77,798	8.60	23,61,215	32,21,707	1088.77
1973-74	1	4,19,627	3,23,594	7.43	10,24,690	17,67,912	67.00
1974-75	2	4,10,660 (B.E.)	2,99,234 (B.E.)	7.10	6,84,000 (B.E.)	12,94,534	140.00
<b>Grand Total</b>		<b>37,92,122</b>	<b>31,73,019</b>	<b>69.65</b>	<b>1,68,64,832</b>	<b>2,38,29,973</b>	<b>9551.47</b>

\*\*This does not include the revenue from participation fees and cost of transport, insurance, etc. recovered from participants which are received in Indian Rupees.

\*Includes charges on account of rent, Rates, and Taxes, Publicity and Printing stationery, telephone, passage etc.

2.27. In terms of percentage, the expenditure on Establishment as compared to expenditure on participation in fairs/exhibitions works

out as under:—

Year	Percentage Est. Charges in terms of the total annual expendi- ture	Percentage expendi- ture on participation in fair/exhibitions in terms of the total annual expenditure
1965-66	25	75
1966-67	33	67
1967-68	24	76
1968-69	31	69
1969-70	26	74
1970-71	21	79
1971-72	29	71
1972-73	27	73
1973-74	42	58
1974-75	51	49

2.28. The total expenditure on Establishment (including other charges) during the 1965-66 to 1974-75 was Rs. 69.65 lakhs i.e. 29 per cent of its total expenditure of Rs. 238.29 lakhs.

2.29. The Committee find that during the period 1965-66 to 1969-70, the Indian Council of Trade Fairs and Exhibitions handled 5 to 6 fairs/exhibitions a year as against 11 fairs/exhibitions handled by it in 1970-71, indicating on that basis, under-utilisation of its capacity to the extent of 50 per cent. During that period, the Council incurred an expenditure aggregating Rs. 15.9 lakhs approximately on Establishment, half of which was thus not put to any productive use. The position did improve somewhat in 1971-72 and 1972-73 when the Council was assigned 7 and 8 fairs/exhibitions respectively but utilisation of its capacity suffered a serious set-back in the subsequent years. In 1973-74, assignments given to it touched a new low as it was entrusted with only one exhibition viz. Caracas International Industrial Exhibition. In 1974-75, it handled only two events, which implied gross under-utilisation of its capacity. The Committee therefore, recommend that either Government should take immediate steps to wind up the Council and thus save infructuous and unproductive annual expenditure by a largely extraneous body or the Council should, if really thought fit, be assigned adequate fair participation so long as it continues.

2.30. The Committee find that during the last 10 years (1965-66 to 1974-75) while the total expenditure incurred by the Directorate of Exhibitions and Commercial Publicity on its Establishment was

Rs. 147 lakhs i.e. 14 per cent of its total expenditure of Rs. 1058 lakhs (vide para 3.5), the total expenditure on Establishment in the case of the Indian Council of Trade Fairs and Exhibitions had, during that period, been as high as 29 per cent of its total expenditure of Rs. 238 lakhs. The Council's annual expenditure on Establishment which ranged between 21 and 33 per cent of its total expenditure during 1965-66 to 1972-73, increased to 42 per cent in 1973-74 and 51 per cent in 1974-75 even though the Council had the minimum programme of fairs during these two years. The Committee recommend that expenditure on Establishment should be brought down and kept within reasonable limits. The Committee also suggest that Government should lay down firm percentage of expenditure not only for establishment but also on other items e.g. construction, decoration, etc. so that expenditure overall and on any one item is not disproportionately high.

2.31. Actual expenditure incurred in foreign exchange on fair participation and deputation of Council's exhibitions teams was as under:—

					(Rs. in lakhs)					
Year					No. of Fairs/ Exhibi- tions.	Foreign Exchange sanc- tioned	Actual expendi- ture incurred in foreign exchange.	Foreign exchange expen- diture on de- putation of Council's Exhibition Team		
1964-65	.	.	.	.	2	4.45	4.33	0.15		
1965-66	.	.	.	.	5	12.32	11.40	0.30		
1966-67	.	.	.	.	5	10.10	7.89	0.25		
1967-68	.	.	.	.	6	12.38	10.29	0.64		
1968-69	.	.	.	.	6	11.47	9.42	0.74		
1969-70	.	.	.	.	5	13.08	12.04	0.77		
1970-71	.	.	.	.	11	20.87	18.62	2.17		
1971-72	.	.	.	.	7	16.63	15.74	1.52		
1972-73	.	.	.	.	8	15.50	14.47	1.92		
1973-74*	.	.	.	.	1	4.62	4.34	0.82		
1974-75	.	.	.	.	2	2	0	0		
<b>TOTAL</b>					<b>58</b>	<b>121.42</b>	<b>108.54</b>	<b>9.28</b>		

\* The accounts of Cairo International Fair (March 10-31, 1975) and the International Spring Fair for consumer Goods Utrecht (Holland) are still to be finalised.

2.32. As against the total foreign exchange of Rs. 117.82 lakhs spent by the Council, it earned a total foreign exchange of Rs. 41.34 lakhs (Rs. 36.73 lakhs through the sale of exhibits sent by participants and Rs. 4.61 lakhs by the Council) during 1964-65 to 1973-74.

2.33. \*Details of expenditure incurred by the Indian Council of Trade Fairs and Exhibitions, Bombay on decorative items during the period 1969-70 to 1973-74 (5 years) are given below:—

	1969-70 (5 Fairs)	1970-71 (11 Fairs)	1971-72 (7 Fairs)	1972-73 (18 Fairs)	1973-74 (1 Exhibition)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Total Expenditure on decorative items . . .	*64,158	1,09,817	1,77,211	2,03,945	1,19,370	6,74,501
(ii) Cost of Items sold . . . . .	32,471	59,527	56,871	95,348	33,704	2,77,921
(iii) Sale proceeds realised (Net) after payment of Duty, etc. . . . .	36,200	87,594	89,472	1,74,238	90,630	4,78,134
(iv) Insurance claims lodged . . . . .	7,045	28,897	86,532	74,253	43,596	**2,40,373
(v) Closing stock as on 31-3-74 . . . . .	..	..	..	..	..	£1,78,616

\*Including operating stock of items worth Rs. 22,579.

\*\*Amount realised Rs. 1,07,552 so far.

£ Items returned from Cara Cas 1974.

2.34. The stock Register is checked at the time of audit both by the Council's own auditors and by the Government auditors. No report of mismanagement has, it has been \*stated, been made in any audit conducted. During evidence, Chairman, ICTFE stated: "All purchases of exhibitions decoration are made from Government agencies and Government Emporia, Khadi Bhandar, or any of the Government appointed shops. That is a safeguard against malpractices."

2.35. The Committee note that during the period 1964-65 to 1973-74, ICTFE organised 57 fairs. As against total foreign exchange of

\* Reply not vetted by audit.



Rs. 121.42 lakhs sanctioned to it, its actual expenditure in foreign exchange was Rs. 108.54 lakhs. Its foreign exchange expenditure on deputation of exhibition teams amounted to Rs. 9.28 lakhs. The Committee find that during 1965-66 to 1974-75, ICTFE negotiated business to the extent of Rs. 9551 lakhs and earned a total foreign exchange of Rs. 41.34 lakhs. The Committee feel that this achievement is not very impressive. No doubt since the ICTFE is not primarily a sales organisation, its performance has more appropriately to be judged in terms of business negotiated and foreign exchange earned. The Committee recommend that effective steps should be taken by ICTFE to generate adequate export business and step up its foreign exchange earnings by projecting a more meaningful image of the export potential of the country particularly in semi-manufactured and non-traditional goods and industrial products and by establishing contacts with the leading importers/agencies of the country.

(b) *Dependence on Government Subsidy*

2.36. The following \*subsidies were given by Government to the Indian Council of Trade Fairs and Exhibitions, Bombay during the last 10 years:—

Year	Amount of subsidy
	Rs.
1965-66	14,74,125
1966-67	13,07,000
1967-68	13,82,000
1968-69	11,69,548
1969-70	15,93,730
1970-71	25,03,000
1971-72	15,00,000
1972-73	19,47,000
1973-74	14,28,160
1974-75	7,93,000
TOTAL	1,51,87,563

\*Reply not vetted by Audit.

2.37. The Committee enquired why the Indian Council of Trade Fairs and Exhibitions still continued to depend on Government subsidies and had failed to grow up into a self-sufficient organisation. In reply, the Ministry of Commerce stated:—

“The Council has been receiving an annual grant-in-aid from Government on its providing a contribution of 33½ per cent of the actual expenditure incurred, as against the contribution of 25 per cent by Export Promotion Council for participation in fairs and exhibitions. Notwithstanding the higher contribution required from it, the ICTFE has met its financial obligations without any lapses. In addition, it has been meeting from its own resources expenditure on transport of goods which has aggregated to about Rs. 35 lakhs.”

2.38. The Chairman, Indian Council of Trade Fairs and Exhibitions stated during evidence that the Council had brought its contribution up to 38 per cent. He pointed out that while in the case of the Directorate of Exhibitions and Commercial Publicity, transport charges were borne by the Ministry of Commerce, in the case of the Council such charges were recovered from the participants. If this fact was taken into consideration, the Council's contribution would amount to 50 per cent. The witness felt confident that if the Mudaliar Committee's recommendation was implemented by Government in full, and the Council was given adequate programmes of, say, 20 fairs in a year, the Council would be self-sufficient. Stressing the importance of adequate programmes for the Council, the witness said:

“A viable programme is like petrol. We are an engine without petrol.”

2.39. The Committee find that the Indian Council of Trade Fairs and Exhibitions has failed to grow into a viable and self-supporting organisation, despite having worked for as many as 10 years. Its continued dependence on Government subsidies is a matter of concern. It has been given a total subsidy of Rs. 151.88 lakhs since 1965-66 by Government. During evidence, the Chairman of the Council explained that the Council had already brought its contribution to 38 per cent and if the transportation charges which the Council recovered from its participants were also taken into account, its contribution would amount to 50 per cent. It was claimed that if the Council who given an adequate programme of, say, 20 fairs in a year, the Council would be able to raise its contribution and

become self-sufficient. The Committee recommend that until such time as a single fair authority is set up, the Council should be assigned an adequate programme of fairs so that it could ensure optimum utilisation of its resources and would not need to be kept alive by large subsidies from year to year. The Committee need hardly stress that meanwhile, fairs and exhibitions in countries where the State fully run their economies should be invariably entrusted to a State agency like the Directorate of Exhibitions and Commercial Publicity.

(c) *Audit*

2.40. Clause 33 of the Memorandum of Association of the Indian Council of Trade Fairs and Exhibitions, Bombay stipulates that "the accounts of the Council shall be audited annually by qualified auditors appointed for the purpose by the governing body and any expenditure incurred in connection with the audit of accounts of the Council shall be payable by the Council." Audit of the accounts of the Council is conducted by Chartered accountants. Its accounts are also test checked by the local Audit Party from the Office of the Sr. D.A.G. Commerce, Works and Miscellaneous, Bombay.

2.41. In a written Note, the Committee were informed that there are no outstanding audit objections in respect of the accounts for the period upto 30th September, 1972. The objections raised in the draft audit paras relating to the subsequent period are, however, yet to be finally settled.

2.42. In their reports on the accounts of grants in aid paid by Government to the Council, the Local Audit had more than once pointed out that large funds of the Council remain locked up in foreign banks. The total amount of funds locked up in foreign banks was Rs. 8.21 lakhs as on 31st March, 1969. In 1969-70, the locked up amount was however found reduced to Rs. 4.50 lakhs and by 31st March, 1974 the amount was further reduced to Rs. 0.13

lakh as per details given below:—

Date of repatriation of the amount to India after settlement of outstanding bills.	Name of the Fair	Name of the Foreign Bank	Rupees equivalent held in foreign banks.
22-7-75	Bucharest Fair (1970)	Rumanian Bank of Foreign Trade.	419.88
18-4-75	Nairobi Fair (1971)	Bank of India, Nairobi	583.77
10-6-75	Baghdad Fair (1972)	Commercial Bank of Iraq, Baghdad.	6180.25
2-1-75	Thessaliniki Fair (1972)	Commercial Bank of Greece, Thessaliniki.	685.68
—	Caracas Exhibition (1974)	Barce Royal Venezolancca	5785.03
			<u>13654.61</u>

2.43. In their report on the accounts for the year 1972-73, the Council's Commercial Auditors had pointed out that for the purposes of verification of the foreign bank account as on 31st March, 1973, no confirmations were available from 12 foreign banks.

2.44. In a written \*Note, the Council explained that foreign banks concerned neither sent to the Council nor to their Commercial auditors statement of bank balances held by them in the Council's account as on 31st March, 1973 despite repeated reminders to them as well as efforts made by the concerned Indian Missions on their written requests to that effect. It was stated that after the close of any Fair or exhibition, it took some time to settle some of the bills, particularly those relating to the work of handling and clearing exhibits and to the return of unsold goods to India. Action for the repatriation to India of balances, if any, lying in the Council's account in the concerned foreign banks, is taken only after settlement of all outstanding bills and the advice received from the concerned Indian Missions to this effect.

2.45. The Committee regret that the Council's funds remain locked up in foreign banks for a number of years after the fair/exhibition

\*Not vetted by Auditor

is over. For example, the amount of Rs. 419.88 lying in Rumanian Bank of Foreign Trade since 1970, Rs. 583.77 lying in Nairobi Bank since 1971 and Rs. 6,180.25 in Commercial Bank of Iraq since 1972 were repatriated to India only in 1975. The Committee recommend that steps be taken to settle all outstanding bills relating to a fair/exhibition promptly and repatriate all outstanding amounts to India without such delays. Now that nationalised banks and the State Bank of India have set up a large number of Branches abroad, the Committee recommend that, considering the experience with foreign banks, Government should impress on ICTFE and such other agencies as get substantial aid from Government to make greater use of the banking facilities offered overseas by the State Bank of India and other nationalised banks for their internal and external transactions.

#### D. Assessment of Performance

##### (a) Business Negotiated

2.46. The Indian Council of Trade Fairs and Exhibitions has arranged 56 fair participations (including three exclusive Indian Exhibitions) during the past ten years. A list of these fairs is at Appendix I.

2.47. The business negotiated at these fairs as reported amount- ed to Rs. 95.51 crores. The year-wise break-up is given below:—

Year	No. of Events	Negotiated		Total
		Rs. lakhs	Under negotia- tion	
1965-66	5	284.42	28.53	312.95
1966-67	5	614.32	274.68	889.00
1967-68	6	168.80	537.25	706.05
1968-69	6	995.00	..	995.00
1969-70	5	3505.00	..	3505.00
1970-71	11	340.67	566.53	907.20
1971-72	7	483.37	457.13	940.50
1972-73	8	506.77	582.00	1088.77
1973-74	1	52.00	15.00	67.00
1974-75	2	28.00	112.00	140.00
TOTAL	56	6978.35	2573.12	9551.4

2.48. The business negotiated by Indian Council of Trade Fairs and Exhibitions and the Directorate of Exhibitions and Commercial Publicity during 1967-68 to 1974-75 has been as under:—

Year	Indian Council		Directorate	
	No. of Fairs	Business Negotiated	No. of Fairs	Business Negotiated
		(Rs. Lakhs)		(Rs. Lakhs)
1967-68	6	706.05	9	392.00
1968-69	6	995.00	10	408.63
1969-70	5	3505.00	11	1248.66
1970-71	11	907.20	14	1274.85
1971-72	7	940.50	15	1328.97
1972-73	8	1088.77	7	482.35
1973-74	1	67.00	20	1217.96
1974-75	2	140.00	13	1209.70
TOTAL	46	8349.52	99	7563.12

2.49. In a \*note furnished to the Committee, it was stated by the Council that:

“It is not possible to state how much business actually materialised from the reported business negotiated and under negotiation.”

2.50. During the past 10 years, the Council received 13 awards at the Internal Fairs in which participation was organised by it.

2.51. The Committee asked if the awards and medals received by a country at International Fairs could be taken as an indicator of the performance. The former Secretary Ministry of Commerce expressed the following view during evidence:

“There are many considerations. We have drawn consolation from such awards. We get a gold medal and begin to think that it is because our pavilion was the best. It is possible that the award was given because the organisers realised India is a non-aligned country or an Asian country. Let me explain this a bit. I was incharge of exhibitions and I went to Italy to attend a Fair. The person

\*Not vetted by Audit.

incharge of exhibitions there was an ex-Prime Minister of that country and he had been organising fairs for forty years. He gave me lot of information and one of the things he told me was that prizes should not be given as it is a tremendous headache. The Foreign office wants a prize to be given to one country whereas the Commerce Ministry wants another prize to be given to someone else."

2.52. The Chairman, Indian Council of Trade Fairs and Exhibitions opined:

"You can deceive some people all of the time and all for some of the time but you cannot deceive all people all of the time. In one year we may get or give awards which are not connected with merit but because of friendship etc. as the Special Secretary, Internal Trade at that time alleged. But, if you do that kind of thing more than once, other participants will know of it and the awards will have no meaning."

2.53. The representative of the Ministry of External Affairs added:

"Awards are of significance. We also give awards. For example, in Lusaka for last 2 years, we got awards. We do value them."

**2.54. The Committee are glad that the Council earned some awards for the country. It may be that such awards are not always a genuine indicator of excellence, but in so far as they go, they are welcome. A more valuable evidence of success, however, is the amount of business negotiated. The Committee note that during the period 1967-68 to 1974-75, the Indian Council of Trade Fairs & Exhibitions negotiated business to the extent of Rs. 83.50 crores. The Committee feel that more important than the figures of business negotiated are the figures of firm contracts actually entered and the exports which have been effected. The Committee feel that it should be possible for Government in consultation with the Council to devise suitable proforma to record all these vital statistics and information to facilitate a meaningful evaluation of the contribution made in augmenting export earnings by participation in the Fairs.**

*(b) Procedure for Award of Contracts*

2.55. In the case of the Directorate of Exhibition and Commercial Publicity, the entire expenditure incurred on fair participations and Exhibitions abroad is controlled by the concerned Indian Mis-

sions. As such, the appointment of contractors, acceptance of quotations and approval of the payments to be made are the responsibility of the Missions.

2.56. In the case of the Indian Council of Trade Fairs and Exhibitions, which is an autonomous body, the concerned Indian Mission makes financial commitments on the Council's behalf with its concurrence. The Council has stated that it has always accepted the recommendations of the Indian Mission for the appointment of Architect|contractor.

2.57. In the entire effort, the Indian Missions are stated to have a major share of responsibility which has been defined in Chapter X of "Manual of Instructions to Indian Commercial Representatives abroad." Paras 8 and 9 of that Chapter are reproduced below:—

"8(a) The architect chosen should be asked to give a design of the pavilion, which, before finalisation, should be got approved by the Director of the Exhibitions.

(b) It is not necessary to invite tenders for selecting architects as their schedule of charges are fixed by the competent local authorities of each country. A regular agreement should, however, be drawn up including term & conditions for employment of the architect selected.

9. On the basis of the approved design, the Commercial Representative should invite tenders from firms included in the list approved by the local authorities for construction|modification of the exhibition building and with the approval of the Head of Mission *accept the lowest offer*. All such tenders should contain full details with specifications and rates on the basis of which works are to be executed or supplies made."

2.58. Out of \*59 fairs organised by the Council so far 19 fairs were held in East European countries viz. G.D.R., Hungary, Poland, Bulgaria, Yugoslavia, Rumania and Czechoslovakia where centralised economic system prevail and the architects/contractors were provided by the Fair Authorities and their schedule of charges for various items of work was fixed by their Government/Fair Authorities.

2.59. According to the Information available with the Council the concerned Indian Missions had appointed architects/contractors

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\*if 1st House-comforts show Brussels and 44th Brussels Commercial Fair hold immediately thereafter are treated as one.



on the basis of tenders invited by them in the following 17 fairs and exhibitions.

1. Brussels Food & Domestic Equipments Fair (BELGIUM) . . . . .	1966
2. Paris Food Fair (FRANCE) . . . . .	1966
3. Indian Trade Exhibition Khartoum (SUDAN) . . . . .	1968
4. Baghdad International Fair (IRAQ) . . . . .	1968
5. Daily Mail Ideal Home Exhibition London (U.K.) . . . . .	1969
6. Milan International Trade Fair (ITALY) . . . . .	1970
7. Cairo International Trade Fair for Industry (A.R.E.) . . . . .	1970
8. Damascus International Fair (SYRIA) . . . . .	1970
9. Ghana International Trade Fair (ACCRA) . . . . .	1971
10. Baghdad International Fair (IRAQ) . . . . .	1971
11. Nairobi Agricultural Show (KENYA) . . . . .	1971
12. Cairo International Fair (A.R.E.) . . . . .	1972
13. XL International Samples Fair, Barcelona (SPA IN) . . . . .	1972
14. Vienna International Fair (AUSTRALIA) . . . . .	1972
15. Baghdad International Fair (IRAQ) . . . . .	1972
16. Indian Industrial Exhibition, Caracas (VENEZUELA) . . . . .	1974
17. International Spring Fair for Consumer Goods Utrecht (HOLLAND) . . . . .	1975

2.60. In the case of the following 6 fairs, the concerned Indian Missions had appointed the same architects/contractors as their rates were found reasonable and competitive and as their performance in previous participations in the fairs was considered satisfactory:—

1. Frankfurt International Spring Fair (WEST GERMANY) . . . . .	1971
2. Daily Mail Ideal Home Exhibition, London (U.K.) . . . . .	1971
3. 1st Household Comforts Show, Brussels (BELGIUM) . . . . .	1971
4. 44th Brussels Commercial Fair, Brussels (BELGIUM) . . . . .	1971
5. Milan International Fair (ITALY) . . . . .	1972
6. Cairo International Fair (A.R.E.) . . . . .	1975

2.61. In the case of the following 17 fairs, information whether Architects/Contractors were appointed by the concerned Indian Missions on tender basis was not available with the Council:

1.	III Bangkok Industrial Fair (THAILAND)	1965
2.	Royal Agricultural Show Nairobi (KENYA)	1965
3.	International Samples Fair Barcalora (SPAIN)	1967
4.	International Trade Fair, Sydney (AUSTRALIA)	1967
5.	Tripoli International Fair (LIBYA)	1968
6.	Frankfurt Spring Fair (WEST GERMANY)	1968
7.	Partners of Progress Exhibition Berlin (WEST GERMANY)	1968
8.	Frankfurt International Spring Fair (WEST GERMANY)	1969
9.	Partners for Progress Exhibition Berlin (WEST GERMANY)	1969
10.	Sydney International Fair (AUSTRALIA)	1969
11.	Frankfurt Spring Fair (WEST GERMANY)	1970
12.	National Agricultural and Trade Fair, Dar-es-Salaam (TANZANIA)	1970
13.	Overseas Import Fair, Berlin (WEST GERMANY)	1970
14.	Texas State Fair, Dallas (U.S.A.)	1970
15.	Zambia Trade Fair, Ndola (Zambia).	1971
16.	The Saloniki International Fair (GREECE)	1972
17.	Tripoli International Fair (LIBYA)	1973

In this connection, the Council has stated:

“The concerned Indian Missions had informed the Council of their having appointed the architect/contractors. We can only presume that the concerned Indian Mission would have appointed the architects/contractors on the basis of tenders as per our request.”

2.62. During evidence, the Committee enquired whether in cases where there was a single tenderer or where it is the architect who appoints the contractor, the possibility of corruption was not there. In reply, the former Secretary, Ministry of Commerce stated:

“In some cases even the Embassy staff does not know what Exhibition Teams were doing. In many cases, during my travels, I was told, that the exhibition was set up without any advice from the Embassy. They were not at all consulted. In one place, the tender for putting up the

pavillion was brought down considerably—near by half. . . . These lapses did come to our notice.”

2.63. In a note furnished to the Committee after evidence, the Indian Council of Trade Fairs and Exhibition intimated that the following procedure was adopted by them for construction of the pavillion abroad:

- (i) The Council, on receipt of its programme of fair participations from the Ministry of Commerce, requests the concerned Indian Mission to book a suitable site for the India Pavillion keeping in view the scope of the fair and to send the ground plan of the space booked along with their suggestions.
- (ii) Thereafter a detailed questionnaire prepared by the Council is sent to the concerned Mission for obtaining necessary information about the space booked so as to enable them to prepare a lay-out plan indicating the requirements of work to be undertaken by the architect/decorator.
- (iii) A detailed lay-out plan along with the explanatory memorandum spelling out the requirements of work to be undertaken by architect/decorator such as construction, interior design, colour scheme, type of facade, setting up of offices, discussion chambers and store, special lighting effects, false ceiling etc. as well as making available on hire furniture, telephone connections, display props, pediums and platforms of specific designs and dimensions etc. is sent to the concerned Indian Mission to enable them to architect/decorator. The Mission is also requested to make any modifications considered suitable by them to ensure that the display and decor in the pavillion is attractive, modern, sophisticated and has an Indian look.
- (iv) In some cases where participation in the fairs/exhibitions **is organised by the Council** for the first time or after a gap of a few years, the concerned Indian Mission insists upon the preliminary visit of an officer of the Council to assist them in clarifying various requirements of work involved towards decoration, display of products, interior designs and constructional modifications according to the theme of India's participation in the fair. The proposal for such deputation is forwarded to the Ministry of

Commerce for Government sanction. Wherever the preliminary visit has been permitted by the Government generally for a short period of about one week, a senior officer of the Council is deputed and his role is to assist the concerned Indian Mission to clarify the various requirements of work involved for finalising the contract and for the appointment of architect/contractor.

- (v) The work undertaken by the architect/contractor is supervised by the concerned Indian Mission till the arrival of the Council's exhibition team which generally reaches the fair centre ten to fifteen days before the start of the fair in accordance with the normal deputation period approved by the Government of India.
- (vi) The Council's exhibition team on arrival at the fair centre looks after the work of completion of various jobs including the display of exhibits according to the terms of contract awarded by the concerned Indian Mission, so that the pavillion is ready in time for the opening of the Fair/Exhibition."

2.64. The Committee desired to know if the Indian Pavillions in fairs/exhibitions held abroad were set up on the basis of competitive tenders. In reply, the representative of the Ministry of Commerce stated in evidence:—

"Depending upon the time available it is found that the embassies have been following different practices, sometimes inviting tenders, sometimes awarding it on the basis of their own knowledge of the competence of the persons concerned. We also find that very often this work would have been undertaken by the time the people from Delhi reach the place of exhibition."

2.65. Asked whether the Committee could take it that the Indian Missions in almost every case did call for tenders and generally accepted the lowest tender. In reply, the representative of the Ministry of External Affairs said:—

'In general, yes. But as the Commerce Secretary pointed out, in certain countries, not only East European countries, but in certain countries of Africa for instance, one has to choose as contractor from a limited number and registered firms with the fair authorities."

2.66. The Committee desired to know in how many fairs/exhibitions held abroad, tenders were on competitive basis and in how many on a single tender basis, the witness said that the requisite information will have to be collected from the Indian Embassies. The Committee accordingly desired to know the factual position about the tenders invited and accepted by Indian Missions abroad during the last 5 years in connection with fairs/exhibitions in those countries where the Mission has the option to go through the normal procedure of asking for tenders and accepting generally the lowest tender. The Ministry of External Affairs, in a Note furnished after evidence, replied that:—

—“The information furnished by the Missions in this regard has revealed that in most of the cases the Missions (Accra; Brussels; Caracas; Frankfurt, Khartoum, Nairobi, Sydney; Vienna; Rome) called for tenders, based on the plan drawings; decoration requirements and related specifications as made available by the authorities sponsoring the exhibition and the lowest tenders/quotations were accepted after taking into consideration the firm's technical competence, experience in the field, financial standing, operational reputation and similar other factors. In the case of exhibition in Spain the lowest tender was not accepted by the Mission and reasons for doing so were recorded by the competent authority. The procedure of inviting quotations/tenders could not be followed in respect of fairs/exhibitions held in East European countries like [Berlin (East), Dudapest, Sofia, Bucharest] as the construction and other work is done by the State controlled Agencies, the rates were approved by the concerned fair authorities. However, in regard to exhibitions which were organised in Belgrade, Paris, The Hague and London, no information is available with the Missions concerned. H.C.I. Dar-es-Salaam is the only Mission which had not called for the tenders but the work was entrusted to the firm M/s. H. L. Shah, Chartered Architect, after discussing the rates etc. from other firms.”

**2.67. The Committee find that out of 59\* fairs organised by the Indian Council of Trade Fairs and Exhibitions, 19 fairs were held in East European countries where architects/contractors were provided by the Fair authorities. In 17 fairs/exhibitions the concerned**

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\*58 if 1st Household comforts show and 44th Brussels Commercial Fair held immediately thereafter are treated as one.

Indian Missions appointed architects/contractors on the basis of tenders. In the case of 6 fairs the concerned Indian Missions are stated to have appointed the same architects/contractors as their rates were found reasonable and as their performance in previous fairs was considered satisfactory. In the remaining 17 fairs/exhibitions, information whether architects/contractors were appointed by the concerned Indian Mission on tender basis was stated to be not available with the Council who merely presumed that in these cases the concerned Missions "would have appointed the architects/contractors on the basis of tenders as per our required." The Committee have been informed by the Ministry of External Affairs that information furnished by the Indian Missions in this regard has revealed that in the cases of exhibition in Spain the lowest tender was not accepted by the Mission and the reasons for doing so were recorded by the competent authority. It was confirmed by the Ministry that High Commission of India, Dar-es-Salaam was the only Mission which had not called for the tenders but the work was entrusted to the firm after discussing the rates etc. from other firms. No information was said to be available with the Missions concerned about exhibitions organised in Belgrade, Paris, The Hague and London. In the circumstances, the Committee recommend that Government should conduct an enquiry to make sure that there has been no favouritism or other lapses in the engagement of contractors/architects and that established procedure governing award of contracts was followed in all cases. Results of the enquiry should be intimated to the Committee.

The Committee also suggest that Government should have a close look at the contract system and where private contractors have to be engaged it should be ensured that payments made to them relate to specific items of work as and when these are satisfactorily completed. Approved panels for various assignments for construction and decoration of pavillions should be drawn up in advance to rule out the possibility of favouritism in the award of contracts and to make sure that the quality of work is not substandard.

(c) *Feasibility of construction through Indian Contractors.*

2.68. The Committee enquired whether any comparative estimate had been made by Government to find out it taking our own men to foreign countries for construction of pavilions abroad would be more economical than engaging foreign contractors. In reply, the Commerce Secretary stated:

"I do not think that we have done that exercise."

2.69. Asked when foreign countries participating in a fair held in India often want to bring their own workmen to do the job in a satisfactory way, it did not stand to reason that India should not have a comparable arrangement, the representative of the Ministry of Commerce said:

“importation of unskilled and semi-skilled labour is always frowned upon in any country. When we held the exhibition here in 1972, we did not allow labour from outside countries to come except when prefabricated structures were brought and were being assembled here. Even there we insisted that they should associate an architect who is a member of the Indian Institute of Architects to be associated within... We have taken prefabricated structures in a knocked down condition and re-assembled them abroad. There are two or three instances like that and there are schemes to do it on a larger scale later on.”

The Commerce Secretary added:

“We had a single experience of trying to hold an exhibition in one of the islands and we had to send out a local architect from India because that country had none.

Then we realised how difficult it would be for the contractor who goes from here not only to design but also to get materials most of which would be from local sources like brick, mortar, cement etc. They said you will have to take them all across from India. Ultimately, of course the exhibition was given up, but the lesson remains.”

2.70. The Committee enquired whether Government had given contracts for building pavillions abroad to an Indian contractor. In reply, the representative of the Ministry of Commerce said:—

“Normally we invite tenders only in the country where the work is to be executed. I do not know whether there is any precedent where tenders were invited from Indian contractors for constructing pavilions abroad.”

2.71. The Ministry of Commerce stated in a Note\* furnished after the evidence that though a comparative study had not been made the question of setting up the pavillions by sending workers and material from India had been considered by Government particularly in relation to fair participation in countries where the costs were very

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\*Not vetted by audit.

high or where the desired level of expertise was not available. Citing the example of Algiers International Fair held in 1973, it was stated that an attempt was made to set up the pavillion with structurals and technicians from India. The area of the pavillion was 530 sq. metres. The expenditure excluding the cost of transportation of the prefabricated structure from India amounted to about Rs. 3.84 lakhs. If the cost of transportation, handling and clearance were to be added, the expenditure would work out to over Rs. 900 per sq. metre. The structurals after use were diverted to the Maldives where an Indian exhibition was proposed to be held. On inspection these were found to be in need of very heavy repairs and replenishment, and the estimated cost for making them useable was about a lakh of rupees. This exhibition could not take place. As against Algiers, the expenditure on construction and decoration incurred at the fairs at Leipzig, Paris and Barcelona in 1973 averaged Rs. 422/- per sq. metre.

2.72. For participation in the Teheran Fair in 1975, it was proposed to send carpenters from India for wood work. It was, however, estimated that the expenditure on the travel and stay of two carpenters for 15 days each would amount to about Rs. 10,000/- or roughly Rs. 330/- per man-day, about double the local costs for similar labour. The total cost of construction and decoration at this fair worked out to Rs. 475/- per sq. metre inspite of the steep escalation of prices which had taken place since 1973.

2.73. The Committee are glad that in two or three instances prefabricated structures were taken from India in a knocked-down condition and re-assembled abroad, and that in view of the success of this experiment, Government had schemes to do it on a larger scale later on. The Committee regret that Government have not so far made any comparative study of the costs involved if contracts for selling up Indian pavillions abroad are awarded to Indian contractors instead of foreign contractors. The Committee recommend that such a study should be undertaken early so that the feasibility and economics of having such jobs done by Indian contractors, could be determined. The Committee would like to draw special attention to the desirability of employing Indian architects and interior decorators in the matter of setting up exhibition so that they can import a truly distinctive Indian touch to enhance the attractiveness of our Exhibition area.

#### *Views of Indian Missions abroad*

2.74. The former Secretary, Ministry of Commerce had in his first note submitted to the Commerce Minister about the functioning of



the ICTEF drawn attention to serious complaints received against the ICTFE. An enquiry was thereupon made by the Ministry of Commerce from all the Indian Missions concerned, the Ministry of External Affairs and the Territorial Division of the Ministry of Commerce.

2.75. A summary of views of Indian Missions abroad on the various aspects of fair/exhibitions organised by the Indian Council of Trade Fairs and Exhibitions, Bombay, both adverse and favourable, together with the comments\* furnished by the Council on each adverse remark made by the Indian Missions abroad is given in Appendix II.

2.76. The main points mentioned in favourable views expressed by the Indian Missions were:

- (i) tastefully decorated Pavillion (International Trade Fair, Sydney-Oct. 67)
- (ii) most representative display (Zagreb International Fair—Sept. 68)
- (iii) participation concentrated on engineering and technical products in a business like manner (Cairo International Trade Fair for Industry—May/June, 1970)
- (iv) joint team work (National Agricultural & Trade Fair, Dar-es-Sallam—July, 70)
- (v) India Pavillion—distinctive identify and most attractive (Overseas Import Fair, Berlin—Aug., 70)
- (vi) pavillion greatly admired by everybody (Ghana International Trade Fair, Accra—Feb., 71)
- (vii) best exhibition ever put up in Vienna (Vienna International Fair—Sept., 72)
- (viii) a variety of colourful textiles and other consumer goods and a host of engineering items and machines with blow-ups of India's industrial development give representative idea of economic growth, cultural heritage and social service. (Tripoli International Fair, March 73).
- (ix) Indian Pavillion looks extremely attractive (International Spring Fair for consumer goods, Utrecht. Holland—March 75)
- (x) excellent work done by the Council's exhibition team (Cairo International Fair, Egypt—March, 75)

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\*Not Vetted in Audit.

2.77. The main points of criticism by Indian Missions were:—

- (1) Prominence given to traditional items;
- (2) Retailing mentality;
- (3) Industrial development not truly reflected;
- (4) Some shop soiled goods were displayed;
- (5) Packing unsatisfactory;
- (6) Winding up work grossly mismanaged;
- (7) Alleged excessive import of liquor of expensive deluxe brands by the Director, Indian Pavillion.
- (8) Pavillion resembled a cantilevered green-house.
- (9) Retail sales should not have been organised as this had transformed the pavillion into a bazar.
- (10) Display deficient in some of the important items of electrical items, refrigerators etc.
- (11) Sale of goods without obtaining import licenses and delay in payment of customs duty.

2.78. Referring to the points of criticism by the Indian Missions, the Chairman, ICTFE stated in evidence:—

“I have tried to be as fair, honest and accurate as I could be in my statement...., where I gave adverse remarks as well as favourable remarks. There are criticisms about shop-soiled goods, bad packaging and things like that. There is not one charge involving moral turpitude.... For instance, that prominence has been given to traditional items. That was criticism about Leipzig Fair participation.”

2.79. The Committee pointed out that the Report of the Indian Mission on Baghdad International Fair (October, 1971) had pointed out a number of inadequacies, e.g. display of goods hardly made any impact on visitors, Council did not depute any person trained in display, walls of the pavillion were left completely barren, exhibits were neither cleaned, nor painted nor polished, a large number of shop-soiled goods were displayed, no effort was made to display items which had a market potential in Iraq thus betraying a lack of advance planning, the request of the Railway Board for participation in the Fair was summarily turned down, the pavillion did not

have a visitors book. The committee observed that apart from drinking bouts these points added upto a total picture of something not very savoury. In reply, the Chairman, ICTFE stated:

"If, for argument's sake, we agree that it is not upto the mark, what about the 56 fairs? Are we going to be condemned on the basis of performance in one fair."

2.80. The representative of the Ministry of Commerce admitted the inadequacies pointed out by the Indian Missions and said in evidence:

"In a general way, I can say that all these comments relate to inadequacies in the exhibitions. They refer to the fact that the exhibits arrived too late, or the exhibitis were not of the right type for that fair or country, or that there was too much emphasis on modern machinery and equipment or they referred to difficulties which the exhibition staff had to face in customs or some violation of the regulations relating to customs in that country. In one case there is also a specific complaint about too much liquor being used for presentation and also about the grade of the liquor that had been used."

2.81. **The Committee are unhappy that some of the fairs/exhibitions organised by the Indian Council of Trade Fairs and Exhibitions left much to be desired and if the reports received from the Indian Missions concerned are any indication, these fairs/exhibitions revealed many avoidable deficiencies and inadequacies. The main points of criticism of these fairs/exhibitions were: prominence to traditional items, 'retailing mentality', inadequate reflection of industrial development, display of shop-soiled goods, unsatisfactory packing, gross mis-management of winding-up work, 'pavillion's look recembling a cantilevered green-house', etc. The Committee feel that if the Indian Council of Trade Fairs and Exhibitions had tried to profit from such criticism, its management of fairs/exhibitions would have shown a distinct improvement. In case it is decided to retain the Council, the Committee would ask Government to undertake drastic reformation of the manner and quality of our fair management abroad.**

*(e) Complaints and Allegations*

2.82. The second note (dated 6th August, 1973) submitted by the former Secretary (Internal Trade) to the Commerce Minister reads as follows:—

"I casually mentioned to the Prime Minister that we had received serious complaints from our Ambassadors about

the conduct of the Indian Council of Trade Fairs and Exhibitions. These related to (a) inclusion of liquor cases alongwith exhibits and the local government's refusal to allow their return to India, (b) employment of girls and their use for questionable purposes and (c) selling goods during and exhibition and not paying the customs duty, etc. resulting in local government's refusal to clear our exhibits in the subsequent years.

The Prime Minister was shocked to hear this. She never realised that our earlier reference to certain serious complaints related to such gross misconduct. She was under the impression that our views referred to their poor performance where the role of the Directorate of Exhibitions was not commendable either.

Minister has already instructed to allot some work to the Indian Council of Trade Fairs and Exhibitions. Before taking action it may be advisable to draw the Prime Minister's attention to this formally as well."

The Committee thereupon enquired into somewhat greater details the complaints regarding the following fairs:

(a) *Frankfurt Fair* (1966).

2.83. In an Article titled "Fairs Malpractices Shock PM" published in Hindustan Times of April 7, 1975, it was alleged that "the then Indian Ambassador to West Germany reported in 1966 that the Council bosses did nothing during the Frankfurt Fair except 'boozing and sex'." The Committee enquired if that allegation was true. The Council in its written reply stated that it did not organise participation in the Frankfurt Fair either in 1965-66 or in 1966-67. While the Frankfurt Fairs in 1969, 1970 and 1971 were organised by ICTFE, the one held in 1975 was organised by the Directorate of Exhibition and Commercial Publicity.

2.84. During evidence, the representative of the Ministry of External Affairs said:

"We have nothing on paper, but we have made some enquiries from people who were in Bonn at that time and were told that the fair in Frankfurt was very inefficiently run and that the ambassador had stated—we believe in writ-

ing—that certain individuals who had participated in the fair should not be sent to Government again for another fair.”

2.85. In a note\* furnished after evidence, the Ministry of Commerce stated (January, 1976) that—

“Neither Directorate of Exhibitions and Commercial Publicity nor the Indian Council of Trade Fairs and Exhibitions, Bombay arranged any official participation in Frankfurt Fair during 1964, 1965 and 1966. We are, however, ascertaining if any other Government aided organisation participated in the Frankfurt Fair during these years.”

2.86. The Committee regret that it has not been possible for Government to ascertain whether any Government aided organisation had participated in the Frankfurt Fair (in 1966 or earlier), about which some unpleasant reports had found publicity. The Committee trust that the position would soon be clarified by Government's decisive ascertainment of the facts.

(ii) *Zagreb International Autumn Fair, 1971*

2.87. Zagreb International Autumn Fair (1971) was held from 9th September, 1971 to 19th September, 1971. The Exhibition team deputed by the Indian Council of Trade Fairs and Exhibitions to that Fair consisted of 5 persons. The Executive Director of the Council was incharge of the Indian Pavillion.

2.88. During evidence, the former Secretary, Ministry of Commerce referred to complaints of dishonourable conduct at the Yugoslavia Fair and said, “The result was the Indian Pavillion got a very bad name.”

2.89. When the Committee wanted to be reassured that the Ministry of Commerce had not adopted a desultory approach to specific complaints or allegations made in reports from Indian missions abroad or voiced in the press, the Chairman, Indian Council of Trade Fairs and Exhibitions stated in evidence that no case of misconduct was communicated to the Council by the Ministry of Commerce.

2.90. In its report on India's participation in the Zagreb International Autumn Fair, 1971, the Embassy of India made the following observation about 'Retail Sales' in the Indian pavillion:

“The retail sales while no doubt earning us the foreign exchange required for participation, and “popularising” an

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\*Not vetted in Audit.

otherwise remote pavillion, to nevertheless I feel detract from the basic purpose of participation in a Trade Fair, the sales willy-nilly result in transforming our pavillion into a Bazar with all the attendant in and pilferage. Consequently visitors to the pavillion are scarcely able to devote serious attention to the exhibits."

2.91. In his letter dated 8th October, 1971, addressed to the Ministry of Foreign Trade, the Indian Ambassador, however, expressed the view that—

"The features of retail sales, I think be continued—Its withdrawal will deal a death blow to our popularity—Indeed what will remain in our pavillion without the retail sales will soon cease to attract the people. I feel, therefore, that from the public point of view we should continue the retail sales."

2.92. The Committee note that in their Report on the Zagreb International Fair (1971), the Indian Embassy had pointed out that the preponderance given, willy-nilly, to "retail sales" had transformed the Indian Pavillion into a bazar "with all the attendant din and pilferage". The Indian Ambassador, however, felt that discontinuance of retail sales would "deal a death blow to our popularity". The Committee also heard complaints of dishonorable conduct at the Yugoslavia Fair from the former Secretary, Ministry of Commerce. The Committee trust that agencies which organise India's participation in fairs abroad and the persons deputed to such fairs would always follow the highest standards of conduct expected of them and ensure that no aspect of work is handled in a way that may bring discredit to the organisers and tarnish the image of the country."

(iii) *Baghdad International Fair (1971)*

2.93. The Indian Council for Trade Fairs and Exhibition participated in the 8th Baghdad International Fair which was held from 1st to 21st October, 1971. The exhibition team deputed to this fair consisted of one Ag. Marketing Manager to act as Director of India Pavillion, 2 Exhibition Organisers and one Clerk (Accounts).

2.94. On 6-11-71 Embassy of India, Baghdad reported to the Ministry of Foreign Trade, New Delhi that the Indian pavillion had imported a consignment of hard drinks from Beirut on the 5th October,

1971. The consignment totalling US \$ 269.68 consisted of the following:—

1 case Whisky Johnny Walker Red 12x40 cz:	92.—LL
2 case Whisky Johnny Walker Black 12x75	250.—LL
1 „ D. war's white label 12x40 cz	89.—LL
1 „ Dimple Haig 12x75	110.—LL
1 „ Cognac Martell ***12x75	125.—LL
Formalities & taxes	50.—LL
Fret and stamps	120.—LL'
	836.—LL
	OR
	US\$ 269.68

2.95. The Indian Embassy came to know of the consignment when they were asked to 'sign a franchise' for the same. They were rather surprised on the need of this import specially when 6 bottles of whisky and one bottle of cognac had already been supplied to the Director of the Pavilion for meeting his needs of official entertainment besides providing all the drinks required for the "India Day" reception. The Director when asked to let them know as to how the drinks were used stated that these were utilised for official entertainment.

2.96. The Embassy were not quite satisfied with the Director's explanation and observed that:

"It is rather inconceivable that 60 bottles of whisky and 12 bottles of Cognac were consumed on casual "official" entertainment in the pavilion in two to three weeks time. Besides, we are also unable to understand the need of importing 2 cases of deluxe whiskies viz. Johnny Walker Black Label and Dimple Haig and one case of Cognac. These are much more expensive brands than ordinary ones which could equally have met the needs of "official" entertainment economically. During the present time when the country is undergoing severe financial strain and acute foreign exchange shortage some discretion was called for on the part of the Director in the interests of economy."

2.97. The position in this regard was clarified by the Chairman of the Council in his letter of October 12, 1972 to the former Secretary

(IT), Ministry of Commerce the excerpts\* of which are reproduced below:

"After the close of the Baghdad Fair last year, the exhibits were packed by the exhibition team and left with the clearing agents (appointed by the Embassy of India) along with invoices as prepared according to their advice. A complete record of the consignment with full particulars was also given to the First Secretary (Commercial) in the Embassy. A month later the clearing agents desired the particulars to be recast in a different form and this was done. The Embassy was requested at frequent intervals to expedite return of the exhibits and transfer of sale proceeds. An officer of the Council, who visited Baghdad in May, 1972 again tried to speed up the process and whatever additional documents were required were sent on his return. A letter was sent to Ambassador requesting for his help in the matter. In July, 1972 the Embassy wanted the documents to be prepared in a different way. Since the entire information had already been given repeatedly, the position was clarified to the Embassy under advice to the Directorate of Exhibitions. The Council was again asked by the Embassy to send all the particulars in a new form and this has also been done. Neither the goods nor the sale proceeds have been returned to India so far.

The Embassy, in their letter of September, 17, 1972, asked for the first time for clarification regarding disposal of a few cases of liquor and cigarettes imported into the pavilion for official use and Customs-cleared through the clearing agents, and a few textile exhibits diverted from the Damascus Fair. The Officer, who was Director of the Pavilion at the Baghdad (Shri I. S. Gupta) is presently in Greece and in his absence, whatever information was on record has been furnished."

2.98. In his note\* dated 2-12-1971, the Director of the Pavilion pointed out that:—

- (i) the price of ordinary whisky per bottle in large size (40 ounces) for Johnny Walker (Red label) works out to Rs. 18.25 per bottle, for Dewar's (white label) Rs. 17.66, and for Johnny Walker (Black label) Rs. 24.80) and for

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\*Not vetted by Audit.



Dimple Haig Rs. 21.83. From this it would be seen that the difference in the price for Black Label and Dimple Haig and Johnny Walker (Red Label) is negligible.

- (ii) Besides, ordinary size bottle (Johnny Walker) Red Label and Dewar's white label) were not available in stock at that time.
- (iii) Since the price difference was negligible and presentation of Black Label and Dimple is more appreciated (being not available normally in the Baghdad Market) these were imported.
- (iv) Thirtyfour bottles of Black label and Dimple out of thirty-six imported were presented to various officials. The rest were used for official entertainment purposes.
- (v) Other countries' pavilions were presenting larger quantities of liquor to officials concerned with Fair work and issue of import licences against the Fair Quota as a public relation measure. Since our funds were limited, we had to restrict presentation of liquor on a selective basis."

2.99. The Committee desired to know what action was taken against the official concerned, the Chairman replied that the officer concerned was reprimanded by him for his "error of judgement and conspicuous display". He added:—

"Personally, I do not like the idea of gifts of liquor or anything in order to get services. I have never myself indulged in that in my business and industrial life, and I got all the cooperation I wanted on merits. But evidently, the Directorate of Exhibitions has similar procedures and I believe, the Export Promotion Councils have also similar procedures and this is part of the business of organizing fairs, exhibitions and so on. Therefore, unfortunately, shall we say that it is a necessary evil and a way of life and promotes the wider interest for a successful participation."

2.100. The Committee pointed out that in a matter such as this, what was important was not the extra cost involved in buying expensive brands of hard drinks but our loss of image in a puritanical country like Baghdad. In reply, the witness stated in evidence:

"I had reprimanded the officer concerned. What else could be done? But there was no question of misconduct in regard

to smuggling of whisky into the country or anything like that."

2.101. Asked whether liberal distribution of beverages had produced better results at the Baghdad Fair, the Chairman, ICTFE said:—

"At least we were the first to receive the import licences. At least it produced some results, that was of course, not of much value".

2.102. The representative of the Ministry of Commerce stated that the liquor bottles were presented to various officials and expressed the view:—

".....but even as presents, I have no hesitation in saying that it exceeded the limits of propriety."

2.103. The Committee desired to know if it was a fact that cases of Exhibits sought to be brought back to India contained liquor bottles. In reply, the representative of the Ministry of Commerce stated in evidence:

"It is a fact that there were some newspaper reports that such liquor bottles were found in these consignments, but they have not been proved or verified by any investigation that has been undertaken. On the other hand, the report that we have from the Council is that the delay was entirely due to the fact that the list of inventories had to be given a second or third time."

2.104. The Ministry of Commerce informed the Committee that:

"There was nothing on the Ministry's record to show that the consignment of the Council had been detained by the Iraqi Customs at Baghdad due to any attempt having been made to smuggle liquor in cases containing exhibits. The following telegram was received from the Indian Embassy in Baghdad in reply to a reference made to them whether any complaints or reports of malpractices had been received by them.

"All records in this Embassy have been checked. There is nothing on record indicating complaints/malpractices in respect of Baghdad International Trade Fair."

There was no correspondence on the point between the Governments of India and Iraq."

2.105. The Committee were informed by the Council in a written note that:

"No pecuniary loss was suffered by the Council or the Government because of this delay except for an amount of Rs. 2,275 in foreign exchange towards their storage at Baghdad."

2.106. During evidence, the former Secretary, Ministry of Commerce stated:—

"When I wrote a personal letter to the Ambassador I got a reply saying "we have not been able to give the invoice of our goods which are being returned from Iraq. We took about 76 cases to the fair and after selling almost all of them, we were bringing back 92 cases "I was told that the rest of the cases were containing liquor. I told the Ambassador "Take away all the liquor cases and make an inventory of the remaining goods". Then the goods were released."

2.107. The Committee find that the Exhibition Team of the Indian Council of Trade Fairs and Exhibitions had imported for the 8th Baghdad Industrial Fair 1971, a consignment of 12 bottles of Johnny Walker Red, 24 of Johnny Walker Black, 12 of Dewar white label 12 of Dimple Haig (i.e. 60 bottles of whisky in all), and 12 bottles of "Cognac Martell" from Beirut at a cost of US \$269.68. 34 bottles of Black label and Dimple out of 36 imported were stated to have been presented to various officials and the rest were used for "official entertainment purposes". The considerations which had weighed with the Exhibition Team in going in for the import of hard drinks of these brands were stated to be (i) the difference in the price for Black Label, Dimple Haig and Johnny Walker (Red Label), was negligible; (ii) ordinary brands of whisky were not available in stock at that time; (iii) presentation of Black Label and Dimple Haig was more appreciated as these brands were not available in the Baghdad Market. The Committee consider these arguments to be puerile. While the Chairman of the Council called the practice of presentation of liquor as a "necessary evil and a way of life", the representative of the Ministry of Commerce admitted unhesitatingly that presentation of liquor in Baghdad "exceeded limits of propriety". The Indian Embassy itself felt that when the country was

undergoing severe financial strain and acute foreign exchange shortage some discretion was certainly, called for on the part of the Director of the Indian Pavillion. It came out during evidence that the presentation of liquor bottles by Indian Officials abroad is by no means a laudable practice and can, in certain circumstances and in countries like Iraq prove even counter-productive apart from tarnishing the image of our country. The Committee find that the lapse has, to some extent, been acknowledged by the Chairman of the Council stating in evidence that he had reprimanded the Director for his "error of judgment" and "conspicuous display". This, however, should not be the end of the matter.

2.108. The Committee were perturbed to hear some complaints in relation to the return to India of certain cases of exhibits from Iraq. Though the complaints could not be substantiated from the record of the Committee would like to reiterate their hope that officials deputed to organise our participation in fairs/exhibitions abroad would make a special point of not even remotely indulging in any activity which could be construed as unwarranted or unbecoming.

(iv) *Barcelona International Samples Fair (1972)*

2.109. The XL International Samples Fair was held in Barcelona (Spain) from 3rd to 13th June, 1972. India's participation in this Fair was organised by the Indian Council of Trade Fairs & Exhibitions.

2.110. The sale of exhibits at this fair was undertaken after obtaining approval of the Director General of the fair and customs. This approval was stated to have been given verbally pending issue of necessary import licences for which complicated procedures had to be completed. This was by and large the general practice followed at the fairs. In Spain particularly an import licence was required for all the items disposed of. Disposal could be known only after the close of the fair when stock-taking was done and the customs check was made. The list of items disposed of at this fair was handed over to the clearing agents after the customs check was completed and the goods were packed for return to India, for obtaining import licences. A deposit of PTS 100,000 towards the customs duty and PTS 50,000 towards the handling and clearing charges was left with the Handling and Clearing Agents appointed by the Indian Embassy. The verbal clearance for conducting the sales was obtained with the help of India's Counsul General in Barcelona. The position was reported to the Embassy on 24th June, 1972 in a note left with them by the Council's Exhibition Team be-

fore their return. Subsequently reminders in the matter were sent both to the Embassy and the clearing agents. It was only when the clearing agents wrote to the Council for the first time on the 28th March, 1973 that it was learnt that they had not been able to get the customs permits for the goods disposed of at the fair and that they had approached the Indian Embassy for processing the matter through the Director General of Customs, Madrid. After receipt of this intimation letter was written by the Executive Director to the Ambassador on the 18th April, 1973 requesting him to look into the matter. On 2nd July 1973, the Executive Director again wrote to the Indian Ambassador. In his reply dated 13th July, 1973, the Indian Ambassador intimated that he had not received letter dated 18th April 1973 and stated, *inter-alia* that:

“As you know, the problem arose because goods were sold at the pavilion although they have been imported for the purpose of exhibition only. You had obtained the verbal permission of the Fair authorities to conduct the sales, and on that basis you had approached the Customs authorities who had also given you some kind of a commitment that they would regularise the sale by issuing *expost facto* import licence. I recall that when you saw me before leaving you had said that everything was under control. I did not know till the recent Barcelona visit that the Barcelona Customs were not at all agreeable to proceed on the basis of your discussions with them. Uptil now I thought there was only a technical hitch which will be ironed out with time.”

2.111. In the Barcelona Fair organised subsequently in 1973 by the Directorate of Exhibitions & Commercial Publicity 15 cases diverted from Paris were withheld by the Fair Customs on the ground that the settlement of the outstanding accounts from the previous year's participation had not been made. The consignment had to be cleared on the intervention of the Indian Ambassador.

2.112. During evidence, the former Secretary, Ministry of Commerce stated:

“In Barcelona, we attended a fair five years ago. I got a telegram that the Spanish Government refused to give clearance for our goods sent to be displayed for the exhibition which was going to take place there. I immediately sent a personal telegram to our Ambassador and got a phone call from the Ambassador saying “last year,

the Council people brought their things and sold everything. But they have not paid their taxes to the Spanish authorities who have seized our goods." I replied saying we will pay whatever is due. Let them release our goods. Then on the intervention of the Ambassador our goods were released just one day before the Fair was to be opened."

2.113. The representative of the Ministry of Commerce explained that:—

"The Director of the Exhibition, the man incharge of the pavillion, had, with the knowledge of the Embassy, entered into an agreement with the Customs that they could sell these exhibits and later go through all the formalities of the permission to sell. The customs people claim that they did not give any such permission. Later it was taken up by the Embassy with the customs people and they agreed to give the permission. In other words, retrospectively they permitted the sale of these goods. So it is a question of interpretation, whether the Director had the formal or informal permission of the Customs authorities or he acted in anticipation of permission from them."

2.114. The Chairman, Indian Council of Trade Fairs and Exhibitions expressed the view that in this incident "there was no moral turpitude."

2.115. Asked if an incident detrimental to the image of the country happens, do not the Indian Embassies bring the matter to the notice of the Foreign Minister or the Prime Minister, if necessary, the representative of the Ministry of External Affairs said:—

"I entirely agree that this happened in my mission. I certainly would have informed the Ministry of External Affairs, but we had not been able to get any papers from the Division.

The representative of the Ministry of External Affairs added:—

"About the details of the Barcelona Fair, I am afraid, I do not know anything other than what is contained in this note.\*\*\* We have looked into it in our Territorial Division in our Ministry. But, in this case, our Ambassador seems

to have been corresponding directly with the Ministry of Commerce or with the Council."

2.116. The Committee desired to know if Indian Embassy was not embarrassed over Barcelona incident where exhibits were sold without clearance from Spanish customs authorities. In reply, the representative of the Ministry of Commerce said:—

"In this Barcelona Fair, this could have caused some embarrassment because the customs authorities in Spain had protested against the sale of exhibits. But the stand of the Director was that they should not have protested because he had an informal understanding."

2.117. The Committee referred to supplementaries on Starred Question No. 151 answered in Rajya Sabha on 6th May 1975, and enquired if the Executive Director of the Indian Council of Trade Fairs and Exhibitions had sold some antique bronze at the Milan Fair and also presented an antique brocade to General Franco's daughter in Spain at the time of the Barcelona Fair, 1972. In a written reply, the Ministry of Commerce stated that:

"The record available in the Directorate of Exhibitions and Commercial Publicity had been checked and that no such report or allegation had been found. The Embassies of India in Rome and Madrid who were among the Missions from whom enquiry had been made by the Ministry whether any complaints of malpractices or other allegations had been received by them against the Indian Council of Trade Fairs and Exhibitions, also did not report any such allegation. reference on the above points was also made by the Ministry to the Indian Council of Trade Fairs and Exhibitions, which stated that the Council had never acquired bronze or antique brocade. A bronze reproduction was however purchased for Rs. 450/- and sent to the Milan Fair. It was sold for Rs. 1,320/- thereby one of the officers deputed to the fair and sale proceeds were repatriated to India through proper banking channels.

As regards the presentation made at the Barcelona Fair, it was stated in the Council's note that the *Saree* which was presented by the Ambassador for presentation to General Franco's daughter was not an antique brocade but an ordinary temple saree of the value of Rs. 450/-. The presentation was considered necessary by the Ambassador

because "she was likely to visit India and was personally interested in developing trade with India." It was presented jointly by the Ambassador and the Director of Indian Pavillion when they called on her by special appointment.

2.118. The Committee feel perturbed that in the Barcelona Fair (1973) organised by the Directorate of Exhibitions & Commercial Publicity, 15 cases diverted from Paris were with-held by the Fair Customs on the ground that the settlement of the outstanding accounts from the Barcelona Fair (1972) had not been made. The consignment was cleared only after the intervention of the Indian Ambassador who pointed out in his letter of 18th April, 1973, that the problem at the Barcelona Fair (1972) had arisen because goods were sold at the pavilion although they were imported only for exhibition. The Committee fail to see why formal permission of the fair authority could not be obtained by the Council's Exhibition team, even if, as claimed by the Council, they had obtained verbal permission to sell the goods imported ostensibly for exhibition only. It is regrettable that even when the Executive Director of the Council saw the Indian Ambassador before leaving, he gave him the impression that "everything was under control" whereas in fact this matter was still outstanding and an embarrassment for our Embassy.

2.119. The Barcelona Fair (1972) had ended on 13th June, 1972. Normally, this matter should have been settled during the period of the Fair itself or soon thereafter but the Executive Director sought the good offices of the Indian Ambassador only in April, 1973. This delay, deplorable as it was, cast its shadow on the Barcelona Fair held in the subsequent year, when goods meant for the fair were held up and cleared only a day before that Fair was to be held. The Committee recommend that in order to avoid the slur on India implied in such unsavoury incidents, an undertaking should be obtained from relevant bodies like the Directorate of Exhibition or the Council that all issues arising out of a fair/exhibition would be settled during the course of the fair itself or within a month of completion of the fair at the latest, failing which the agency concerned must seek the good offices of the Indian Ambassador for settling the matter at a higher level. Such a step is clearly called for to ensure that issues outstanding from one fair do not adversely affect the conduct of subsequent fairs in a manner consistent with India's reputation and self-respect. Such matters should also be specifically reported contemporaneously to the Ministry of Commerce so that they are kept in the picture about developments.



**(f) Follow up of Allegations/Complaints**

2.120. On 1st May, 1973, the former Secretary, Ministry of Commerce, recorded the following note:—

"I have spoken to the Minister about the Indian Council of Trade Fairs and Exhibitions located at Bombay and its performance. He was greatly shocked and wanted us to dispense with their services. Action is being taken accordingly.

A detailed note about the working of the ICTFE is placed below at slip 'DFA'.

Minister may kindly see for information."

2.121. On 4th May, 1973, the Commerce Minister approved the suggestion to dispense with the services of the Council and stated:

"Approved. However, to prevent unnecessary problems of re-trenchment/unemployment those of its employees who are otherwise suitable should be absorbed in our re-organised set up of the Director of Exhibitions."

2.122. On 16th July, 1973, the Prime Minister passed the following orders:

"Shri J. J. Bhabha has represented to me on behalf of the Indian Council of Trade Fairs and Exhibitions against the Commerce Ministry's decision to deny it any further participation in fairs and exhibitions from the current financial year. The course of action adopted by the Commerce Ministry seems to radically modify Government's decision on an ARC recommendation.

The matter needs to be considered in greater depth. It is also not fair to confront the Council with a situation of this kind without adequate prior notice and discussion. All its staff is now idle. I suggest that a reasonable number of fairs be allocated to the Council for the current year. During this period we could give further consideration to the matter."

2.123. On 17th July 1973, the Commerce Minister sent the following Note to the Prime Minister:—

"As desired by the Prime Minister, some fairs are being allocated to the Council during the remaining part of the current financial year keeping their staff fruitfully engaged.

2. We are examining proposals for re-organising our participation in fairs and exhibitions abroad including questions relating to the appropriate organisational and institutional arrangements for maximising commercial returns from such participation. In this process, we would also consider the role of the Council in closer detail in the light of Government's decision on the ARC's recommendation.

3. A note for the Cabinet is under preparation and prior to its submission to the Cabinet we would send this to the Prime Minister for her consideration. We would take additional care to ensure that in any new arrangement retrenchment is avoided and the existing staff is absorbed in the new set up to the maximum extent possible."

2.124. On 6th August, 1973, the former Secretary, in the Ministry of Commerce submitted the following Note to the Prime Minister through the Commerce Minister:—

"I casually mentioned to the Prime Minister that we had received serious complaints from our Ambassadors about the conduct of the Indian Council of Trade Fairs and Exhibitions. These related to (a) inclusion of liquor cases along with exhibits and the local Government's refusal to allow their return to India. (b) employment of girls and their use for questionable purposes and (c) selling goods during an exhibition and not paying the customs duty, etc., resulting in local Government's refusal to clear our exhibits in the subsequent year.

The Prime Minister was shocked to hear this. She never realised that our earlier reference to certain serious complaints related to such gross misconduct. She was under the impression that our views referred to their poor performance; where the role of the Directorate of Exhibitions was not commendable either.

Minister has already instructed to allow some work to the ICTFE. Before taking action it may be advisable to draw the Prime Minister's attention to this formally as well."

2.125. On 12th August, 1973, the Prime Minister minuted the following on the above Note:—

"The Ministry and the ICTFE should ensure that such malpractices are not allowed to recur in the fairs allotted to the Council for the remaining part of this year. Shri J. J. Bhabha's attention should be specifically drawn to this aspect. They should also be warned that if they do not mend their ways, Government cannot help them.

At the same time, the Ministry should expedite its proposals for reorganising our participation in fairs and exhibitions abroad so that decisions are taken in good time for the implementation from the next financial year."

2.126. On 22nd August, 1973, the former Secretary, Ministry of Commerce recorded the following note:—

"Action will be taken as instructed above. I wanted to meet Dr. Bhabha on August 24, but he is unable to come on that day. I am leaving on tour of Algeria, Yugoslavia, Iraq etc., and will be back on September 22, I will fix a date to meet him and do the needful on return."

2.127. In his Note dated 19-7-74, the Joint Secretary, Ministry of Commerce stated, *inter alia*, as under:—

"Allegations are not specific or proveable. The complaints about misuse of liquor quota, or presents, or misconduct with girls hired for pavillion work are not extraordinary for the business of exhibitions. These (liquour, presents, sale of goods at low price) are made with regard to exhibitions held by Directorate also. These allegations are easy to make but should be taken seriously only when specific and capable of investigation."

2.128. During evidence, the representative of the Ministry of Commerce stated that:—

"From the file, it is seen that a message had gone to Mr. Bhabha, suggesting his meeting on August 24, 1973 but

the date did not suit Mr. Bhabha and he suggested a date in September. But no meeting took place as far as the records show. The file does not show any further movement from Mr. Yunus's office. It has been sent to the Director, Exhibition about four months later without any further noting."

2.129. The Committee desired to know whether before taking the decision on 1st May, 1973 at the level of the Minister to wind up the Council, the Council was given an opportunity to place its case before Government and if not whether it was not something exceptional.

In reply, the Commerce Secretary stated:—

"The Council could have been given a kind of show cause notice. But obviously this was not done in this case. We do not know the reason as no minutes of discussion are on record."

2.130. The Committee desired to know whether as directed by the Prime Minister on 12th August, 1973 the Ministry of Commerce had specifically drawn Shri J. J. Bhabha's attention so that mal-practices were not allowed to recur in the fairs allotted to the Council for the remaining part of that year. In reply, the Commerce Secretary said:—

"There is no evidence on the file to show that he (Mr. Yunus) had any conversation with Mr. Bhabha. He handed over charge on 7th June, 1974."

2.131. The Committee pointed out that if the orders of the Prime Minister were not acted upon by the Ministry of Commerce for almost a year, whether that did not indicate a vacuum in Government's functioning or slackness or even a lapse on the part of the Ministry. In reply, the Commerce Secretary stated:—

"It is not clear from the file what happened. It is only in December, 1973 that there is an endorsement to the Director, Mr. U. C. Tewari without bearing any remark as to what he should do because he has only said in this that he will be back and fix a date to meet him. So, I think he was to fix a date."

2.132. Chairman, ICTFE stated during evidence that:—

“I admit mistakes in performance. I was only dealing with the words ‘malpractices’, ‘disquieting reports’, rumours, moral turpitude, sex, boozing and that sort of thing. I am talking about that. These were not communicated to me ever. . . . . This minute was not communicated to me, I assert that. I want that to be on record.”

2.133. The Committee, during evidence, found it strange that after the retirement of the former Secretary, Ministry of Commerce from service in June, 1974, a Joint Secretary in the same Ministry had recorded a note soon afterwards on 19th July, 1974, to the effect that allegations were easy to make but should be taken seriously only when specific and capable of investigation and also that complaints of misuse of liquor quota or misconduct with girls were not extraordinary in the business of exhibitions. The Committee, enquired if the Joint Secretary’s note did not minimise the gravity of the very allegations which had earlier “shocked” the Prime Minister and did not also ignore the reports from Indian Embassies which, taken together, added up to a picture which was pretty serious. In reply, the Commerce Secretary agreed with the Committee’s view and said:

“I would certainly react the same way.”

2.134. The Committee wanted to know why, when serious allegations such as employment of girls for questionable purposes which sully India’s reputation in foreign countries were made, the services of the CBI were not requisitioned. In reply, the Commerce Secretary stated:—

“There was no specific allegation conveyed to CBI. It was not thought of by Mr. Yunus who could have provided particular instances. But in our records we find nothing specific and the CBI never takes a case unless specific cases are there. They have to register a particular case.”

**2.135. The Committee find that the follow up of allegations/complaints has been entirely slipshod and reveals serious communication gaps within Government. For example, when the Note dated 1st May, 1973 was put up to the Commerce Minister, it was accompanied with another note about the performance of the Council,**

but no reference was made to the three specific allegations later mentioned in the former Secretary's note dated 6th August, 1973. Apparently, the note of 6th August, 1973, was not supported by relevant documents on the basis of which these allegations were recorded. On 12th August, 1975, however, the Prime Minister had desired that Chairman (ICTFE)'s attention should be specifically drawn to these allegations and had sharply "warned" that the Council must "mend their ways". The Committee are astonished and disturbed that no communication was sent by either the former Secretary, Ministry of Commerce or his successor to the Chairman, ICTFE about it. On 22nd August, 1973 former Secretary had, however, recorded a note that he would fix a date to meet the Chairman, ICTFE on return from tour. He relinquished charge of his post on 7th June, 1974. There is no further record about the matter and the meeting with the Chairman ICTFE never took place. The Prime Minister's orders of 12th August, 1973, thus remained a dead letter all the while. This is altogether an unpleasant story whose ramifications remain unexplained on account of the records not being available fully. The Committee urge seriously that the Ministry of Commerce streamline its communication system and effectively prevent repetition of such sorry episodes.

(g) *Loss of Records relating to Allegations*

2.136. The Committee desired to know whether the complaint regarding "employment of girls and their use for questionable purposes" stated to have been received from the Indian Ambassador and brought to the notice of the Prime Minister by the former Secretary, Ministry of Commerce by his note dated 6th August, 1973 had some factual basis. The representative of the Ministry of Commerce stated in evidence:—

"Normally, a note of this type would have been put up by a Secretary, for that matter, anybody, based on information which he would have received either in writing or in person. My answer was as I said that we had gone through the record, but had not been able to get any record which would substantiate this statement that is only a matter of fact. In fact I can go a step further and say that I really requested Mr. Yunus to help me to find out whether this particular record would be available. In fact, I asked him whether his memory would help him

to say whether particular record could be found out either from the vigilance section or from the territorial section or from the exhibition division. He was not able to say that. Naturally, we could not expect him to remember where that particular file would be available. All that I can say is that I and my colleague made very sincere efforts to find out that record, if any, but we have failed in that. \* \* \* \* I am quite willing to believe that if he had received letter like that, it must have been there and subsequently, it was missing or secondly, he may not be quite correct in his memory. Even two days ago, I asked him and he mentioned to me that he remembered that the letter was written by a particular Ambassador. He mentioned his name. His name was Mr. Menon. Taking that in view, I tried to find out whether there was any letter from that Ambassador, but I found out that Mr. Menon's letter on our files did not refer to this allegation. Therefore, frankly speaking, we were at our wits end. We tried to find out that letter."

All that I can say on my own behalf and on behalf of my colleagues in the Ministry is that we have made all efforts, we are still on the job and if there is any record, we will bring it out. . . . . But I will not say there have not been any allegations or notes in-writing till I find it to be so.

2.137. The Committee pointed out that Government was a continuing institution and as such there must have been reasonable grounds based on written record for the aforesaid allegation when it was made. The Committee also asked if there was a possibility of the relevant record having been destroyed. In reply, the representative of the Ministry of Commerce said:

"Or it may be missing, not traceable."

2.138. The Committee enquired whether any reply was sent by the then Secretary, Ministry of Commerce (Shri Mohammad Yunus) to the letters dated 12th and 19th October, 1972 sent by the Chairman, ICTFE, the representative said:—

"Nothing is on record"

2.139. The Committee enquired if no record was available regarding the aforesaid allegation brought to the notice of the Prime Minister by the former Secretary, Ministry of Commerce, perhaps conceivably the former Secretary had put up the Note without pro-

per record or correspondence. In reply the representative of the Ministry of Commerce stated:—

“I do not agree with the statement that he would have put up such a note without any record or basis or facts.  
\* \* \* \* There could have been two or three alternatives. One is that these reports are somewhere and they are yet to be traced or found. The second possibility is that the reports were there but are no longer there; and how they have disappeared—if they have disappeared—I cannot explain. The third alternative is that Mr. Yunus probably might have had oral information and not written information, about which I cannot answer because Mr. Yunus believes he had oral and written information. So it is for Mr. Yunus to answer that.”

2.140. In a note furnished after evidence, the Ministry of Commerce stated (January, 1976) that:—

“The matter has been looked into carefully and we have not found any records substantiating the allegation.”

It appears, therefore, that the position, as it can be ascertained from the evidence and especially from the extract quoted immediately hereinbefore, remains anomalous and entirely unsatisfactory.

**2.141. The Committee are unhappy to note that even after a search conducted by the Ministry of Commerce, records pertaining to the allegation which had presumably been thought serious enough to be brought to the notice of the Prime Minister by the former Secretary, Ministry of Commerce, are not forthcoming.**



## CHAPTER III

### DIRECTORATE OF EXHIBITIONS AND COMMERCIAL PUBLICITY

#### A. Organisational Set up

3.1. The Directorate of Exhibitions and Commercial Publicity has five main divisions, viz. (i) Administration, Stores, Budget & Accounts Division; (ii) Exhibition Planning Unit; (iii) Design Division; (iv) Publications Division, and (v) Publicity Coordination Unit. These divisions are under the charge of the Director of Exhibitions and Commercial Publicity who works under the administrative control of a Joint Secretary. The whole set up is under the overall charge of Secretary (Foreign Trade). The sanctioned staff strength of the Directorate consists of 38 officers and 143 non-gazetted officials.

3.2. Till 17-11-1975 the Directorate of Exhibitions and the Directorate of Commercial Publicity were separate organisations under the Ministry of Foreign Trade. During evidence the Committee enquired whether the Ministry of Commerce had merged the Directorate of Exhibitions and Commercial Publicity when an officer from the Ministry of Information and Broadcasting was appointed as Director of Commercial Publicity. The Commerce Secretary said in evidence:

“Sir, it is true that Mr. Tiwari at that time, was the Director of Commercial Publicity and he had come on deputation. But, the decision to merge the two departments was taken independent of him. In fact, it was on the recommendation of the O&M Wing of the Ministry and also on the recommendation of a committee which had been formed by the Government known by the name of Shouri Committee. They had actually recommended that there is no necessity for having two departments and that both the departments should function as one. I do not know whether there was any kind of a contact or whether there was any link between Mr. Tiwari being there and the merger taking place. That was not so.”

## B. Objectives

3.3. The Directorate of Exhibitions and Commercial Publicity formulates and coordinates the programmes of fair participations and exhibitions abroad, organises the participations and exhibitions which are included in its annual programme, processes proposals of participation of individual firms and organisations in the fairs outside its programme, evaluates results of participations and provides requisite facilities for participation. It also examines and approves the proposals received through foreign Missions in India for holding exhibitions in India and provides administrative facilities for the purpose. The basic objective of these activities is to promote trade and to create an awareness of the country's industrial development and the expanding export potential. The fairs and exhibitions which are included in its programme are those where promotional effort is of predominant importance for creating business possibilities in markets in which exploratory work and publicity are specially needed or in which it is necessary to build up the proper image of the country's capabilities in the fields of industry and trade, or where in the context of heavy expenditure and other considerations participation in fairs at Government level is considered essential.

## C. Performance

3.4. During the last 10 years (1965-66 to 1974-75) the Directorate of Exhibitions and Commercial Publicity organised 120 fair participations/exhibitions. A list of these fairs/exhibitions is at Appendix III. Business negotiated at these fairs and exhibitions was Rs. 75.63 crores. Yearwise details are given below:—

Year	No. of events	Business negotiated (Lakhs of Rs.)
1	2	3
1965-66	12	Information not available
1966-67	9	Do.
1967-68	9	392.00

I	2	3
1968-69 . . . . .	10	408.63
1969-70 . . . . .	11	1248.66
1970-71 . . . . .	14	1274.85
1971-72 . . . . .	15	1328.97
1972-73 . . . . .	7	482.35
1973-74 . . . . .	20	1217.96
1974-75 . . . . .	13	1209.70
TOTAL . . . . .	120	7563.12

3.5. The expenditure incurred by the Directorate on its establishment and participation in Fairs (including deputation of staff to fairs) during the past 10 years (1965-66 to 1974-75) amounted to Rs. 1.47 crores and 9.10 crores respectively. Expenditure on establishment works out to 14 per cent of the total expenditure of Rs. 10.57 crores. The yearwise details are given below:—

Year	No. of events handled	Establishment Charges	Participation in Fairs (including deputation of staff to Fairs)	Total of 3 and 4	Average Expenditure per event indicating establishment charges	Average Expenditure on participation per event
		Rs.	Rs.	Rs.	Rs.	Rs.
I	2	3	4	5	6	7
1965-66 . . . . .	12	9,32,428	46,58,875	55,91,303	4,65,921	3,88,239
1966-67 . . . . .	9	10,15,826	1,58,29,436	1,69,45,262	18,82,807	17,69,937
1967-68 . . . . .	9	12,43,582	1,16,08,390	1,28,51,972	14,27,997	12,89,821
1968-69 . . . . .	10	8,82,477	39,18,658	48,01,135	4,80,113	3,91,865
1969-70 . . . . .	11	13,95,000	1,60,53,000	1,74,48,000	15,86,182	14,59,363
1970-71 . . . . .	14	14,23,000	1,64,88,396	1,79,11,396	12,72,242	11,77,742
1971-72 . . . . .	15	10,44,867	73,25,151	83,70,018	5,58,001	4,88,343

1	2	3	4	5	6	7
1972-73 .	7	* 22,58,820	32,37,902	54,96,722	7,85,246	4,62,557
1973-74 .	20	23,87,886	71,55,053	95,12,939	4,77,147	3,57,752
1974-75 .	13	21,27,780	46,96,602	68,24,382	5,24,952	3,61,277
Grand Total	120	1,47,11,666	9,10,71,463	10,57,83,129	8,81,526	7,58,927

\*Includes expenditure for both viz. Directorate of Exhibitions & Directorate of Commercial Publicity. Separate figures for Directorate of Exhibitions as accepted by Audit are not available.

*Revenue in Foreign Exchange:*—Business reported to have been negotiated is given in Appendix III (This does not include the revenue from participation fees which are normally charged in Rupees in India, nor receipts from disposal of Government exhibits at the Fairs which are credited to Government Account. The Directorate also charges 10 per cent of the F.O.B. value in respect of exhibits of participating firms disposed of at the Fairs to meet a part of the cost of transport, insurance, etc. These are credited to Government account and have not been included under this head.

3.6. During the past 10 years, the Directorate received 15 awards at the International Fairs in which the participation was organised by it.

3.7. The Committee enquired as to how much of the Rs. 75.63 crores of business negotiated by the Directorate during the last 10 years had actually materialised, the representative of the Ministry stated:—

“To be very frank, Sir, it is a very intangible and, if I may say so, unreliable yardstick for assessing the commercial benefits which accrue from Trade Fairs and Exhibitions because what is presented here is the business negotiated. It is possible that some of these negotiated business may not ultimately materialise. It is possible on the other hand that what is initially negotiated may lead to better business prospects. Since there are no accounting systems or procedures for watching over a period of time the financial business, I personally have always held that these figures did not reveal much or indicate much. It can only give a broad guideline.”

3.8. The Committee find that the Directorate of Exhibitions and Commercial Publicity in the Ministry of Commerce organised 120 fairs/exhibitions abroad during the past ten years from 1965-66 to 1974-75. Its expenditure on establishment and participation in fairs/exhibitions during that period amounted to Rs. 1057 lakhs. Average expenditure per event on participation in Fairs works out to Rs. 7.59 lakhs excluding establishment charges and Rs. 8.81 lakhs including establishment charges. Business negotiated during these fairs amounted to Rs. 7563 lakhs. Asked during evidence how much of the negotiated business actually materialised the Ministry of Commerce replied that the position was "very intangible" and business negotiated at a fair was not a very reliable yardstick for evaluation, since there were "no accounting systems or procedures for watching over a period of time the financial business." The Committee feel that it should not be too difficult for Government to evolve a rational yardstick after consultation with expert professional opinion so that the success or otherwise of participation and/or sponsoring of a fair by the Directorate/Council could be meaningfully evaluated.

#### D. Loss of Valuable Record

3.9. In an answer given to USQ No. 9296 in Lok Sabha on 9th May, 1975, it was stated that CBI was conducting an enquiry into the loss of an original letter written by Mahatma Gandhi to Jawahar Lal Nehru in October, 1935 and a photo copy thereof from the Indian Pavilion at Montreal in 1967. In his answer to USQ No. 892 in Rajya Sabha on 13th May, 1975, the Deputy Minister (Shri V. P. Singh) stated that the letter of Gandhiji had been loaned to the Ministry of Commerce for display. It was also stated that the preliminary enquiry had not revealed any *prima facie* case against Shri K. S. Luthra, Joint Director in the Directorate of Exhibitions and Commercial Publicity.

3.10. The Committee desired to know whether there had been any vigilance enquiry into the conduct of any of the official of the Directorate of Exhibition and Commercial Publicity and the Indian Council of Trade Fairs and Exhibitions. In reply, the Ministry of Commerce stated in a Note that:—

"The CBI had conducted investigations on complaints received about certain officers, but in no case has any definite charge been established and, therefore, these cases have been closed.

Investigations in one case about the loss of a valuable record are still in progress."

In a subsequent\* Note, the Ministry of Commerce stated (January 1, 76) that:—

“The valuable record relates to the letter written by Mahatma Gandhi to Pt. Jawaharlal Lal Nehru. The CBI are investigating into the matter and their report dated 30th December, 1975 has just been received in the Ministry.”

3.11. The Committee note that CBI's report dated 30-12-75 on the enquiry into the loss of the original letter written by Mahatma Gandhi to Jawaharlal Nehru in October, 1935 loaned to the Ministry of Commerce for display at the Indian Pavilion in Expo' 67 at Montreal (Canada), has been received in the Ministry of Commerce. The Committee recommend that necessary action in the light of CBI's Report may be taken soon. The Committee also recommend that goods sent for display in fairs/exhibitions abroad may be reviewed and strengthened.

#### E. Selection of Personnel for Exhibition Teams

3.12. An analysis of the statement furnished by the Ministry of Commerce showing the number of personnel deputed to each fair/exhibition indicates that there has been no uniform pattern of staffing. For example, in the 18 fairs/exhibitions organised in 1974-75, exhibitions teams were headed by Director in 4 fairs/exhibitions, by Joint Director in 4 fairs/exhibitions, by Deputy Director in 8 fairs/exhibitions and by Assistant Directors in 2 fairs/exhibitions. The exhibition teams in 4 out of 18 fairs/exhibitions included Investigators and only in one fair a Stenographer was deputed. In 4 out of 18 fairs, Section Officers were also included. Commercial Artists were there in 5 out of 18 fairs/exhibitions.

3.13. During 1973-74, however, in 13 out of 18 fairs/exhibitions, Investigators were included. There was only one Investigator in each team except teams sent to Djakarta International Fair, 1973 and Poznam International Fair, 1973 which had two Investigators each. There were Stenographers in 3 out of 18 teams, and Section Officers in 4 out of 18 teams. In the team sent to Zambia International Fairs, Ndola, 1973, an Upper Division Clerk was also included. Only in one Fair viz., Leipzig Spring Fair, a Commercial Artist was deputed.

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\*Not vetted by Audit.

3.14. Teams deputed to the following fairs had 'Girl Guides' as well:—

Fair	No. of Girl Guides	Period of stay
1. New York World Fair, 64-65, USA . . . . .	17	197 days
2. Expo' 67, Montreal (Canada) . . . . .	27	184 days
3. Expo' 70 Osaka . . . . .	27	197 days

3.15. The Ministry of Commerce have, in a note, stated that the staff deputed to the fairs/exhibitions was selected on the basis of the following criteria:

- (i) The leader of the exhibition team is either the Project Officer or a senior officer, closely associated with the planning of the project or with the trade promotion aspect, depending on the nature and importance of the event.
- (ii) The technical assistance to be provided from India for the setting up of the pavilion and display of the goods sent.
- (iii) Responsibilities to be discharged for maintenance of accounts handling and clearance of exhibits and management of stores.
- (iv) Assistance needed for publicity and public relations, supply of information, recording enquiries and keeping other records, liaison with representatives.

3.16. In the case of fair participations/exhibitions on the programme of the Directorate approval on strength and duration of visits is given by the screening Committee of Secretaries. In the case of the Indian Council of Trade Fairs and Exhibitions, Export Promotion Councils etc. the approval is given by the Ministry of Finance/Marketing Development Fund. The proposals from the Participating firms for sending their representatives to the fairs/exhibitions are scrutinised and necessary recommendation made to the Reserve Bank of India for release of foreign exchange. If any persons are sent by the firms direct, they have to be cleared by the Reserve Bank of India.

3.17. The Committee enquired whether there were any instances of persons being sent abroad to countries like Indonesia, etc. without

the prior concurrence of the Ministry. In reply, the Ministry stated that "no visit to Indonesia, or for that matter, to any fair could have taken place without proper authorisation."

3.18. During evidence, the Secretary, Department of Foreign Trade informed the Committee that the team chosen for an exhibition or fair abroad was a matter of careful scrutiny at different levels. After the list of names was cleared by the Screening Committee and the Finance Ministry, it had to be approved by the Commerce Minister himself. A common feature of such teams was stated to be an Investigator and Accountant apart from a Director of the Pavilion. In exceptional cases stenographers were taken from India. Section Officers and UDC's were also included in such teams to perform routine administrative functions.

3.19. The Committee desired to know whether our Embassies were not in a position to supply facilities and personnel and thereby to avoid Government's having to send teams from India. In reply, the representative of the Ministry of External Affairs said:

"The Embassies are not equipped with the technical personnel to run and execute an exhibition. We have the normal commercial section which is headed by a Commercial Counsellor or First Secretary (Commercial) and he is having stenographic and other necessary secretarial assistance. But that composition of a commercial section is designed to carry on our normal commercial and economic relations with the foreign countries and we are not equipped to handle an exhibition which is technical and a very specialised job. In spite of that, we do help Assistant Director of Exhibition, we guide them and we put them in right contact with the Government Department and with the business organisations there. We do this liaison work. This is normally a part of the functioning of the Commercial Section but we can not undertake the specialised Job of organising and running exhibitions."

3.20. Asked whether Embassies could not spare stenographers from their own staff for the short duration of our exhibition to obviate the necessity of deputing stenographers from India, the witness stated:—

"Our stenographic staff already gets extra load of work on account of these exhibitions. We do not have any leeway to provide secretarial assistance to the Exhibition Directorate when it is established to conduct the exhibitions."



Another representative of the Ministry of External Affairs added:—

“We do lend stenographers to delegations etc., when they go there. But for an exhibition, the exhibition secretariat is generally set up for about two months. We cannot possibly spare stenographers for that period.”

3.21. To the Committee's enquiry whether hiring stenographers in the country where the Exhibition/Fair was held could not be cheaper than deputing stenographers from India the representative of the Ministry of External Affairs replied that it was difficult to get English language stenographers in some countries, as, for example, in French speaking countries. Moreover, he added, that while recruiting local stenographers one had to bear in mind the fact that “just like industrial and business espionage, the trade fairs there will be an attempt to find out what we try to sell, particularly by some of our neighbouring countries, who are also exhibiting the same products in the same fair.”

3.22. As regards the duties of Investigators deputed to exhibitions and Fairs abroad, the representative of the Ministry of Commerce informed the Committee during evidence that the Directorate of Exhibitions had about 30 Investigators with graduate or post-graduate qualifications in Economics. Their job was to go to the foreign affairs and exhibitions and on return look after the follow-up of the exhibition. They, it was stated, helped in trade promotion and assisted the Director in the business contacts. They were also responsible for correspondence with parties and maintenance of records. Investigators in the Directorate had, over a period of years, built up expertise of a sort in their own ranks. Inclusion of Investigators in the team had been, the Committee learnt, “on the whole, a useful experiment.”

3.23. The Committee wanted to know if the duties performed by Investigators could not be handled by the Commercial sections of our Embassies, the witness explained:—

“In an exhibition we will have to have full-time staff in these pavilions, as long as the exhibition lasts, may be till 9 to 10 O'clock. We cannot expect the staff of the Embassy to spare their time to go to the pavilion to be engaged in work of this type of course, we get cooperation from the commercial sections of the embassy and the guidance of the Ambassador in a general way. But these details of work are attended to by our own staff.”

3.24. Asked whether Investigators report to Government the experience they got in fairs/exhibitions abroad, the witness stated:

“The report is submitted by the Director of Exhibitions and not by the investigators.”

3.25. When the Committee enquired that if investigators did not submit any report, was it that they gathered experience only as an individual, the witness merely said without explaining his point of view positively:—

“I cannot entirely agree with that statement.”

3.26. Asked whether the Ministry of External Affairs were aware of the manner in which the experience collected by investigators was utilised by Government, the representative of the Ministry of External Affairs stated:—

“I must frankly submit that I do not know. . . . Well, we know that the staff that goes for the exhibition includes investigators. But I actually do not know the details.”

3.27. In a note\* furnished after the evidence, it was stated that Investigators attended to the following work and were fully involved in the planning process:—

- (i) Assisting in unpacking and repacking of exhibition.
- (ii) Customs clearance.
- (iii) Store keeping.
- (iv) Recording of trade enquiries.
- (v) Preparation of invoices for disposal/return of exhibits.
- (vi) Field duties.
- (vii) Assistance for publicity and public relations.
- (viii) Winding up work.

3.28. The Committee desired to know if teams of staff having no expertise were sent to visit the area where the pavilion is to be set up once before the exhibition and again during the exhibition and

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\*Not vetted by Audit.

whether such teams included even clerical staff. In reply, the representative of the Ministry stated:—

“The clerical or administrative staff does not go in the first instance. Only a person who has the necessary expertise in the planning of exhibition and adequate background goes there.”

3.29. Though assured by the Ministry of Commerce that selection of personnel for teams deputed to fairs/exhibitions abroad ‘was a matter of great scrutiny at different levels’, the Committee find no well thought out pattern of staffing for such teams. While in some, there was only one Investigator, in others, two Investigators were sent. Instances are not lacking when teams included Stenographers and even Clerks. The fact that these personnel were not included in some of the teams demonstrates that they were not indispensable. The Committee are not sure how far the resources of the Indian Missions for rendering stenographic assistance for short duration of exhibitions were tapped by Government before determining the staffing strength of each such teams. The Committee recommend that selection and screening of personnel for such teams should be more stringent than what it has been. In view of recurrent allegations that strings are often pulled to get into exhibition teams and have a jaunt abroad at public expense the task of selection needs to be done on the basis of carefully observed norms and principles.

#### F. Coordination with Indian Missions Abroad

3.30. Coordination between the Indian Missions, abroad, the Ministry of Commerce and the Ministry of External Affairs in relation to the work of projecting the country image through Exhibitions abroad, is stated\* to be exercised in the following manner:—

- (1) “From the initial stages of the formulation of the annual programme of fair participations and exhibitions to the completion of each project through all the intermediate stages of preparation of plans, budgeting, determination of scope and theme, selection of exhibits, appointment of service agencies (i.e. architects decorators, handling and clearing agents and other contractors), planning publicity and cultural activities, establishment of contacts with prospective buyers, etc., close liaison is maintained with the Indian Missions. Consultations are also made

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\*Not vetted by Audit.

with the Ministries of External Affairs and Finance, other Government Department and the territorial/commodity divisions of the Ministry of Commerce wherever needed.

- (2) The proposals of fair participations and exhibitions received from Indian Missions, Fair authorities abroad, foreign missions in India, Economic Division of the Ministry of External Affairs, Export Promotion Councils/Commodity Board and other organisations are examined in detail. The programme is finalised by the Programme Advisory Committee. The scope and scale of participation are also tentatively decided at the meeting of the Committee. For each participation/exhibition included in the programme specific advice of the concerned Indian Mission is asked for to determine various requirements and to make the arrangements which are needed. In each case the theme and scope is decided upon in consultation with the concerned Indian Mission. The projection of the image of country forms a part of the thematic approach thus determined with reference to character and scope of the Fairs.
- (3) In the entire effort the Indian Missions have a major share of responsibility which has been defined in Chapter X of "Manual of Instructions to Indian Commercial Representatives abroad." (Appendix IV).

3.31. The Committee asked if it would not be better to conduct exhibitions under the broad supervision of our Missions abroad, the former Secretary, Ministry of Commerce felt that as the Missions were aware of the local conditions, their guidance would be very helpful. He observed:—

"The main thing is that the people who went with the exhibition regarded themselves as specialist. And they thought that the man in the Embassy did not know how an exhibition should be organised; whereas the man in the embassy thought he knew the local condition more and the people who had come from India knew nothing."

3.32. The Ministry of External Affairs, in a Note, stated that:—

- "(1) Exhibitions and Fairs which are an important medium of trade promotion for popularising Indian goods abroad, are planned by the Ministry of Commerce on the basis of information furnished by the commercial Representatives abroad annually regarding International Exhibitions

and Fairs scheduled to be held in areas under their jurisdiction. Participation in these Fairs and Exhibitions is, however, organised through the concerned agencies of the Ministry of Commerce, namely, the Directorate of Exhibition and Commercial Publicity, ICTFE, with the active cooperation and assistance of the Commercial Representatives of the Missions, occasionally the Missions also participate in these Fairs and Exhibitions.

- (2) On these occasions, a special brochure on India's economic progress, industrial infra structure, exportable products, etc., giving *inter alia* descriptive account of the exhibits displayed, is brought out; documentary films on India and sometimes feature films are also screened to publicise the progress of India in different fields of activity, gramophone records are also played in the Pavilion to provide background music. Journalists and prominent local persons are entertained at the time of pre-review. The Commercial representatives play a significant and meaningful role in these activities and pay special attention to promotion of goodwill and friendship between India that country concerned.
- (3) After the close of the exhibition the Commercial representatives send a special report on the impressions left by the exhibition on the local public and especially on the business community. These reports cover all aspects of the exhibition/fair. The Head of the Mission scrutinises the Reports and forward them to the concerned authorities in India with his observations and recommendations. They are analysed in the Ministry of Commerce in consultation with the Economic and Territorial Divisions of the Ministry of External Affairs. In making an overall assessment of the reports, regard is paid to the following objectives:—

(a) *Commercial and economic*

Export promotion opportunities and possibilities of competition from other countries.

(b) *Political and social*

Areas of co-operation and mutual assistance in the international forums, impact of publicity in areas of common interest.

- (4) On the basis of the results of the detailed analysis measures designed to improve future performances and to remove short-comings are taken. These studies conjointly and in depth facilitate dovetailing of political and economic action to achieve some of our foreign policy objectives."

3.33. Though Indian Missions are stated to have a major share of responsibility in the entire effort of organisation of fairs/exhibitions abroad and the same has been spelt out in the Manual of Instructions to Indian Commercial Representatives abroad, the Committee feel that as the Indian Missions are in a better position to know the local conditions of the country in which fair/exhibition is to be held they should be involved in a more meaningful way not only in the organisation but also in the planning of fairs/exhibitions. It is not enough to seek the good offices of the Indian Missions when exhibition teams find themselves in trouble over some unfortunate act of omission or of commission. There should be a broad arrangement under which the head of the Exhibition team should always consult and be generally guided by the Indian Mission on all vital matters. The Committee trust that if the advice and assistance of our Missions is sought in time and implemented on the basis of mutual understanding, there would not be many complaints which our missions have to point out so often after the fair/exhibition is over.

The Committee also suggest that in the light of the experience gained so far a review of the relevant chapters of the 'Manual of Instructions to Indian Commercial Representatives Abroad' should be undertaken jointly by the Ministry of Commerce and the Ministry of External Affairs to make coordination with Missions abroad more effective.

#### G. Evaluation of the Impact of Participation

3.34. In a note\* furnished after the evidence, the Ministry of Commerce stated that a report on each fair participation and exhibition was prepared by the leader of the exhibition team deputed to the fair/exhibition as well as by the concerned Indian Mission. These Reports were studied and the results evaluated. In respect of the participations/exhibitions organised by the Directorate of Exhibitions and Commercial Publicity, the examination of the reports was done

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\*Not Vetted by Audit.

at various levels including the concerned Territorial/Commodity Divisions, and were finally put up to Secretary. The deficiencies which were thrown up by this assessment are noted for bringing about improvements. The Evaluation and Research Unit of the Directorate looked after this responsibility. Since September, 1974, Presentation meetings were being arranged at which reports were discussed by the concerned officers of the Directorate and the territorial commodity officers. The Note adds:—

“Since the assessment of fair participations and exhibitions was being done in the Ministry on files till recently, no separate evaluation reports were being prepared.”

3.35. Referring to the Report of the Study Group (1972) which had pointed out absence of genuine effort in evaluation of the results of participation in exhibition, the Committee asked if the Ministry had any apparatus to have a regular system of checking on reports of every participation, particularly in exhibitions abroad, the former Secretary, Ministry of Commerce said:—

“The embassy would send a report. The report of the officer who was put in charge of those pavilions, would come. These two reports would be put up to the Secretary, who would examine it. The assessment would be that our country took part in a particular Fair and that we got a gold medal. And the Secretary would, write on the file “Good Show” and there it finished. My own feeling is that these medals are usually given to people who don't deserve it; or they are given as a consolation. A real participant would not want the medal. It is the crowd which he wants, and the business transacted. The medal is given for the reason that a particular person has come and he should be given a medal at least.”

3.36. The Committee enquired if the witness agreed that there were two missing links in the whole chain, viz. slackness in monitoring or in taking corrective steps at the appropriate time by the Director of Exhibitions in the Ministry, and, secondly, the non-effective involvement of our missions abroad in the programme of exhibitions. In reply, the witness said in evidence, “Partly, yes.”

3.37. Admitting the usefulness of Reports received from Ambassadors, the representative of the Ministry of Commerce said:—

“I really accept the spirit in which these reports have been furnished by our ambassadors because this is what is ex-

pected of them. We benefit by these criticisms and try to improve our organisational performance here and abroad. But there are some limitations under which these officers function, which certainly do not justify their being inefficient in work but for which sometimes this ministry and even the Finance Ministry are responsible. We do not give them adequate money. We do not send adequate number of people. If they ask for Rs. 5 lakhs, we give 3 lakhs. If they ask for 5 people, we send three. All sorts of constraints had been there”.

3.38. The Committee find the Directorate of Exhibitions and Commercial Publicity is virtually content with obtaining Report of Indian Missions and Director in charge of the Exhibition Teams. It is rather surprising that till recently the assessment of fair participations and exhibitions was being done in the Ministry only by means of noting and no separate evaluation reports were prepared. It is only from September 1974, that the system of holding ‘Presentation Meeting’s to discuss evaluation has been introduced. The Committee recommend that the pattern of the Evaluation Report should be rationalised and the broad aspects which such Reports must expound should be formulated on the basis of the experience gained by the Directorate over the years. This pattern should be kept under regular review and modified from time to time to enhance utility and ensure follow up action. These Reports should highlight achievements and also pinpoint inadequacies as well as complaints of malpractices and misconduct, with a view to their rectification.

3.39. The Committee suggest that Government should lay down standard proforma for submission of reports by the authorities holding Fairs. A suitable proforma may also be laid down for timely submission of reports by the Indian Missions abroad so that Government have one more dependable source to furnish data and report to facilitate proper evaluation of the benefits accruing from participation in the Fair. The Committee have no doubt that a critical scrutiny of the proforma and report of the Indian Missions abroad could help in identifying the shortcomings and in evolving concrete measures to obviate them in future.

The Committee suggest that in the light of the study of the proforma Government may review periodically Guidelines for holding of Fairs and Exhibitions so as to project a better and more meaning-



ful image for stepping up exports of industrial, manufactured and non traditional goods.

The Committee also recommend that there should be some arrangement for contemporaneous monitoring of fairs lasting more than two weeks so that inadequacies and deficiencies noticed are got rectified without delay.

## CHAPTER IV

### INDIA'S PARTICIPATION IN INTERNATIONAL TRADE FAIRS AND EXHIBITIONS

#### A. India's share in international Fairs & Exhibitions

##### (a) *Low percentage*

4.1. International commerce is dependent to a great extent on the institution of trade fairs which functions not only as the instrument of contact for actual business but as an agency for dissemination of knowledge and material achievements which constitute the essence of scientific and technological progress. The leading trade fairs that are held in different parts of the world on fixed dates every year constitute the core of leading economic events of the world and in thousands of commodities they are the main wheels on which international commerce runs. Leading countries host international trade fairs on their own soil as well as participate in fairs held in other countries of the world.

4.2. Indian participation in international trade fairs is a post-independence development. Starting in a small way in the early fifties, the programme of Indian participation has gradually expanded. According to the information furnished by the Minister of Commerce, "we participate out of 1500 fairs held every year all over the world in about 25 to 30 leading fairs. The total annual budget of India's participation in international trade fairs is of the order of Rs. one crore per year, which is less than 0.01 per cent of the exports of the country."

4.3. In his Memorandum to the Committee, the former Secretary, Ministry of Commerce had pointed out that out of over 3000 Trade Fairs taking place in the world India participated in hardly 40. Although these figures do not tally with the figures furnished by the Ministry of Commerce, they tend to suggest that our participation has been very inadequate.

4.4. During evidence of the representatives of the Ministry of Commerce, the Committee enquired why India participated in so few exhibitions and fairs. The witness replied:

"That is because of our financial constraint; the cost of participation has gone very high in the last two years."

4.5. The Chairman, Indian Council of Trade Fairs & Exhibitions during his evidence had attributed inadequate participation in the Trade Fairs/Exhibitions to lack of advance planning. He said:

“...but I would say that Government has failed in one respect. They have never given an adequate programme in advance. Other countries plan their participations 2 or 3 years ahead. In our case, it has always been a maximum of one year ahead, with luck. And sometimes, 6 months or 9 months ahead with the result that sometimes exhibits have to be sent by air, as it had to be done recently, to Plovdiv (Bulgaria). It means unnecessary, avoidable expenditure. Also, it does not give the agency, whether it is the Directorate or the Council, an opportunity for doing a really top-class job.”

4.6. The Committee note that, according to the Ministry of Commerce, at present India participates in about 25 to 30 out of 1500 fairs held every year all over the world and the annual budgetary allocation for this purpose has been of the order of Rs. one crore. This is barely 0.01 per cent of the value of our total exports. The Committee consider our participation to be far from adequate. The Committee wish that as trade fairs are an important factor in international commerce and help also to project the country's image abroad, it will be possible for Government not only to host more international fairs on its own soil but also to participate in such fairs elsewhere.

4.7. The Committee regret that in spite of the existence of a Directorate of Exhibitions, one of whose principal functions is to “formulate and coordinate the programmes of fair participations and exhibitions abroad” Government appeared to have failed to give adequate programmes in advance to the Council. If other countries can plan their participation in international exhibitions/fairs 2 or 3 years in advance, the Committee fail to understand why the Ministry of Commerce has been unable to do so and earn valuable foreign exchange.

The Committee are of the view that the organisation of fairs/exhibitions at short notice leaves very little time for advance planning which is essential to success. The Committee recommend that as exhibitions/fairs both as media of export promotion and projection of the country's image have assumed increasing importance, Government should undertake long-term programme planning, prefe-

rably to synchronise with the country's Five Year Plans, so that our fairs/exhibitions are more purposeful and efficient.

(b) *Qualitative improvement*

4.8. For enhancing India's share in International Trade Fairs & Exhibitions not only is participation in large number of Fairs/Exhibitions necessary but the nature of that participation also need to be qualitatively improved and novel ideas tride out. One such idea which was discussed with the Former Secretary of Commerce Ministry during evidence was that India should set up a Revolving Exhibition.

4.9. Elaborating his idea of having some kind of a "revolving exhibition", the former Secretary Ministry of Commerce during his evidence had stated:—

"We had an idea of organising some kind of a revolving exhibition for the Gulf area, because they are all small States and we have four months which are good for holding such fairs. Similarly, we can have some exhibition for Latin America, Africa and South east Asia, and our plan was to have all the structures made in India. That is what we did for our exhibition in Algiers. We found out before going there that it would cost us about Rs. 14 lakhs in foreign exchange to set up a pavilion there if we gave an order to the local contractor. When we asked for local tenders, we got the whole thing made locally for 2 lakhs and it cost us Rs. 80 thousand for chartering a plane. We saved a lot of money on shipping and avoided delays because it would have gone to Rome and from there to Algiers. Our plan was that from Algiers this material, pipes etc. should go to Libya for our exhibition there, and from Libya to the next place. The plan was that the material which we manufacture in India for our exhibition would be used in at least six exhibitions without any damage, and we would save a lot of money on every exhibition in foreign exchange."

4.10. About improving the content of our participation the former Secretary, Ministry of Commerce expressed the view that we should project the image o a modern resurgent India unfolding itself as an industrially advanced nation with a composite culture. The witness informed the Committee that just as the Soviet Pavilion Asia 1972 had become one o the popular pavilions by showing "Moon Rock.", India tried an innovation by showing in Algeria an old copy of the

Quran which had the signatures of Shahjehan and Aurangzeb. Veena in Sandalwood with all the scenes of Akbar's Court shown in the nine holes in it, silver Hookahs, etc. were the other popular items exhibited there.

4.11. The Committee enquired if there was any truth in the allegation from certain quarters that the main emphasis on projecting India's image abroad had been by displaying "sarees, handicrafts and pretty girls". In a written note, the Ministry of Commerce denied the allegation and pointed out that:

"Except for the fairs which are specifically devoted to consumer goods promotions, like the Frankfurt Spring Fair, the Brussels Household Goods Fair, the Brno Consumer Goods Fair etc. the predominant emphasis in India's fairs participation has been on the display of non-traditional export items. Broadly 90 per cent of space in the Indian pavilion is devoted to the display of non-traditional items. A few handicrafts are included as decoratives or as an attraction for the lay visitors. The Textile display where one or two sarees may be shown includes fabrics and readymade garments for which the market has been explored. The so-called 'pretty girls' are the stall attendants/interpreters locally employed as per normal international practice."

4.12. The Committee desired to know if adequate expertise in organisation and management of trade fairs had by now been built up. In reply, the Ministry of Commerce stated in a Note that:

"In the past three years alone the Directorate of Exhibitions and Commercial Publicity and the Indian Council of Trade Fairs and Exhibitions, won 16 awards including gold medals, out of a total 47 fair participations organised by them. These awards were given for good selection of exhibits and for good display. They were won in the face of competition from the highly advanced countries.

The basic planning of all aspects of fair participation and exhibitions is done in India itself. The cost average to less than 60 per sq. metre inclusive of all expenditure such as hiring of premises, construction and decoration work, transportation of exhibits, publicity, employment of staff, etc. This is about one half of the internationally accepted norm. Judging from the appreciation received and the results achieved the expertise built over the years which

has enabled exhibition techniques to be progressively improved at minimal cost would appear commendable. There is a continuing effort to raise further the standards of exhibitions and specialisation is being developed in various spheres. The exhibitions teams include high level technicians and other representatives of industry and trade besides the management staff of three to four persons on the average. The calibre of these teams compare well with that of the visiting representatives from other countries."

4.13. The Committee are glad that basic planning of all aspects of fair participation and exhibition is being done in India itself. This was but expected after nearly twenty five years of experience. It is also good to learn that our exhibitions have received much appreciation. The Committee would like efforts to continue seriously for improving the standards of our exhibitions and the results thereof to our economy.

4.14. The Committee recommended that the feasibility of setting up regional exhibitions centres with storage facilities, if possible, at selected centres should be explored in the light of the experience gained in the fair in Algeria. The findings in this regard may well form part of a comprehensive plan to be undertaken.

4.15. The Committee find that for too long, Indian Pavilions abroad have largely depended on traditional items like Agarbatis, Sarees and handicrafts. It is time that the theme of these Pavilions is re-set to show the strides made by India in industry and in science and technology. Selection of exhibits should be done with care and imagination, keeping in view the scope and objective of exhibitions, the market prospects and also the need for attractive novelties. The cooperation of the relevant interests in production, trade, publicity, etc. should be enlisted with a view to the maximum success of our exhibition effort.

#### B. Overlapping of Functions

4.16. Participation in International Trade Fairs/Exhibitions are at present shared between (i) the Directorate of Exhibitions and Commercial Publicity (ii) the Indian Council of Trade Fairs and Exhibitions and (iii) the Export Promotion Councils. As stated elsewhere in this Report, the Directorate is supposed to participate in those fairs/exhibitions where promotional effort is of predominant importance. The Council is supposed to participate in those fairs/exhibitions where trading interest predominates. The Export Promotion Councils, on the other hand, participate only in specialised fairs.

4.17. The Mudaliar Committee had recommended in 1963 conversion of the Ministry's Directorate of Exhibitions into a policy making and coordinating body at the Centre and the transfer of all organisational work to an autonomous body with a view to bringing about reorientation of approach in the organisation of fair participations and exhibitions. Accordingly, the Council of Trade Fairs and Exhibitions was set up at Bombay in 1964.

4.18. In 1966, a proposal was submitted to the Economy Committee for winding up the Council and a decision to that effect was taken. Later that Committee revised its earlier decision on further submissions made and came to the conclusion that Council should continue.

4.19. In 1967, the Administrative Reforms Commission recommended that:—

“(i) The activities of the Directorate of Exhibitions should, as early as possible, be transferred to the Indian Council of Trade Fairs and Exhibitions.

(ii) The grant-aid to the Council may continue for a few years, but the Council should ultimately become self-supporting, charging the necessary fees for the services rendered by it to the trade.”

4.20. Government decided that those functions of the Directorate of Exhibitions which related to fairs and displays in which the trading element predominated should be transferred to the Indian Council of Trade Fairs and Exhibitions. Other functions designed to build the image of the country, to portray economic development in India, to attract and develop interest in Indian products and to build up, through visual means, industrial and commercial co-operation with the rest of the world, should be retained by the Directorate. Government also accepted the ARC's recommendation (ii) above.

4.21. In 1971, the Working Group under the Chairmanship of the then Joint Secretary, Ministry of Foreign Trade (Shri P. K. Samal) made the following\* recommendation:

“It was pointed out to us that, according to the decision of the Government on the Administrative Reforms Commission's recommendations, fairs which are financially via-

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\*Not vetted in Audit.

ble and where trading element predominates should be allotted to the ICTFE. In keeping with this decision and bearing in mind the available administrative capacity and expertise, the events with pre-dominant trading element are allotted to the ICTFE. We, however, observed that some of the events which were at one time allotted to the ICTFE were subsequently taken over by the Directorate of Exhibitions. The representative of the Directorate of Exhibitions explained that this has been done because participation in the same fair by the same organisation for a number of years had degenerated into a routine participation and at the insistence of the Indian Mission and with a view to introducing some sense of competition, some exceptions have been considered a healthy practice."

"We feel that the Government's decision on the recommendations of the Administrative Reforms Commission should primarily prevail for the purpose of making the allocation of Fairs. We would, however, like to emphasize that fairs where the trading element predominates, in the context of the existing trade of India with the concerned country and also where trading channels are well-established, should be allocated, consistent with its resources, to the Indian Council of Trade Fairs and Exhibitions. Fairs/Exhibitions in which image of India is also to be projected, and those exploratory objective in the vast range of non-traditional items or where the existing trade of India with the concerned country is negligible and where the information about the product needs to be disseminated should be handled by the Directorate of Exhibitions. We, however, feel that there cannot be absolute compartmentalisation of fairs; nor can thereby be any demarcation of territories in this regard. Much will depend on the objectives, scope and character of each Fair."

"We found that by and large the trade and industry was quite responsive to participations in known and developed markets. If occasionally some important sector of industry or some reliable concerns displayed apathy to participation, it was largely because they received very inadequate notice for preparing high standard exhibits for timely shipment. To counter this apathy on the part of trade and industry and to enable them to design their participation in a superb fashion, it is very essential that



they should be given a long notice. To this end, we have suggested elsewhere in our report the fundamental need for adopting 3 years advance programme and planning.”

4.22. In their Report submitted in April, 1972, the Study Group set up by Government under the Chairmanship of Shri G. L. Bansal, Secretary General, Federation of Indian Chambers of Commerce and Industry, New Delhi, to evolve broad guidelines in regard to India's participation in international fairs and exhibitions, recommended the following scheme of distribution of fair participation| exhibition between the Directorate and the Council:—

(a) *Directorate of Exhibitions and Commercial Publicity*

- i. Participation in trade fairs in countries to which export of Indian goods is undeveloped because of lack of awareness of Indian manufacturers and where the market has to be explored.
- ii. Participation in fairs and exhibitions where the participation is needed primarily for reasons other than those of trade promotion.
- iii. Participation in fairs and exhibitions where it is essential to participate only at Government level.
- iv. Holding exclusive Indian exhibitions for purposes of image building as distinct from commercial objectives.
- v. Holding exclusive Indian exhibitions of large magnitude (with expenditure of Rs. 10 lakhs or more) in regions where no international trade fairs are held and where the markets have not been adequately explored.
- vi. Participation in Expos and other world events of similar nature.

(b) *Indian Council of Trade Fairs and Exhibitions*

- i. Participation in trade fairs and exhibitions where trading interest predominates.
- ii. Exclusive Indian Trade expositions, both general and specialised, which are meant primarily for trade promotion.
- iii. Holding Indian exhibitions and participating in trade fairs for exploration of business possibilities in regions where participating in established trade fairs.”

4.23. On 3rd October, 1972, a meeting was held at New Delhi between the then Special Secretary, Ministry of Foreign Trade and the Chairman, Indian Council of Trade Fairs and Exhibitions, Bombay in the course of which the performance of the Council came up for discussion. The main points raised were the failure to set up a General Council, decline in membership of the Council, adverse reports from Indian Missions in some of the fair participation arranged by the Council. On 12th October, 1972 the Chairman, sent a detailed reply to the then Special Secretary to various points raised and followed it up by a personal letter dated 19th October, 1972.

4.24. The subsequent events during May, 1973 about the former Secretary, Ministry of Commerce, apprising the Minister for Commerce of the performance of the ICTFE and the submission of a detailed note by him on the working of the ICTFE followed by the decision of the Commerce Minister approving the proposal to dispense with the services of ICTFE and the direction that to prevent unnecessary problems of retrenchment, unemployment of those of its employees who are otherwise suitable in the re-organised set up of the Directorate, have been referred to in paras 2.120 and 2.121 *ante* of this Report.

4.25. On 29th May, 1973, the Director, Exhibitions and Commercial Publicity sent a letter to the Chairman, ICTFE conveying decision not to allocate to ICTFE any programme of participation in fairs and exhibitions in future commencing from the financial year 1973-74.

4.26. On 5th June, 1973, the Chairman, ICTFE sent a detailed letter to the Commerce Minister representing against the decision not to allocate to ICTFE any programme of participation in fairs and exhibitions in future concerning the financial year 1973-74.

4.27. On 21st June, 1973, the Governing Body of the Council adopted the following resolution and authorised the Chairman to forward the same to the Commerce Minister and the Prime Minister:—

“The Governing Body of the Indian Council of Trade Fairs and Exhibitions notes with deep regret and concern the letter dated the 29th May, 1973 from the Director of Exhibitions and Commercial Publicity of the Ministry of Commerce, communicating a decision not to allocate to the Council any programme of participation in fairs and exhibitions in future from the financial year 1973-74.

The Governing Body regrets that in the past eight months it was not taken into confidence at any stage nor given an opportunity of stating the Council's case prior to the decision taken by the Ministry. Considering that the Indian Council of Trade Fairs and Exhibitions was promoted as a Registered Society by the Government of India and considering that all the Members of the Governing Body have been nominated by Government including one of the two Vice-Chairmen who has been either the Joint Secretary in the Ministry or the Director of Exhibitions, and considering further the favourable and appreciative comments on its functioning in the course of participations in 55 international fairs received generally from India's Embassies and missions abroad and the recommendations of the various expert committees appointed by Government from time to time to allot to the Council an expanding role in India's participation in international fairs with a predominantly trade content, the Governing Body urges the Minister of Commerce to be so good as to review the position particularly as the above mentioned decision has not entailed any financial outlay and is capable of being reviewed without any loss to Government and to receive for this purpose a deputation of representatives of the Governing Body.

The Governing Body further urges the Minister of Commerce, in recognition of the notable service rendered by the Council over a period of nearly 10 years to Indian trade and industry through its successful organisation of participation in 55 international fairs, and of the fact that the council has been successfully discharging its responsibilities in terms of the objectives with which it was established by Government while meeting in full its obligations and commitments in respect of its finances and services, that he be so good as to restore to the Council a programme of participation in all fairs having a pre-dominantly trade content as recommended successively by the Administrative Reforms Commission, the Working Group and the Study Group of experts appointed by the Government of India."

4.28. The resolution of the Governing Body of the Council (16th July, 1973) was followed up by a representation by Shri Bhabha, Chairman of the Council to the Prime Minister. As stated in para 2.122 of this Report, the Prime Minister suggested that reasonable

number of fairs be allocated to the Council during the current year and that further consideration could be given to the matter. As stated in para 2.123 the Commerce Minister accordingly reported to the Prime Minister that some fairs would be allotted to the Council during the remaining part of the financial year for keeping their staff fruitfully engaged. He also reported that the Ministry would examine the proposals for re-organising participation in fairs and exhibitions abroad including the question relating to appropriate organisational and institutional arrangement for maximising commercial returns from such participation. It was contemplated that the role of the Council could be considered in closer detail in the light of the Government's action on the A.R.C.'s recommendation. It was mentioned that a note for the Cabinet was under preparation.

4.29. The Committee enquired how was it that the decision to dispense with the services of the Council taken on 1st May, 1973 by the Commerce Minister and communicated to the Council in a letter dated 29th May, 1973 was reversed after a few days on the representation made by the Council. In reply, the Commerce Secretary said:

"After they had been told that they would not get any further exhibitions to organise, thereafter there is no specific record to show in what manner, due to what reason, a change of heart took place. There is a sentence in the record by the Minister which is pertinent which I want to bring to your notice. In the meantime thinking had veered round to setting up of an India International Trade Fair Authority. It was necessary to think of the role of ICTFE, the staffing which was there, for the purpose of absorbing them and not leave them without employment. These points were being considered at this time and this must have weighed with the Minister that before we take some final view in this matter, it is not proper to wind up the Council."

4.30. Asked whether reversal of the decision to wind up the Council meant that the allegations against that body had been found to be wrong, the witness said:—

"I would not assume anything particularly in the absence of record."

4.31. The Committee observed that on 1st May, 1973 it was decided to dispense with the services of the Council but on 17th July, 1973 it was decided to allocate some fairs to the Council to keep

their staff fruitfully engaged. The Committee enquired if a formal communication was sent to the Council informing them of the latest Government decision. The representative of the Ministry of Commerce stated:—

“Communication was made about the allotment of the Venezuela Fair to the Council. Earlier, they were communicated (the decision to wind up). But, there is no communication to show whether they were formally told that decision is now kept in abeyance. The assumption was that pending a decision, about its future, whether it would be wound up or not, it will continue to participate in fairs allotted to it.”

4.32. The Committee desired to know whether it was a fact that at certain places abroad both the Council and the Directorate had gone to organise the fairs/exhibitions. In reply,\* the Ministry of Commerce stated in a note that:

“There has been no instance of both the Directorate of Exhibitions and Commercial Publicity and the Indian Council of Trade Fairs and Exhibitions having organised participation in the same fair in the same year simultaneously. However, in some cases participations in different years has been arranged sometimes by the Directorate and sometimes by the Council. List of such cases is attached (Appendix V). The rotation of responsibility was considered desirable by the Ministry for developing a healthy spirit of competition between the two organisations. This has not led to any duplication of effort, and on the contrary has led to the improvement of presentation.”

4.33. The Committee find that Government had taken a decision on 1st May, 1973 to wind up the Council. This decision seems to have been taken behind the back of the Council who was not given a reasonable opportunity to place its case before Government. Even the Prime Minister was constrained to observe on 16th July, 1973 that “it is also not fair to confront the Council with a situation of this kind without adequate prior notice and discussion.”

4.34. The Committee also find that Government's views about the role of the Indian Council of Trade Fairs and Exhibitions which was set up in 1964 had been shifting vague and inconsistent. Hardly had the Council functioned for two years, the Economy Com-

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\*Not vetted in Audit.

mittee headed by the Cabinet Secretary decided in 1966 that the Council should be wound up. Before this decision could be implemented, that Committee reversed its own decision on pleas made to it. In 1967, the Administrative reforms Commission recommended that "the activities of the Directorate of Exhibitions should, as early as possible, be transferred to the Indian Council of Trade Fairs and Exhibitions." Had Government accepted and implemented that recommendation, it would have been possible to put an end at least to multiplicity of organisations entailing high cost of overheads and perhaps also to achieve some economies of scale. While accepting ARC's recommendation, Government, however, decided that only fairs and displays in which the trading element predominates should be transferred to the Indian Council. This demarcation of work between the Indian Council and the Directorate was not followed by Government in letter and spirit because, as observed by the Study Group headed by Shri P. K. Samal in 1971 some of the events with predominant trading element which were at one time allotted to the Indian Council were subsequently allotted to the Directorate on the plea that the participation in the same fair by the same organisation for a number of years had degenerated into a routine participation. In April, 1972, the Study Group had recommended enlargement of the scope of allocation to the Council. On 1st May, 1973, Government instead of agreeing to the recommendation, again decided to wind up the Council because of its alleged poor performance. This time again the decision was not implemented but it was subsequently decided to give a "reasonable number of fairs." This decision was neither communicated to the Council nor implemented, for what was given to the Council in 1973-74 was only one fair. Viewing the course of these developments, the Committee cannot resist the impression that having set up the Council of Trade Fairs and Exhibitions in 1964, Government did not quite know what to do with it.

4.35. Government's stand in regard to the role of the Directorate of Exhibitions and Commercial Publicity too has been vague and inconsistent, and shifting so frequently, that any demarcation between the Directorate and the Council could hardly be made. The Mudaliar Committee which had recommended setting up of an autonomous body to bring about re-orientation of approach to the organisation of fair participations and exhibitions had recommended in 1963 that the Directorate of Exhibitions should be converted into a policy-making and coordinating body. Government chose not to take any steps to elevate the Directorate to that level and

continued to assign fair participations to it with the result that there was no organisation charged with the specific responsibility of planning, coordination and evaluation of India's participation in international fairs. In 1967, the Administrative Reforms Commission recommended that the activities of the Directorate of Exhibitions should, as early as possible, be transferred to the Indian Council of Trade Fairs and Exhibitions. This afforded another opportunity to Government to transfer all organisational work if it was thought fit to the Council and thereby put an end to duplication of efforts but Government let slip this opportunity also when it decided to assign those fairs to the Directorate which were designed "to build the image of the country, to portray developments in India, to attract and develop interest in Indian products and to build up through visual means, industrial and commercial cooperation with the rest of the world." According to Government's own admission, instances are not lacking when participation in different years was arranged sometimes by the Directorate and sometimes by the Council. To quote one instance, the Frankfurt fairs in 1969, 1970 and 1971 were organised by the Council, but the fair organised, there in 1975 was handled by the Directorate. The Committee are not impressed by the argument that for development of a healthy spirit between the two organisations, rotation of responsibility is desirable. As far as the Committee can see, such a rotation has only led to dilution of the role of the Directorate and has served little purpose. Inability to make up Government's mind has delayed the emergence of a sound organisational base for planning, coordination and evaluation of India's participation in fairs/exhibitions abroad. A Directorate which has the lion's share of participation and is deeply involved in the day-to-day organisation of fairs/exhibitions can hardly be expected to evaluate its own performance. The Committee, therefore, suggest that Government should take concerted measures to create a sound organisational base for the purpose of undertaking planning, coordination and evaluation of India's participation in fairs/exhibitions abroad. An informed, bold and imaginative approach can put India on the fair map of the world.

### C. Need for a Unified Agency

4.36. On 3rd October, 1973, the former Secretary, Ministry of Commerce mooted the idea of setting up of a Indian International Trade Fair Authority. The following were some of the important

reasons given in his note\* for setting up a unified agency for organisation of fairs/exhibitions:

- (i) Even in respect of 25 to 30 fairs in which we participate, the approach is not uniform;
- (ii) there is a multiplicity of agencies functioning in this field viz. the Directorate of Exhibitions and Commercial Publicity, the Indian Council of Trade Fairs and Exhibitions, the Export Promotion Councils. The multiplicity of agencies functioning in this field has prevented the acquisition of expertise necessary in any single organisation so as to enable it to approach the subject of exhibitions display and technology in an integrated manner.
- (iii) With the launching of the Fifth Five Year Plan, and the increasing need for projecting the image of India as a viable exporting nation and a modern industrial economy, the time has come for the establishment of single authority to take charge of the entire exhibition work in regard to hosting fairs in India as well as for participation in international trade fairs abroad.
- (iv) there is avoidable duplication of efforts, unnecessary cost in overheads, inability to achieve economies of scale, addiction to slow governmental procedures unsuited to the dynamic field down-the-line to develop experience, expertise and the finesse necessary to deal with a highly creative and technical subject like exhibition display and technology.

4.37. It was contemplated that the proposed International Trade Fair Authority would be a service-oriented organisation like the Trade Fair Development Authority. It would be a Society registered under the Societies Registration Act, 1860. It would be managed by a Steering Committee whose Chairman would, to start with, be the Secretary in the Ministry of Commerce. The Executive Head of the Authority was to be a Director General. The implication of setting up the Authority would be abolition of the Directorate of Exhibitions and the Indian Council of Trade Fairs and Exhibitions with Directorate of Commercial Publicity remaining with the Ministry of Commerce, as before. Export Promotion Councils were not to be directly affected and were to be allowed to participate in a small way in specialised Fairs.

4.38. When the proposal for setting up the authority was submitted to the Expenditure Finance Committee on 5th March, 1974,

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\*Not vetted in Audit.



the transfer of the entire Directorate of Exhibitions and Commercial Publicity was envisaged.\* Expenditure Finance Committee approved the proposal subject to Cabinet's approval.

4.39. In July, 1974, there was some new thinking in the Ministry of Commerce regarding the Trade Fair Authority and the future relationship between the Indian Council of Trade Fairs and Exhibitions and the Directorate of Exhibitions and Commercial Publicity. In a Note (dated 19-7-74) submitted to the Secretary (E.P.), the Joint Secretary, Ministry of Commerce argued for reconsideration of the proposal to set up a unified agency on the following grounds:—

- (i) It is not easy to set up IIFTA as a registered body in view of the problems of absorptions of staff of Directorate and ICTFE. A suggestion has been made that we may pursue the idea of setting up the Authority in the form of a Statutory Corporation.
- (ii) while the economics of unifying the Dte. and the ICTFE are barely marginal the extra expenditure in bringing about the unification is considerable.
- (iii) financial flexibility can come to an organisation only when its resources are its own. In the scheme of Authority there is no perspective that it will be self financing in due course. The decision to lease the major property of Pragati Maidan instead of owning it leaves no possibility of high incomes. Presently the pattern is that its incomes will come as grant from Government and the receipts will be credited to Central Revenues.
- (iv) the posts sought to be abolished for the Authority in the Secretariat include the concerned Joint Secretary and the rest. There are certain functions which the Government cannot be divested of. These are (a) decision of participation in international fairs, (b) theme and size, (c) exaluation-trade impact, and (d) image moulding participation on political grounds.
- (v) all the Working Groups and Studies have sought delegation of the execution of exhibitions and not the policy regarding them. In fact today the need is to better integrate the knowledge of the Territorial Divisions and Export Production Department to choose and plan participation. We do not want so many good participations in

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\*Not vetted in Audit.

terms of show. Similarly the need is for commercial publicity to be better informed of Government intentions.

- (vi) The Authority provides that initially the Chairman of Steering Committee governing the Authority will be Secretary (EP). This is not likely to be a permanent arrangement, here association of Secretary (EP) will not achieve the purpose of policy function remaining with Government.
- (vii) One of the aspects of this unification under a single authority is the policy judgement that one Authority is better than many units. This would bear further examination. . . . . We have to think of a federal structure and not a monolith.
- (viii) One of the strong factors that appears to have weighed in making the proposal is the adverse judgement on the performance of ICTFE strongly held by Shri M. Yunus, Secretary (IT). On the papers in file this adverse judgement remains unproven.
- (ix) During the Fifth Plan the total Government grants available for Exhibitions and Publicity are likely to (at best) remain at the present level. We cannot think of suddenly ushering an era of much greater activity on these fronts if it is to be financed on Government account. Unification of the organisations under a registered body provides no magic by which the same amount of funds will lead to much enhancement of such activities. This is all no more than sales talk for a proposal. In fact, the looser financial control leads to greater operational overheads, greater entertainment etc. We can expand our exhibition and fair participation activities only by transferring the burden to the exporting trade. Our policy should be to make the exporters learn the benefits of participation and feel it worthwhile to meet the costs.

4.40. On 21st August, 1974, the Commerce Minister stated *inter alia*:

"I am glad to see that some new thinking has been done regarding the Trade Fair Authority and the future relationship between the ICTEF and the Directorate of Exhibitions and Commercial Publicity.

\* \* \* \* \*

I also agree that we should have an open mind regarding the ICTFE and watch their performance in the course of the year, before taking a final view regarding their future role."

4.41. During evidence the Committee enquired the latest position, the representative of the Ministry of Commerce stated:

"The intention is that the organisation which is now looking after the internal exhibitions and the Directorate which is now looking after the external fairs would be merged and there would be one authority. There will not be any federal structure; it will be one authority dealing with both internal and external fairs.

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In the scheme that is now being considered, or under examination in the Ministry, there will also be a role for the Indian Council of Trade Fairs and Exhibitions, because the thinking is that while the two Government organisations should be merged into an autonomous body, the Council should also continue to have an ancillary or servicing role. This is again the thinking at the present moment."

4.42. Asked whether the new thinking was different from the idea envisaged by the former Secretary in his note, the Secretary, Ministry of Commerce reported:

"There is one basic difference. It is not to be taken as final, as the thinking is still going on. The pattern of Mr. Yunus was that it would envelope all the three organisations, the Council, the Directorate and the fair authority as also the commercial publicity side and it would be an autonomous organisation registered under the Societies Act. The concept that is now being discussed is that the merger will be at the level of the Government organisations while the Council will remain outside. The trade fair authority will work as an ancillary."

4.43. The former Secretary, Ministry of Commerce said in his evidence:

"I understand that some kind of authority is going to be created, but changing the name of the present Directorate

will only mean that it will not be old wine in a new bottle, but rotten wine in a broken bottle."

4.44. Giving his reaction to the idea of continuing ICTFE as a Service Agency, the Chairman ICTFE, said in evidence:

"\*\*\*The present thinking is to use the Council as a service agency. We are very glad to function as a service agency."

4.45. In a note furnished to the Committee after evidence, the Ministry of Commerce stated:

"Under this arrangement it was proposed that the Indian Council of Trade Fairs and Exhibitions should be continued as a service agency undertaking such responsibilities as may be assigned to it. However, no final decision has yet been taken. The organisational form of the proposed Authority is still under examination and various alternatives including a company form under the Companies Act are under active consideration. A final decision on this is expected to be taken in a few weeks' time in consultation with the Bureau of Public Enterprises, the Department of Company Law, Ministry of Finance etc. The integration of the Directorate of Publicity and Commercial Publicity, the India International Trade Fairs Organisation and the Indian Council of Trade Fairs and Exhibitions is a part of the structural planning in the scheme under consideration."

4.46. In another Note\*, the Ministry of Commerce stated (January, 1976) that:—

"A Cabinet paper on the subject has been drafted. The Comments of Ministry of Finance and Works and Housing are awaited and the proposal will be placed before the Cabinet thereafter."

**4.47. The Committee find that at present there is multiplicity of agencies handling trade fairs/exhibitions within the country and abroad. This has implied avoidable duplication of efforts, overlapping of functions, high overheads and lack of co-ordinated planning and integrated approach. The proposal of the Ministry of Commerce mooted as early as in October, 1973 for setting up a**

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\*Not vetted by Audit.

unified agency to be called the India International Trade Fair Authority was, therefore, a step in the right direction. After the proposal was approved by the Expenditure Finance Committee in March, 1974, the next obvious step was to obtain the approval of Cabinet. For some reason, however, the Ministry of Commerce seems to have developed cold feet. In a note dated 19th July, 1974, problems like absorption of staff, economics of unification, financial flexibility, etc. which were by no means insurmountable, were cited by way of 'new thinking'. As far as the Committee can see, this was nothing but a veiled attempt to put the idea of setting up a unified agency in cold storage. It is surprising that the very Ministry which had strongly favoured the idea a few months back should seek to put their own proposal in reverse gear.

4.48. The Committee have pointed out elsewhere how the Ministry of Commerce had once decided to wind up the Indian Council of Trade Fairs and Exhibitions but soon reversed that decision. The Ministry had also decided that on reversion, the Executive Director should be entrusted with the work of Commercial Publicity alone, but that decision was also reversed and he was given the work also of Exhibitions. When one decision after another is reversed by the same Ministry, and that too within a short span of time, it casts a serious reflection on the decision-making process in the Ministry concerned. The Committee strongly emphasize the need to review the existing decision-making process and to streamline it adequately.

4.49. The Committee fear there is a contradiction between the idea of the Ministry of Commerce that integration of diverse bodies operating at present is a part of the structural planning now being evolved and the proposition, which emerged in evidence, that even when the proposed unified authority is set up the ICTFE would continue as a Service Agency. It is regrettable that no final decision in this regard has been made by Government, though the Committee were assured (October, 1975) that it was expected "in a few weeks' time". The accumulation of allegations against the ICTFE, though not clearly substantiated, is a serious matter. Besides the Committee fear that if the ICTFE or for that matter the Directorate is retained under one grab or another, the unified agency idea will be infructuous. The Committee urge on Government to take long term decisions rather than adopt ad hoc measures on grounds of expediency rather than of principle.

NEW DELHI;

March 8, 1976

Phalguna, 18 1897 (S)

H. N. MUKERJEE

Chairman,

Public Accounts Committee.

## APPENDIX I

*Statement showing fairs organised by the ICTFE during the last 10 years (1965-66 to 1974-75) and the business negotiated.*

Names & Dates of the Fairs	Business Negotiated	Under Negotia- tion	Total
1	2	3	4
(Rupees in lakhs)			
<i>1965-66</i>			
1. Budapest International Fair (21-5-1965—31-5-1965)	10.00	2.25	12.25
2. Poznan International Fair (1-6-1965—15-6-1965)	0.42	13.28	13.70
3. Indian National Exhibition, Belgrade (3-7-1965—18-7-1965)	25.00	..	25.00
4. Royal Agricultural show, Nairobi (28-9-1965—2-10-1965)	12.00	..	12.00
5. Leipzig spring Fair (6-3-1966—15-3-1966)	237.00	13.00	250.00
	284.42	28.53	312.95
<i>1966-67</i>			
1. Zigeib International Autumn Fair (8-9-1966—18-9-1966)	64.32	257.68	322.00
2. Plovdiv International Fair (18-9-1966—2-10-1966)	250.00	17.00	267.00
3. Brussels Food and Domestic Equipment Fair (8-10-1966—23-10-1966)	..	..	..
4. Paris Food Fair (13-10-1966—21-11-1966)	..	..	..
5. Leipzig Spring Fair (1-3-1967—14-3-1967)	300.00	..	300.00
	614.32	274.68	889.00
<i>1967-68</i>			
1. International Samples Fair, Barcelona (1-6-1967—15-6-1967)	12.00	1.50	13.50
2. International Trade Fair, Sydney (19-10-1967—28-10-1967)	1.60	..	1.60
3. Tripoli International Fair (28-2-1968—20-3-1968)	9.70	13.20	22.90

1	2	3	4
4. Indian Trade Exhibition, Khartoum (3.3.1968—17.3.1968)	20·50	49·55	70·05
5. Leipzig Spring Fair (3.3.1968—12.3.1968)	100·00	311·00	411·00
6. Frankfurt Spring Fair (3.3.1968—7.3.1968)	25·00	162·00	187·00
	168·80	537·25	706·05
<i>1968-69</i>			
1. Partners for progress Exhibition, Berlin. (26.9.1968—6.10.1968)	6·00	..	6·00
2. Zagreb International Autumn Fair (12.9.1968—22.9.1968)	593·00	..	593·00
3. Baghdad International Fair (1.10.1968—30.10.1968)	22·00	..	22·00
4. Frankfurt International Spring Fair (23.2.1969—27.2.1969)	115·00	..	115·00
5. Leipzig Spring Fair (2.3.1969—11.3.1969)	257·00	..	257·00
6. Daily Mail Ideal Home Exhibition London. (4.3.1969—29.3.1969)	2·00	..	2·00
	995·00	..	995·00
<i>1969-70</i>			
1. Partners for progress Exhibition Berlin. (19.9.1969—28.9.1969)	15·00	..	15·00
2. Zagreb International Autumn Fair (11.9.1969—21.9.1969)	700·00	..	700·00
3. Sydney International Fair (18.10.1969—25.10.1969)	70·00	..	70·00
4. Frankfurt Spring Fair, Frankfurt. (22.2.1970—26.2.1970)	120·00	..	120·00
5. Leipzig Spring Fair (1.3.1970—10.3.1970)	2600·00	..	2600·00
	3505·00	..	3505·00
<i>1970-71</i>			
1. Milan International Trade Fair (14.4.1970—25.4.1970)	2·00	3·50	5·50
2. Cairo International Trade Fair for Industry. (16.5.1970—5.6.1970)	123·00	375·42	498·42
3. National Agricultural and Trade Fair, Dar-as-Salam (3.7.1970—7-7-1970)	0·52	1·11	1·63

1	2	3	4
4. Overseas Import Fair, Berlin. (25.8.1970—31.8.1970)	1·28	74·00	75·28
5. Damascus International Fair (25.8.1970—20.9.1970)	14·00	55·50	69·50
6. Zagreb International Autumn fair (10.9.1970—20.9.1970)	10·08	12·00	22·08
7. Texas State Fair, Dallas. (10.10.1970—25.10.1970)	0·68	13·00	13·68
8. Bucharest International Fair (13.10.1970—24.10.1970)	63·33	..	63·33
9. Ghana International Trade Fair, Accra. (1.2.1971—14.2.1971)	76·64	..	76·64
10. Frankfurt International Spring Fair. (28.2.1971—4.3.1971)	37·21	32·00	69·21
11. Daily Mail Ideal Home Exhibition, London. (1.3.1971—27.3.1971)	11·93	..	11·93
	<u>340·67</u>	<u>566·53</u>	<u>907·20</u>

## 1971-72

1. First Household Comforts show (5.4.1971—19.4.1971) & 41th Brussels Commercial Fair (21.4.1971—2.5.1971)	1·40	5·00	6·40
2. Zambia Trade Fair, Ndola. (1.7.1971—6.7.1971)	4·46	54·39	58·85
3. Zagreb International Autumn Fair (9.9.1971—19.9.1971)	188·61	384·00	572·61
4. Plovdiv International Fair (19.9.1971—28.9.1971)	255·56	..	255·56
5. Biglida International Fair (1.10.1971—21.10.1971)	28·06	..	28·06
6. Nairobi Agricultural Show (28.9.1971—2.10.1971)	1·53	2·91	4·44
7. Cairo International Fair (2.3.1972—23.3.1972)	3·75	10·83	14·58
	<u>483·37</u>	<u>457·13</u>	<u>940·50</u>

## 1972-73

1. Milan International Fair (14.4.1972—25.4.1972)	4·98	51·43	56·41
2. III International Consumer Goods Fair, Brno (Czechoslovakia) (28.4.1972—5.5.1972)	104·67	57·04	161·71
3. XL International Samples Fair Barcelona (Spain) (3.6.1972—13.6.1972)	22·50	..	22·50
4. Thessaloniki International Fair (2.9.1972—24.9.1972)	2·16	4·00	6·16
5. Vienna International Fair (6.9.1972—10.9.1972)	3·46	..	3·46
6. Plovdiv International Fair (24.9.1972—3.10.1972)	208·00	..	208·00



1	2	3	4
7. Baghdad International Fair (1.10.1972—21.10.1972)	58.00	..	58.00
8. Tripoli International Fair (1.3.1973—20.3.1973)	13.00	469.53	482.53
	<u>506.77</u>	<u>580.00</u>	<u>1088.77</u>
<i>1973-74</i>			
1. Indian Industrial Exhibition Caracas.(26.3.74—14.4.74)	52.00	15.00	67.00
	<u>52.00</u>	<u>15.00</u>	<u>67.00</u>
<i>1974-75</i>			
1. International Spring Fair for Consumer Goods, Utrecht.(2.3.1975—6.3.1975)	16.00	60.00	76.00
2. Cairo International Fair (10.3.1975—31.3.1975)	12.00	52.00	64.00
	<u>28.00</u>	<u>112.00</u>	<u>140.00</u>

## APPENDIX II

*A summary of views expressed by Indian Missions abroad about the fairs|exhibitions organised by the Indian Council of Trade Fairs and Exhibitions*

**PART-I—Adverse Remarks and Criticism with Council's Comments thereon.**

(1) *Leipzig Spring Fairs, 1970*

*Criticism:*

Display far better than on earlier occasions, but prominence has been given to traditional items and handicrafts.

*Comment :*

Regarding the comment that display was far better than on earlier occasions, it must be mentioned that this was the last participation organised by the Council at the Leipzig Spring Fair. As regards prominence being given to traditional items and handicrafts, note was taken of this advice for future projections at Leipzig. The Council, however, was not given another opportunity to organise India's participation in the Leipzig Spring Fair.

(2) *Frankfurt International Spring Fair, 1970*

*Criticism :*

Retailing mentality was still present in a degree no less than last year and full potential of the boom conditions for Indian novelties was not exploited.

*Comment:*

This fair offers an opportunity for the sale of items exhibited and this opportunity was fully utilised. The sale of exhibits, after the close of the fair, realised an amount of Rs. 1.47 lakhs in foreign exchange and orders booked by the participants as per the reports amounted to Rs. 120 lakhs.

However, our Consul-General in Frankfurt, in his report where the above criticism had been made, had also appreciated the Council's effort, as may be seen from the following excerpts from his report :

"The participation was quite successful especially in the field of jewellery, handloom silk and cotton made-up goods and fabrics, carpets and brassware. The Indian participants in the fair took full advantage of the 'INDIA LOOK 1970 TRENDS'.....The press comments on our participation were also good."

(2) *Bucharest Fair, 1970*

*Criticism:*

Industrial development not truly reflected in India Pavilion.

*Comment :*

Actually, five H.M.T. machines, one precision capstan lathe of Gedee Weiler, two other machines of Messrs. Praga Tools, fans, typewriters, refrigerators, airconditioners, etc. including a wide range of light engineering products were displayed and their sales at the close of the fair realised on account of Rs. 3,30,000 in foreign exchange.

(4) *Baghdad International Fair, 1971*

*Criticism:*

Some shop soiled goods were displayed.

*Comment:*

Instead of contesting this view which may well relate to a few articles, mention may be made of the following assessment of the India Pavilion by a leading daily newspaper in Iraq, the BAGHDAD OBSERVER dated the 3rd October, 1971—

"The products on display demonstrate the great progress made by India in the field of industrialisation since independence. The products on display demonstrate their high quality and excellence which would stand international competition."

**Criticism:**

**Packing unsatisfactory.**

**Comment :**

Unfortunately, participants are responsible for the proper packing of their goods in terms of the conditions laid down by the Council. Where packing was not good enough to stand the stresses and transportation and rough handling by rail, truck, sea, air, etc., the attention of the participants was invariably drawn by the Council to their responsibility.

**Criticism:**

The Council grossly mismanaged the winding up work.

**Comment :**

The Council's exhibition team packed the exhibits and left them with the clearing agents (appointed by the Embassy) along with the invoices prepared according to their advice after the close of the fair and full particulars were also given to the Indian Embassy. Thereafter the documents were recast in different forms a number of times as desired by the clearing agents and the Embassy. The Council's officer who visited Baghdad in May 1972 again tried to speed up the matter. Eventually, various formalities were completed and the unsold exhibits were returned to India and the sale proceeds were repatriated by the Council's exhibition team deputed for participation in the next Baghdad Fair in 1972.

**Criticism:**

Alleged excessive import of liquor of expensive deluxe brands by the Director, India Pavilion.

**Comment :**

On receipt of a confidential letter from O.S.D. (Vigilance), Ministry of Commerce, on the above subject, a note was recorded by the concerned officer of the Council who was the Director of the India Pavilion at the fair. According to this note, 72 bottles of liquor were imported duty-free. The cost of liquor including packing and airfreight charges amounted to US \$ 269.68 equivalent to about Rs. 2,000 against the fair quota of ID 300 equivalent to Rs. 6,600. Out of these 34 bottles were presented and 38 bottles were used for official entertainment in the India Pavilion to the officials of the Fair Authority, Customs, Directorate of Imports and Exports, Ministry of Economics and public sector organisations and representatives of the press and other publicity media. The justification

for the import of the deluxe brands of Johnny Walker (Black Label) and Haig's Dimple Scotch was that the difference in cost between these brands duty-free and the standard brands duty-free was only Rs. 6.5 per bottle and Rs. 3.5 per bottle respectively, and this very small difference was more than off-set by the good-will created among the recipients to whom these prestigious brands of whisky were presented. This public relations effort was necessary to expedite the issue of import licences and the sale of exhibits against the fair quota of Rs. 26 lakhs, and as a matter of fact the India Pavilion was one of the first to receive the import licences. This information was sent to the Ministry and the Council received no further reference in the matter.

(5) *Zagreb International Autumn Fair, 1971*

*Criticism* : (of the First Secretary, Embassy of India in contrast with the views of the Ambassador)

Location of the India Pavilion is most unsuitable and the Pavilion resembled a cantilevered green house.

*Comment* :

The Pavilion was booked by the Embassy as we had left the choice to them, and this choice had the approval of the Ambassador.

*Criticism* : (of the abovementioned First Secretary in contrast with the views of the Ambassador)

- (i) Retail sales should not have been organised as this had transformed the Pavilion into a bazaar.
- (ii) If retail sale is to be held in future, this may be organised by the Indian Council of Trade Fairs and Exhibitions and not by the participants.

*Comment* :

Instead of our comments, the observation of the Ambassador of India in Yugoslavia on these points conveyed to the Ministry would be relevant and are reproduced—

- (i) "The feature of retail sales should, I think, be continued. Its withdrawal will deal a death blow to our popularity. Indeed what will remain in our Pavilion without retail sales will soon cease to interest the people. I feel, therefore, that from the public relations point of view we should continue the retail sales."

- (ii) "I am not in a position to comment on Daulat Singh's suggestion that the retail sales should be conducted by the Indian Council of Trade Fairs and Exhibitions. It is really for the Council to decide what it should do. Ideally we should evolve an arrangement which would eliminate malpractices by the retailers. But ideal solutions are difficult to implement and even the ideal machinery may find itself open to unfounded allegations of malpractices. Apart from this, it would be wise to continue to involve the retailers in the fair."

*Criticism :* (of the abovementioned First Secretary)

The emphasis should have been on exhibiting scores of manufactured items and engineering and consumer goods instead of textiles, handicrafts, etc.

*Comment :*

Out of the total pavilion area of 1244 sq. metres, the space booked by the participants was 809 sq. metres. 57 per cent of this space booked was devoted to the display of engineering, chemicals, pharmaceuticals and plastics and other allied products.

(6) *Third International Consumer Goods Fair*

*Brno (Czechoslovakia), 1972*

*Criticism :*

Display deficient in some of the important items like household electrical appliances, refrigerators, fans, bicycles, wooden and mechanical toys, plumbing accessories, locks and padlocks, domestic and industrial sewing machines.

*Comment :*

The participation of manufacturers/exporters of some of these items could not be secured as participation had to be arranged at short notice. However, in the very same letter in which the above criticism has been made, the Ambassador had also recorded his appreciation of the Council's effort as a whole, reproduced below—

"On the whole I must say that a very good effort was made to exhibit as wide a range of articles as possible...."

"It would seem that our participation has served the purpose we had in view....."

"In spite of the shortage of time, it was on the whole well organised....."

"India got first and second prizes in the International Fashion Competition 'Intermoda 72' organised by the Fair Authorities...."

"All the exhibits from both our pavilions have, on the close of the fair, been sold entirely to the Czechoslovak trading organisation 'Transekt', thereby saving us labour and expenditure normally involved in the return of exhibits to India."

(7) *Barcelona International Samples Fair, 1972*

*Criticism :*

The goods were sold without obtaining import licences and there was delay in payment of customs duty.

*Comment :*

The goods exhibited were sold on the verbal permission of the Fair Authority, and the clearing agents (appointed by the Embassy) were asked to make applications for obtaining the import licences for the items sold. Before the return of the exhibition team, the Embassy was informed of this position, through a detail denote. Thereafter, the matter was followed up by the Council through letters and telegrams to the Embassy, the clearing agents and the Consul-General of India in Barcelona. Due to procedural formalities, it took considerable time before the import licences were issued, customs duty paid and the matter was finally settled.

**PART-II—Favourable Views and Praise**

(1) *Budapest International Fair, May, 1965*

Assessment by the Ambassador of India, Budapest—"The India Pavilion was one of the most popular ones....I would like to record my appreciation of the good work done by the Pavilion Director and members of his team....Their job, which was made thankless by the circumstances in which they were placed, was carried out by them by straining at times even beyond their physical capacity."

(2) *International Trade Fair, Sydney, October, 1967*

*Assessment of the First Secretary, Indian High Commission, Sydney*—"Indian Pavilion centre of great attraction.... Tastefully decorated India Pavilion exhibited engineering products, chemicals, pharmaceuticals, plastics, beverages, tobacco, handicrafts....."

(3) *Indian Trade Exhibition, Khartoum, March, 1968*

*Assessment of the Ambassador of India, Khartoum*—"As many as 120 business houses from India participated in the exhibition... It can be stated categorically that the exhibition will prove to be a stimulant to expanding trade between India and the Sudan."

(4) *Zagreb International Fair, September, 1968*

*Assessment of the First Secretary, Embassy of India, Belgrade*—"The Indian Council of Trade Fairs and Exhibitions deserves to be congratulated for the successful participation this year by organising the *most representative display* which included the leading Indian business houses. I would also like to record our appreciation of the commendable work done by the Council staff....."

(5) *Cairo International Trade Fair for Industry, May/June, 1970*

*Assessment of India's Ambassador in Cairo*—"I was glad to find the participation concentration on engineering and chemical products in a business like manner, and I believe it served a useful purpose in promoting further the process of diversification of our exports to U.A.R..... I must express my appreciation of the Indian Council of Trade Fairs and Exhibitions (who organised this participation, for the efficient manner in which they carried out this task."

(6) *National Agricultural and Trade Fair, Dar-es-Salaam, July, 1970*

*Assessment of the High Commissioner of India in Tanzania*—"The joint team work was indeed praiseworthy. My congratulations for having done wonderful job despite the usual difficulties."

(7) *Over as Import Fair, Berlin, August, 1970*

*Assessment of the Consul-General of India in Berlin*—"The India Pavilion this year had a distinctive identity and it was generally considered to be one of the most attractive at the fair... From the point of view of publicity received through the press, radio and T.V., India easily topped the list."



(8) *Damascus International Fair, August, 1970*

*Assessment of the Director, Ministry of Foreign Trade*—"I have drawn the attention of the Secretary to the excellent work done at the Indian Pavilion by the Council's team."

(9) *Ghana International Trade Fair, Accra, February, 1971*

*Assessment of the High Commissioner of India in Ghana*—"Our Pavilion was greatly admired by everybody and was especially visited by both the President and the Prime Minister of Ghana who expressed their great appreciation of the display in our Pavilion."

(10) *Consumer Goods Fair, Brno, April/May, 1972*

*Assessment of the Ambassador of India in Prague*—"A very good effort was made to exhibit as wide a range of articles as possible. . . . It would seem that our participation has served the purpose we had in view."

(11) *Vienna International Fair, September 1972*

*Assessment of the Ambassador of India in Vienna*—"India's participation in the Fair this year was highly appreciated by all concerned . . . In fact, this was the best exhibition that we have ever put up in Vienna. . . . All Austrian dignitaries including the Federal President, the Foreign Trade Minister and the Foreign Minister who personally spoke to me about it, and many others including trade representatives were all appreciative of our pavilion."

(12) *Tripoli International Fair, March, 1973*

*Assessment of the Ambassador of India in Vienna*—"India's part-Minister Jalloud opened the Tripoli International Fair today. The India Pavilion was among the first he visited. He greatly appreciated the presentation of the Pavilion. He recorded in a VIP book—"I have seen the remarkable progress which great India nation has made in all fields". India's participation in Fair biggest and one of the most attractive for any international fair in the Middle East, having as many as 110 concerns participation. Our Pavilion, organised by the Indian Council of Trade Fairs and Exhibitions, is the third biggest among 36 participating countries in the Fair. Good export prospects envisaged. . . . A variety of colourful textiles and other consumer goods and a host of engineering items and machinery with blow-ups of India's industrial development give representative idea of India's economic growth, cultural heritage and social service."

- (13) *Indian Industrial Exhibition, Caracas, Venezuela, March/April, 1974*

*Assessment of the Ambassador of India, Caracas*—"The effort of the Indian Council of Trade Fairs and Exhibitions in organising this Exhibition deserves the highest praise and recognition....To have set up an Exhibition of this range and magnitude in such a far away country at such short notice must be something of a record."

- (14) *International Spring Fair for Consumer Goods, Utrecht, Holland, March, 1975*

*Assessment of the Ambassador of India to Holland*—"Fair was opened today and the India Pavilion looks extremely attractive.... All concerned did excellent work all night to get the display we can all be proud of."

- (15) *Cairo International Fair, Cairo, Egypt, March, 1975*

*Assessment of the Minister, Embassy of India, Cairo*—"India Pavilion has been awarded a gold medal by the Fair Authority. This was achieved due to the excellent work done by the Council's exhibition team."

### APPENDIX III

*List of fairs/exhibitions organised by the Directorate of Exhibitions and Commercial Publicity  
from 1965-66 to 1974-75*

S. No.	Name of the fairs/exhibitions	Business negotiated in lakhs Rs.
1	2	3
<b>1965-66</b>		
1	New York World Fair, New York, 1965	
2	Damascus Int. Fair, Damascus, 1965.	
3	Izmir Int. Fair, Izmir, 1965	
4	Food & Domestic Equipment Trade Fair, Brussels, 1965	
5	Angua Food Fair, Cologne, 1965	
6	Somalia Int. Fair, Mogadiscia, 1965	
7	Sydney Trade Fair, Sydney, 1965	
8	Caribbean Exhibition, Trinidad, 1965	
9	Milan Int. Fair, Milan, 1965	
10	Ceylone Industrial Exhibition, Colombo, 1965	
11	Indian Exhibition, Kathmandu, 1965	
12	Tripoli Int. Fair, Tripoli, 1966	(information is not available)
<b>1966-67</b>		
1	Budapest Int. Fair, Budapest, 1966	
2	U.S. World Trade Fair, San Francisco, 1966	
3	Sydney Int. Engg. & Industrial Exh., Sydney, 1966	
4	National Agricultural and Trade Fair, Dar-es-salaam, 1966	
5	Asian Trade Fair, Bangkok, 1966	
6	Damascus Int. Fair, Damascus, 1966	
7	Izmir Int. Fair, Izmir, 1966	
8	Royal Agri. Show, Nairobi, 1966	
9	Int. Handicrafts and Trade Fair, Munich, 1966	(information is not available)

1	2	3
<b>1967-68</b>		
1	50th Swedish Int. Fair, Gothenburg, 1967	
2	Ideal Home Exh., Brussels, 1968	
3	Poznan Int. Fair, Poznan, 1967	(Total business negotiated Rs. 392.00 lakhs. Fair-wise details are not available).
4	Izmir Int. Fair, Izmir, 1967	
5	Royal Agri. Show, Nairobi, 1967	
6	Plovdiv Int. Fair, Plovdiv, 1967	
7	Anuga Fair, 1967	
8	5th Pacific Int. Fair, Lima, 1967	
9	New Zealand Int. Fair, Wellington, 1967	
<b>1968-69</b>		
1	Budapest Int. Fair, Budapest, 1968	
2	Milan Int. Fair, Milan, 1968	
3	Indian Exhibition, Prague, 1968	
4	Kabul Int. Fair, Kabul, 1968	
5	Levant Fair, Bari, 1968	
6	Izmir Int. Fair, Izmir, 1968	
7	Cairo Int. Fair, Cairo, 1968	
8	Small Scale Industries Exh., Addis Ababa, 1968	
9	Tripoli Int. Fair, Tripoli, 1969	(Total business Rs. 408.63 lakhs. Details of individual fair is not available).
10	Indian Exh., Colombo, 1969	
<b>1969-70</b>		
1	Milan Int. Fair, Milan, 1969	
2	Brussels Int. Fair, Brussels, 1969	
3	Kinshasa Int. Fair, Kinshasa, 1969	
4	Djakarta Int. Fair, Djakarta, 1969	(Total business Rs. 1248.66 lakhs. Details of individual even not available)
5	XXV Plovdiv Int. Fair, Plovdiv, 1969	
6	10th Somalia Int. Fair, 1969	
7	Pacific Int. Fair, Lima, 1969	
8	Royal Agri. Show, Nairobi, 1969	

Serial No.	Name of the fair/exhibition	Business negotiated in lakhs Rs.
1	2	3
9	Izmir Int. Fair, Izmir, 1969	
10	Levant Fair, Bari, 1969	
11	2nd Asian Trade Fair, Tehran 1969	
<i>1970-71</i>		
1	Barcelona Int. Fair, Barcelona, 1970 . . . . .	7.54
2	Poznan Int. Fair, Poznan, 1970 . . . . .	27.56
3	Djakarta Int. Fair, Djakarta, 1970 . . . . .	561.80
4	Indian Exh., Kualalumpur, 1970 . . . . .	8.25
5	Indian Exh., Singapore, 1970 . . . . .	8.75
6	Bagota Int. Fair, Bagota, 1970 . . . . .	1.00
7	Izmir Int. Fair, Izmir, 1970 . . . . .	6.00
8	St. Erik's Fair, Stockholm, 1970 . . . . .	165.27
9	Vienna Int. Fair, Vienna, 1970 . . . . .	3.00
10	Indian Exh., Suva, 1970 . . . . .	34.50
11	Oklahoma Int. Fair, Oklahoma, 1970 . . . . .	0.20
12	Leipzig Spring fair, Leipzig, 1971 . . . . .	439.48
13	Utrecht Int. Fair, Utrecht, 1971 . . . . .	8.50
14	Tripoli Int. Fair, Tripoli, 1971 . . . . .	3.00
		1274.85
<i>1971-72</i>		
1	Indian Exh., Khartoum, 1971 . . . . .	237.62
2	Tokyo Int. Fair, Tokyo, 1971 . . . . .	5.00
3	Swedish Int. Fair, Gothenburg, 1971 . . . . .	2.21
4	Budapest Fair, Budapest, 1971 . . . . .	2.21
5	Indian Exh., Jeddah, 1971 . . . . .	93.85
6	British Columbia Int. Fair, Vancouver, 1971 . . . . .	1.50
7	New Zealand Int. Trade Fair, Wellington, 1971 . . . . .	4.25
8	Canadian National Exhibition, Toronto, 1971 . . . . .	..
9	Izmir International Trade Fair, Izmir, 1971 . . . . .	6.00
10	Algiers Int. Fair, Algiers, 1971 . . . . .	..

Sl. No.	Name of the fair/exhibition	Business negotiated in Rupees (lakh)
11	Surinam Trade Fair, Paramaribo, 1971 . . . . .	3.05
12	Copenhagen Trade Fair, Copenhagen, 1971 . . . . .	..
13	Tripoli Int. Fair, Tripoli, 1972 . . . . .	3.00
14	Indian Exhibition, Lagos, 1972 . . . . .	382.74
15	Leipzig Spring Int. Fair, Leipzig, 1972 . . . . .	589.75
		1328.97

## 1972-73

1	Exhibition of Indian Products in JETRO Hall, Tokyo and Osaka . . . . .	..
2	Poznan Int. Fair, Poznan, 1972 . . . . .	125.00
3	Izmir International Fair, Izmir, 1972 . . . . .	6.00
4	Laussane National Fair, Laussane, 1972 . . . . .	5.50
5	Indian Exhibition, Suva (Fiji) 1972 . . . . .	48.25
6	Leipzig Spring Fair, Leipzig (GDR) 1973 . . . . .	283.77
7	Indian Exhibition, Kuwait, 1973 . . . . .	13.83
		482.35

## 1973-74

1	Tokyo Int. Fair, Tokyo, 1973 . . . . .	40.50
2	Foire De Paris, Paris 1973 . . . . .	62.00
3	Brno, Consumer Goods Fair, Brno, 1973 . . . . .	260.00
4	Milan International Fair, Milan, 1973 . . . . .	32.50
5	Barcelona Int. Fair, Barcelona, 1973 . . . . .	5.00
6	Pozan International Fair, Poznan, 1973 . . . . .	58.72
7	Djakarta Int. Fair, Djakarta, 1973 . . . . .	1.00
8	Indian Exhibition, Singapore, 1973 . . . . .	125.00
9	Zambia Int. Trade Fair, Ndola, 1973 . . . . .	101.00
10	Saba Saba Int. Fair, Dar-es-salaam, 1973 . . . . .	7.00
11	Izmir International Fair, Izmir, 1973 . . . . .	6.00
12	New Zealand Int. Fair, Auckland, 1973 . . . . .	4.75
13	Algiers Int. Fair, Algiers, 1973 . . . . .	4.00
14	Zagreb Autumn Int. Fair, Zagreb, 1973 . . . . .	44.00

Sl. No.	Name of the fair/exhibition	Business negotiated in Rupees (lakhs)
15	Plovdiv Int. Fair, Plovdiv, 1973 . . . . .	400.00
16	Baghdad Int. Fair, Baghdad, 1973 . . . . .	35.20
17	Ideal Home Exhibition, London, 1974 . . . . .	5.00
18	Lima Int. Fair, Lima, 1973 . . . . .	4.00
19	Royal Agri. Show, Nairobi, 1973 . . . . .	10.00
20	Leipzig Spring Fair, Leipzig, 1974 . . . . .	12.29
		1217.96
<i>1974-75</i>		
1	Milan International Fair, Milan, 1974 . . . . .	10.00
2	Brno Int. Fair, Brno, 1974 . . . . .	160.00
3	Brussels Trade Fair, Brussels, 1974 . . . . .	30.00
4	Osaka Int. Fair, Osaka, 1974 . . . . .	..
5	Zambia Int. Trade Fair, Ndola, 1974 . . . . .	80.00
6	Damascus Int. Fair, Damascus, 1974 . . . . .	3.00
7	Izmir, Int. Fair, Izmir, 1974 . . . . .	6.00
8	Plovdiv Int. Fair, Plovdiv, 1974 . . . . .	134.00
9	Poznan Int. Fair, Poznan 1974 . . . . .	23.50
10	Tehran Int. Fair, Tehran, 1974 . . . . .	265.00
11	Baghdad Int. Fair, Baghdad, 1974 . . . . .	35.20
12	Leipzig Spring Fair, Leipzig, 1975 . . . . .	425.00
13	Frankfurt Spring Fair, Frankfurt, 1975 . . . . .	38.00
		1209.70

## APPENDIX IV

### *Manual of Instructions to Commercial Representatives Abroad*

#### CHAPTER X

#### INTERNATIONAL EXHIBITIONS AND FAIRS

##### *Trade Promotion through Exhibitions*

Exhibitions and Fairs have now become an important medium of trade promotion. The Government of India also participate in the major international exhibitions and fairs regularly with a view to popularising Indian goods abroad. If there is an Indian Mission in the country where the exhibition is held Commercial Representative at the Mission will normally be in charge of the exhibition. In case there is no Commercial Representative to attend to the particular exhibition, the Director of Exhibitions will make suitable alternative arrangements. With a view to deriving the maximum benefit from participation in such exhibitions, the following points are set out for the guidance of the officer-in-charge of the Exhibition.

#### A. PRELIMINARY PREPARATIONS

##### *Annual Programme*

(1) The Commercial Representative should at the beginning of every year but not later than 31st October, furnish to the Ministry of Commerce and the Director of Exhibitions details of all International Exhibitions and fairs scheduled to be held in the ensuing year in areas under his jurisdiction. Wherever possible rules and regulation governing participation in such exhibitions and fairs should be sent as well.

(2) The Commercial Representative will be informed by the Director of Exhibitions of the programme approved for India's participation in International Exhibitions and Fairs during the financial year as soon as it is finalised.

##### *Replies to Questionnaire*

(3) On receipt of the programme, the Commercial Representative will furnish detailed information regarding the exhibitions "in his area" in which Government have decided to participate as in



the Questionnaire. The reply to this Questionnaire at Appendix F\* should be sent in duplicate to the Director of Exhibitions (New Delhi).

*New Products for Trial as exhibits*

(4) The Commercial Representative should specify the types of new goods which in his opinion could be successfully introduced in the foreign market.

*Booking of space, selection of architect personnel etc.*

(5) On receipt of financial sanction for participation in an exhibition, the Commercial Representative should book the space and, as indicated, contractors, electricians, interior decorators, etc.

(6) In some cases it may be necessary to build a Pavilion for displaying the goods. In other cases (existing buildings may merely require alterations.

(7) The success of an exhibition depends largely on the choice of proper personnel and the Commercial Representative should exercise great care in his selections.

## B. CONSTRUCTION AND/OR MODIFICATION OF THE EXHIBITION BUILDING

*Design of Pavilion*

(8) (a) The architect chosen should be asked to give a design of the Pavilion, which, before finalisation, should be got approved by the Director of Exhibitions.

*Inviting tenders*

(b) It is not necessary to invite tenders for selecting architects as there schedule of charges are fixed by the competent local authorities of each country. A regular agreement should however, be drawn up including terms and conditions for employment of the architect selected.

(9) On the basis of the approved design, the Commercial Representative should invite tenders from firms included in the list approved by the local authorities for construction/modification of the exhibition building and with the approval of the Head of Mission accept the lowest offer. All such tenders should contain full details with specification and rates on the basis of which works are to be executed or supplies made.

*Report on Progress of work*

(10) The Commercial Representative should keep the Director of Exhibitions informed of the progress of work, and, where he

anticipates delay in the timely completion or modification of Exhibition building, he should make immediate alternative arrangements as may be necessary under the directions of the Head of Mission and report the matter to the Director of Exhibitions immediately.

*Payments should be only for work done.*

(11) In no case should payments be made to the contractors except on the basis of "certificates for work done" issued by an authority competent for the purpose.

### C. DISPLAY OF EXHIBITS

*Engage artist also*

(12) Since the work of interior decoration and display of exhibits is a specialised art, it may be necessary in some countries to engage an artist-cum-interior decorator also.

*Design for interior display*

(13) In such cases, even while the construction or modification of the Exhibition building is in progress, the Commercial Representative should invite designs for interior display of exhibits from leading artists in the line.

(14) A copy of the best design, having regard to the funds available for the purpose, should then be sent to the Director of Exhibition for his suggestions, if any.

### D. INSURANCE OF BUILDING AND EXHIBITS

*Cover against fire, theft etc.*

(15) While it will be the responsibility of the building contractors or artist or interior decorator to insure the Pavilion and the stalls during the course of construction, the Commercial Representative shall insure the building and the entire fittings as well as the exhibits to their full value against all risks, e.g. fire theft, loss pilferage, damage, breakage, etc., as soon as he takes charge of the building and the exhibits.

*Additional cover against riot etc.*

(16) In cases where it is considered necessary, cover should also be taken against riots, civil commotion and risks of such nature.

(17) Where cover against any type of risk is not offered by the Insurance Companies functioning in the foreign country concerned, the matter should be brought to the notice of the Director of Exhibitions for advice.

*Insurance with Indian Companies*

(18) As far as possible all such insurance business should be done with Indian Insurance Companies.

**E. RECEIPT AND ISSUE OF EXHIBITS FOR DISPLAY***Insurance Survey*

(19) Since considerable damage and loss sometimes occur in the transit of the goods from the factory or warehouse of the participants in India to the Exhibition site, the Commercial Representative should invariably have a proper marine insurance survey conducted by a Representative of the Insurance Company with which the exhibits have been insured before taking charge of the exhibits.

*Discrepancies should be communicated to participants*

(20) Any shortage, variation, damage, or discrepancy found between the invoice and the exhibits received at the time the survey is done should be brought to the notice of the participants in India and the Director of Exhibitions.

*Lodging of Claim for damage, etc.*

(21) Necessary claim with the Insurance Company should be lodged promptly after estimating the extent of loss or damage in transit.

*Appointment of Store keeper*

(22) A responsible store-keeper should be appointed whose primary duty will be to keep proper accounts of exhibits received, issued for display, received back after display, sold, damaged, lost or given away as presents.

*Stock register of goods received*

(23) A stock register should be opened, for exhibits received in the name of each participant. If that is not possible for want of time, a note should be kept on the respective invoices indicating the exhibits issued for display to various stalls. All exhibits issued will be signed for by the respective stall-holder.

*Storechecking*

(24) Such of the exhibits as are not issued for display at the stalls shall be properly kept in the store-room and should be checked at regular intervals while the exhibition is in progress.

*Inventory of exhibits on display*

(25) The individual exhibits issued should be listed by the stall-holder and this list shall form the inventory referred to in para (27) below.

## F. RUNNING OF THE EXHIBITION

### *Selection and training of local personnel*

(26) The duration of international exhibitions normally extends from 15 to 30 days and the pavilions are kept open to the public during day as well as evening hours depending on local practice. Where the staff at an Indian Mission is inadequate to run the exhibition, the Commercial Representative may recruit temporary personnel locally. Since such personnel will also be handling trade enquiries, not only should they be chosen with great care, but they should also be given sufficient advance training to make them familiar with the goods they handle so that they are in a position to answer intelligently the questions from visitors and prospective buyers.

### *Daily checking and reporting*

(27) The stall-holders should be held responsible for the safety of the goods in their respective stalls. They should make a daily check on the exhibits against the inventory prepared as mentioned in para (25) above, and should also submit to the officer-in-charge of the exhibition daily reports of such verification.

## G. PUBLICITY ARRANGEMENTS

### *Issue of special brochure*

(28) It is the practice to bring out (on the occasion of the Exhibition) a special brochure on India's economic progress and her exportable products. For this purpose, the Commercial Representative could avail of the help of the Information Officer attached to the Mission. The brochure should preferably be in the language of the country in which the Exhibition is held.

### *Use of local language*

(29) Part of the publicity consists in giving descriptive accounts of the exhibits displayed. This should as far as possible be done in the local language of the country. Prices of exhibits should also be indicated in the local language.

### *Film display*

(30) Arrangements should be made to screen documentary films of India, and occasionally feature films also, to publicize the progress of India in different fields and her art and culture.

### *Indian music*

(31) It would be appropriate to play Indian gramophone records in the pavilion to provide background music.

*Advertisements, write-ups, etc.*

(32) Advertisements in local newspapers, etc., about the goods displayed at the Indian Pavilion should also be periodically given with descriptive accounts of the exhibits. This can be done on a payment basis where necessary. Write-ups by local newspapers may also be arranged. Such publicity should not be done for individual firms but for the Indian products as such.

## H. ENTERTAINMENT

*Entertainment on specified days*

(33) A special entertainment grant is usually provided for the Exhibition. Parties may be arranged at the time of perview mainly for journalists and on days when persons are specially invited. The Commercial Representative may consider the desirability of inviting Members of Parliament, Government Officials, Diplomatic Corps, the local business community, teachers and students including school children, and also members of Social Welfare organisations or of any other organisations specially devoted to the promotion of goodwill and friendship between India and the country concerned. If necessary, separate dates should be reserved for each category of invitees.

(34) If the exhibition authorities themselves do not make arrangements for such visits as mentioned above, the Commercial Representative should take the initiative and make suitable arrangements himself.

## I. SALE OF EXHIBITS

*Sale according to instructions*

(35) Although the primary purpose of participating in an exhibition is not the sale of exhibits displayed, efforts should be made as far as possible to sell the goods received from India in accordance with the disposal instructions of the Directors of Exhibitions. It is advisable to sell the goods wholesale rather than on retail basis.

(36) For each sale a cash memo should be issued, specifying the description, quantity and value of goods sold. These cash memos should be triplicate, the last two copies being retained by the Commercial Representative for record.

*Deposit Sale proceeds with Government or Bank*

(37) The sale proceeds of exhibits should be credited to the Mission's account as and when realized and, in case there is no

Mission in the country where the exhibition is held, in an account opened in a bank in the name of the Officer-in-charge of the Exhibition. On no account should the sale proceeds be kept as cash.

(38) After payment of such dues as the case may be in respect of customs duty, purchase or sales tax, etc. to the foreign Government concerned, arrangements should be made to transfer the balance of the sale proceeds either through the books of the Government of India or through the foreign exchange banks to the personal ledger account of Director of Exhibitions to facilitate prompt disbursements to the participants in India, in accordance with the procedure laid down, in Appendix G.\*

(39) A detailed statement showing the value of goods sold and the amount of money to each participant in India should be forwarded to the Director of Exhibitions within a month of the close of the Exhibition in the forms prescribed in Appendix H.\*

(b) In this connection, the procedure outlined in Appendix G should be followed by the Commercial Representatives.

#### J. RETURN OF EXHIBITS

##### *Return Goods immediately*

(40) Immediately on the close of an Exhibition the Commercial Representative should make arrangements for the return of the undisposed of exhibits within the time fixed by the Exhibition or other competent authorities. No exhibits should be retained by the Commercial Representative except with the specific approval of the Director of Exhibitions.

##### *Address Goods to the parties direct*

(41) As far as possible the exhibits of the individual participants should be packed separately and sent to them care of such clearing agents at the Indian port as the Director of Exhibitions may nominate.

##### *Invoice of Goods returned*

(42) An accurate and proper invoice of exhibits returned should be prepared, copies of which should be sent in advance to the parties concerned in India and the Director of Exhibitions.

##### *Inform participants of Insurance arrangements*

(43) Exhibits returned should be insured up to the port in India in accordance with the instructions given by the Director of Exhi-

bitions. The parties in India should also be informed of the arrangements made for insurance in advance, so that they have sufficient time to make any further arrangements desired for insurance of the returned goods from the Indian port to their destination.

*Account of Goods received*

(44) In addition, full details of the value of goods received, sold, returned, damaged, lost and/or (to the extent authorised), distributed as samples or presents to visitors to the Exhibition, should also be intimated to each participant in India and the Director of Exhibitions within a month of the close of the exhibition.

**K. LOSS/DAMAGE OF EXHIBITS DURING EXHIBITION**

*Avoid loss and damage*

(45) The Commercial Representative should endeavour his best to keep loss or damage to exhibits to the minimum.

*Consolidated loss and damage statement*

(46) After action as mentioned in para (44) has been completed the Commercial Representative should compile a consolidated statement of Loss or Damage showing name of the participant in India, description of goods lost or damaged, and value of such goods. A copy of such statement should be forwarded to the Director of Exhibitions for necessary action.

*Insurance claim for such loss damaged*

(47) On the basis of the consolidated statement of loss or damage mentioned above, or at any other appropriate earlier stage, a claim on the Insurance Company with whom the exhibits were insured should be lodged and the Director of Exhibitions informed of the same.

**L. DISPOSAL OF EXHIBITION BUILDINGS, ETC.**

(48) In cases where exhibition buildings, stalls, furniture and items of interior decorations, etc., have to be dismantled and disposed of by Commercial Representatives, regular tenders should be called for, unless public auction is considered more appropriate and the most advantageous offer accepted with the approval of the Head of Mission.

**M. MAINTENANCE OF ACCOUNTS OF THE EXHIBITION**

*Accountant for Exhibition accounts*

(49) The Commercial Representative should inform the Government sufficiently in advance in case he requires any additional assistance to maintain the accounts of the Exhibition.

*Despatch of monthly accounts*

(50) When the work of the exhibition is in progress, the accounts of the Exhibition should be prepared every month in accordance with the instructions received from the Director of Exhibitions or the Accountant General, Central Revenues, and forwarded to the Accountant General, Central Revenues, with a copy to the Director of Exhibitions by the 15th of the following months.

*Avoid delay in submission of accounts*

(51) The Commercial Representative should in no case accumulate the despatch of monthly accounts until after the close of the exhibition. The regular despatch of the accounts of the exhibitions and the prompt disposal of audit objections, if any, are essential parts of the work of the exhibition and the Commercial Representative should see to it that this part of the work is discharged to the satisfaction of the accounts authorities.

## N. TRADE ENQUIRIES

*Trade Enquiry Forms*

(52) Special forms should be printed in quadruplicate to record trade enquiries. These should be maintained in the Enquiry Office of the Indian Pavilion.

*Disposal trade Enquiries*

(53) A copy each of the enquiries recorded should be despatched on the following day to (1) the firm concerned in India about whose product the enquiry was made; (2) the Commodity Board or the Export Promotion Council concerned; and (3) the Director General of Commercial Intelligence and Statistics, Calcutta.

## O. REPORT ON EXHIBITION

*Comprehensive Report should be submitted to Government*

(54) After the close of the Exhibition, the Commercial Representative should send a Special Report bringing out the impression left by the Exhibition on the people of the country concerned, on the business community in particular, the particular types of goods that attracted attention, the nature of trade enquiries received and the possible new lines of export that could be pursued. Besides these specific points, the Report should contain full details about every aspect of the Exhibition so that it could serve as a document of reference for future participation in similar exhibitions.



## APPENDIX V

*List of fairs/exhibitions organised by Dte. of Exhibitions & Commercial Publicity and the Indian Council of Trade fairs & Exhibitions, Bombay—Common participation—year-wise*

Serial No.	Name of the Fair/Exhibition	Year in which organised by D. E. C. P.	Year in which organised by I. C. T. F. E.
1	2	3	4
1	Damascus International Fair, Damascus	1965, 1966, 1974	1970
2	Sydney International Fair, Sydney	1965, 1966	1967, 1969
3	Milan International Fair, Milan	1965, 1968, 1969, 1973, 1974	1970, 1972
4	Tripoli International Fair, Tripoli	1965, 1969, 1971, 1972	1968, 1973
5	Budapest International Fair, Budapest	1965, 1968, 1971	1965
6	National Agricultural & Trade Fair, Dar-Es-Salaam	1966	1970
7	Asian Trade Fair, Bangkok	1966	1965
8	Poznan International Fair, Poznan	1967, 1970, 1972, 1973, 1974	1965
9	Royal Agricultural Show, Nairobi	1966, 1967, 1969, 1973	1965, 1971
10	Plovdiv International Fair, Plovdiv	1967, 1969, 1973, 1974	1966, 1971, 1972
11	Cairo International Fair, Cairo	1968	1970, 1972, 1975
12	Barcelona International Fair, Barcelona	1970, 1973	1967, 1972
13	Brno Consumer Goods Fair, Brno	1973, 1974	1972
14	Leipzig Spring Fair, Leipzig	1971, 1972, 1973, 1974, 1975	1965, 1966, 1967, 1968, 1969, 1975
15	Vienna International Fair, Vienna	1970	1972
16	Utrecht Spring Fair, Utrecht	1971	1975
17	Zambia International Fair, Ndola	1973, 1974	1971
18	Ideal Home Exhibition, London	1974	1969, 1971

1	2	3	4
19	Brussel International Fair, Brussel .	1968, 1969, 1974	1971
20	Baghdad International Fair, Baghdad	1973, 1974	1968, 1971, 1972
21	Zagreb International Fair, Zagreb .	1973	1966, 1968, 1969, 1970, 1971
22	Indian Exhibition, Khartoum .	1971	1968
23	Frankfurt Fair, Frankfurt	1975	1969, 1970, 1971

## APPENDIX VI

### Summary of main Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Deptt. concerned	Conclusions/Recommendations
1.	1.29	Commerce	<p>The Committee find that actual expenditure of the Trade Development Authority on its participation in Asia 1972 Fair amounted to Rs. 9.89 lakhs as against the estimated expenditure of Rs. 5.60 lakhs, upto 75 per cent of which, after deducting receipts, was to be paid as grant from the Marketing Development Fund. The increase in expenditure was stated to be mainly on construction and decoration of the pavilion which cost Rs. 6.41 lakhs as against the original provision of Rs. 3.50 lakhs. The Committee concede that some increase in expenditure was inevitable because of the decision to increase the floor area from 8,000 to 11,000 sq. ft. to accommodate a larger number of electronic goods and because of TDA having gone in for a facade consisting entirely of smoked glass costing Rs. 68,000 with a view to attracting foreign visitors. The Committee are surprised that while the C.P.W.D. was able to construct pavilions for the Ministry of Works and Housing, Ministry of Defence and Department of Tourism at a cost of Rs. 43 per sq. ft., the expenditure on construction in the case of TDO shot up to Rs. 47 per sq. ft. Expenditure at such a high scale on a pavilion which, according to Government's own admission, was intended to</p>

be a temporary structure only was uncalled for. It should have been possible for the Authority to keep the expenditure within sanctioned limits by practising simplicity in design, better planning and execution of construction, and stricter control on expenditure at all stages of construction. Where the major portion of the expenditure on participation in fairs is to be met by Government, Government should lay down suitable norms for incurring of expenditure on temporary construction etc. by the agency organising India's participation in fairs/exhibitions and fix ceilings up to which actual expenditure may be allowed to exceed the estimates without prior approval. Such a step would, in the Committee's view, go a long way in providing an adequate check on excess expenditure.

2. 1.30

—do—

The Committee find that an excess expenditure to the tune of Rs. 4.29 lakhs was incurred by the Executive Director of the Trade Development Authority according to his own judgement without obtaining prior formal approval of the Steering Committee. The Committee were informed that by convention, the Secretary of the Commerce Ministry is appointed as *Ex-Officio* Chairman of the Steering Committee. The Steering Committee, it appears, could not meet as the then Secretary of the Ministry of Commerce died on 24th August, 1972 and no successor was appointed by Government till 12th January, 1973. As the Chairman alone is competent to call a meeting of the Steering Committee and as there was none during the period August 24, 1972 to January 11, 1973,

the Steering Committee were, left in a state of suspended animation and could not hold a meeting. Meanwhile, an expenditure of Rs. 4.29 lakhs was incurred by the Executive Director on the basis of his 'informal consultations' with the officials of the Ministry. In the Committee's view, such substantial expenditure on the basis of informal consultations without the express approval of the competent authority can hardly be regarded as a sound arrangement. The Committee recommend that in order to avoid such situations in future, a provision should be made whereby the Steering Committee can hold its meetings even when the post of Secretary of the Ministry of Commerce is vacant for sometime for one reason or the other. It should be possible for Government to designate some other senior official of the Ministry to act as Chairman for the interim period.

12

3.

1.31

Commerce

The Committee find that the pavilion built by the Trade Development Authority for Asia '72 was demolished in March, 1974. The Committee was informed that Authority was bound by contract to dismantle the pavilion and restore the ground to its original condition. If that was so, the Committee are unable to understand why it was necessary for TDA to consult the Architects to see if the pavilion could be converted into a permanent one for the next Fair. The Architects' technical opinion was that the pavilion's foundation being weak, it would not be able to stand till the next Fair which

was likely to be held in November, 1974. The Committee feel that a vital decision like demolition of a pavilion built at the heavy cost of Rs. 6.41 lakhs should not have been taken by the Executive Director on his own, and that it was advisable at least to obtain an independent technical opinion about the durability of the pavilion and enable the Steering Committee to take a decision after a fuller consideration of the matter.

The Committee also recommend that where, as in this case, a major portion of the expenditure on construction of a pavilion is met by Government, Government's prior approval for demolition of such structure should be obtained, notwithstanding the fact that the structure is a temporary one.

The original pavilion built by the TDA at a cost of Rs. 6.41 lakhs for Asia '72 was demolished in March 1974 because it was a temporary structure and shortly thereafter a construction of a new pavilion estimated to cost Rs. 22.74 lakhs was undertaken by TDA for the Indian International Trade Fair (1974). The Committee feel that in order to tackle the problem of infructuous expenditure on temporary pavilions when temporary pavilions at fairs/exhibitions are constructed, it should be possible to make greater use of standardised and prefabricated parts which are capable of re-use and thereby effect savings in cost. Government should take the assistance of the Central Building Research Institute, National Buildings Organisation etc. in order to devise measures to save public expenditure on this.

1	2	3	4
5.	1.33	Commerce	<p>The Committee are glad that as a result of Trade Development Authority's participation in Asia 1972, on-the-spot export orders worth Rs. 258 lakhs were booked and these included countries like USA, Sweden, Iran, Spain, etc. The contacts established by the TDA enabled it to attract as many as 60 buyers' missions to India during the last two years or so. In electronics, on-the-spot orders worth Rs. 43,800/- were stated to have been booked. While Asia 1972 did enable the Authority to make a dent in the markets of developed countries for the first time, the Committee feel that considering the response to the Fair, and the possibilities opened up thereby, the results achieved by T.D.A. fell considerably short of expectations. The Committee trust that contacts established at the Fair would be exploited to the fullest extent for promotion of the country's exports.</p>
6.	1.48	—do—	<p>The Committee regret that Government decided in July 1974 to postpone indefinitely the India International Trade Fair scheduled to be held in New Delhi in November-December 1974. This was some fourteen months after the decision to hold the exhibition was first announced and widely published. To make things worse, the postponement, which has virtually meant abandonment, was announced only a little over three months before the scheduled opening of the Fair, that is to say, at a point of time when participants had progressed far in their preparations and many foreign exhibits had either arrived at the site or were on the way to Delhi. The Committee are</p>

unhappy not only because the decision came when large sums had already been spent over construction of pavilions and other preparatory work, but also because the sudden abandonment marred considerably the reputation in the world of commerce which India had earned by the spectacular success of Asia '72. It was admitted during evidence by spokesman of the Ministry of Commerce that foreign participants "were a little agitated about it". Though some friendly countries said publicly that they appreciated India's difficulties, others, just as friendly like Poland and Hungary, found themselves constrained to prefer claims for compensation for losses incurred, though efforts had been made to dissuade them from that course. The Committee fear that the postponement decision has instead of brightening India's image in world trade circles, contributed considerably towards turning it rather dim. It is not known for certain if the decision has cost India the membership, that was almost certain, of the Bureau of International Trade Fairs, Paris, a prestigious body, membership of which means a definite place in the Fair map of the globe.

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7. 1.49

—do—

The Committee apprehend that in regard to fairs and exhibitions Government has followed an *ad hoc* policy and has not worked out, on the basis of comprehensive trade reports from different countries and a principled evaluation of the pros and cons of important Fairs to be organised on our soil, a programme of well-timed Fairs and exhibitions. This is what should have been done on a review of Asia '72 and its widely applauded success, but unfortunately the country has been unable to build on that achievement.

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1	2	3	4
8.	1.50	Commerce	<p>The Committee consider the arguments of Government in favour of the indefinite postponement to be only very partially relevant. It is not easily conceivable that in 1973 the financial and other constraints referred to by Government were not known. It is strange to hear the plea of the scarcity of cement and steel and the paucity of power. This country is not so poor that such difficulties, no doubt genuine at the time, were insurmountable. During evidence, the Committee learnt also that there was a brighter side to the shield and that pessimistic ideas notwithstanding, the Fair, if held in 1974, might well have given a boost to our economy, apart from being a feather in India's cap on account of our proved efficiency in exhibition organisation. That would, indeed, have been another way of India fighting her economic problems.</p>
9.	1.51	—do—	<p>The Committee trust that Government has been reviewing the position since 1974 and evolving, without avoidable delay, a comprehensive Fairs and Exhibitions policy. Unless the International exhibition, which has not formally been abandoned yet, is held early and prospective participants are persuaded of our earnestness in this regard, the danger is the further decline of India's reputation in the world of trade. It would mean also that the entire expenditure of Rs. 1½ crores, already incurred on the construction of pavilions, would turn out to be totally infructuous. The Committee urge Government to take an early decision in this matter and make it</p>

known firmly to prospective participants, especially in foreign countries.

10. 2.8

—do—

The Committee are surprised that the question of setting up the 'General Council' which, under clause 9 of the Memorandum of Association, was to be the supreme authority empowered to take measures for the attainment of objectives for which the Indian Council of Trade Fairs and Exhibitions had been set up, remains unresolved for more than 10 years. In the absence of the General Council, all powers and functions of the General Council have been exercised by the Governing Body. Even this body met thrice in 1971-72 and only once in 1972-73, thrice in 1973-74 and twice in 1974-75. It could have met more frequently but on the Chairman's evidence, there was not much business to be transacted because of only limited assignments being given by Government to the Indian Council. With no General Council and the Governing Body meeting very rarely, the Indian Council became virtually a two-man show, namely, the Chairman and the Executive Director. The Committee were informed that the main hurdle in constituting the General Council was that its original Constitution had certain flaws. It appears that the Council had suggested to Government amendments to the Constitution as far back as February, 1971, the advice of the Ministry of Law was obtained in March 1972 and that of the Ministry of Finance in July 1972 but no further action was taken because in the meantime, Government had started examining the idea of establishing a single authority for organisation of fairs and exhibitions, which implied the

winding up of both the Indian Council and the Directorate of Exhibitions. As the idea of having a single authority was mooted only in 1973, the Committee fail to understand why this matter could not be settled in the eight years from 1964 to 1972. The Committee are convinced that at no stage this matter was handled with the requisite seriousness and sense of urgency. The Committee recommend that unless Government come to decide that the Indian Council should be wound up forthwith, early steps should be taken to set up the General Council. Absence of an authority like the General Council for as many as 10 years must have left a serious vacuum in the functioning of the Council and there is no reason why this state of affairs should be allowed to continue.

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II.

2.12

Commerce

The Committee regret to note that the Indian Council of Trade Fairs & Exhibitions has failed to enlarge its membership which has fallen from 77 in 1964-65 to 17 in 1974-75. The Council has also not been able to generate interest and enthusiasm among the Chambers of Commerce & Industry. During evidence, the Chairman of the Council attributed this apathy to their being in the main "internally-oriented" and "commodity-oriented." The Committee wish Government to combat this alleged apathy and achieve a genuine involvement of the Chambers of Commerce and Industry in the tasks of export promotion through participation in fairs abroad.

12, 2.13

—do—

The Committee agree that there is no use in enlarging membership of the Council by offering greater concessions to prospective members as such a course would be counter-productive in the long run. The Council should attract membership by greater publicity and demonstration of the benefits which could be derived by members from participation in exhibitions.

13. 2.25

—do—

The Committee learn that the Director of Commercial Publicity who had been appointed on deputation as Executive Director in the Indian Council of Trade Fairs & Exhibition, Bombay was reverted back for technical reasons to the Ministry of Commerce and given charge of not only Commercial Publicity but also the additional responsibility in regard to Exhibitions, a sphere of work where he had long experience already.

The Committee heard from the former Secretary (IT) Ministry of Commerce some very disparaging remarks against the said official, which gave rise to serious misgivings since a person of the stature of the Secretary had made the allegations. In the absence of documented information it appears desirable for Government, in fairness to itself and to the officer concerned, to clarify the position to the extent possible and intimate it to the Committee.

14. 2.29

—do—

The Committee find that during the period 1965-66 to 1969-70, the Indian Council of Trade Fairs and Exhibitions handled 5 to 6 fairs/exhibitions a year as against 11 fairs/exhibitions handled by it in 1970-71, indicating on that basis, under-utilisation of its capacity to

the extent of 50 per cent. During that period, the Council incurred an expenditure aggregating Rs. 15.9 lakhs approximately on Establishment, half of which was thus not put to any productive use. The position did improve somewhat in 1971-72 and 1972-73 when the Council was assigned 7 and 8 fairs/exhibitions respectively but utilisation or its capacity suffered a serious set-back in the subsequent years. In 1973-74, assignments given to it touched a new low as it was entrusted with only one exhibition viz. Caraces International Industrial Exhibition. In 1974-75, it handled only two events, which implied gross under-utilisation of its capacity. The Committee, therefore, recommend that either Government should take immediate steps to wind up the Council and thus save infructuous and unproductive annual expenditure by a largely extraneous body or the Council should, if really thought fit, be assigned adequate fair participation so long as it continues.

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15. 2.30

Commerce

The Committee find that during the last 10 years (1965-66 to 1974-75) while the total expenditure incurred by the Directorate of Exhibitions and Commercial Publicity on its Establishment was Rs. 147 lakhs (i.e. 14 per cent of its total expenditure of Rs. 1058 lakhs (vide para 3.5), the total expenditure on Establishment in the case of the Indian Council of Trade Fairs & Exhibitions had, during that period, been as high as 29 per cent of its total expenditure of Rs. 238 lakhs. The Council's annual expenditure on Establishment

which ranged between 21 and 33 per cent of its total expenditure during 1965-66 to 1972-73, increased to 42 per cent in 1973-74 and 51 per cent in 1974-75 even though the Council had the minimum programme of fairs during these two years. The Committee recommend that expenditure on Establishment should be brought down and kept within reasonable limits. The Committee also suggest that Government should lay down firm percentage of expenditure not only for establishment but also on other items e.g. construction, decoration, etc. so that expenditure overall and on any one item is not disproportionately high.

16. 2.75

—do—

The Committee note that during the period 1964-65 to 1973-74, ICTFE organised 57 fairs. As against total foreign exchange of Rs. 121.42 lakhs sanctioned to it, its actual expenditure in foreign exchange was Rs. 108.54 lakhs. Its foreign exchange expenditure on deputation of exhibition teams amounted to Rs. 9.28 lakhs. The Committee find that during 1965-66 to 1974-75, ICTFE negotiated business to the extent of Rs. 9551 lakhs and earned a total foreign exchange of Rs. 41.34 lakhs. The Committee feel that this achievement is not very impressive. No doubt since the ICTFE is not primarily a sales organisation, its performance has more appropriately to be judged in terms of business negotiated and foreign exchange earned. The Committee recommend that effective steps should be taken by ICTFE to generate adequate export business and step up its foreign exchange earnings by projecting a more meaningful image of the export potential of the country particularly in semi-

manufactured and non-traditional goods and industrial products and by establishing contacts with the leading importers/agencies of the country.

17.

2-39

Commerce

The Committee find that the Indian Council of Trade Fairs & Exhibitions has failed to grow into a viable and self-supporting organisation, despite having worked for as many as 10 years. Its continued dependence on Government subsidies is a matter of concern. It has been given a total subsidy of Rs. 151.88 lakhs since 1965-66 by Government. During evidence, the Chairman of the Council explained that the Council had already brought its contribution to 38 per cent and if the transportation charges which the Council recovered from its participants were also taken into account, its contribution would amount to 50 per cent. It was claimed that if the Council was given an adequate programme of, say, 20 fairs in a year, the Council would be able to raise its contribution and become self-sufficient. The Committee recommend that until such time as a single fair authority is set up, the Council should be assigned an adequate programme of fairs so that it could ensure optimum utilisation of its resources and would not need to be kept alive by large subsidies from year to year. The Committee need hardly stress that meanwhile, fairs and exhibitions in countries where the State fully run their economies should be invariably entrusted to a State agency like the Directorate of Exhibitions and Commercial Publicity.

18. 2.45

—do—

The Committee regret that the Council's funds remain locked up in foreign banks for a number of years after the fair/exhibition is over. For example, the amount of Rs. 419.88 lying in Rumanian Bank of Foreign Trade since 1970, Rs. 583.77 lying in Nairobi Bank since 1971 and Rs. 6,180.25 in Commercial Bank of Iraq since 1972 were repatriated to India only in 1975. The Committee recommend that steps be taken to settle all outstanding bills relating to a fair/exhibition promptly and repatriate all outstanding amounts to India without such delays. Now that nationalised banks and the State Bank of India have set up a large number of Branches abroad, the Committee recommend that, considering the experience with foreign banks, Government should impress on ICTFE and such other agencies as get substantial aid from Government to make greater use of the banking facilities offered overseas by the State Bank of India and other nationalised banks for their internal and external transactions.

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19. 2.54

—do—

The Committee are glad that the Council earned some awards for the country. It may be that such awards are not always a genuine indicator of excellence, but in so far as they go, they are welcome. A more valuable evidence of success, however, is the amount of business negotiated. The Committee note that during the period 1967-68 to 1974-75, the Indian Council of Trade Fairs & Exhibitions negotiated business to the extent of Rs. 83.50 crores. The Committee feel that more important than the figures of business negotiated are the figures of firm contracts actually entered and the exports which have been effected. The Committee feel that it

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should be possible for Government in consultation with the Council to devise suitable proforma to record all these vital statistics and information to facilitate a meaningful evaluation of the contribution made in augmenting export earnings by participation in the Fairs.

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2.67

Commerce

The Committee find that out of 59\* fairs organised by the Indian Council of Trade Fairs and Exhibitions, 19 fairs were held in East European countries where architects/contractors were provided by the Fair authorities. In 17 fairs/exhibitions the concerned Indian Missions appointed architects/contractors on the basis of tenders. In the case of 6 fairs the concerned Indian Missions are stated to have appointed the same architects/contractors as their rates were found reasonable and as their performance in previous fairs was considered satisfactory. In the remaining 17 fairs/exhibitions, information whether architects/contractors were appointed by the concerned Indian Mission on tender basis was stated to be not available with the Council who merely presumed that in these cases the concerned Missions "would have appointed the architects/contractors on the basis of tenders as per our request." The Committee have been informed by the Ministry of External Affairs that information furnished by the Indian Missions in this regard has revealed that in the case of exhibition in Spain the lowest tender was not accepted by the Mission and reasons for doing so were recorded by the competent authority. It was confirmed by the Ministry that High Commission of India, Dar-es-Salaam was the only Mission

which had not called for the tenders but the work was entrusted to the firm after discussing the rates etc. from other firms. No information was said to be available with the Missions concerned about exhibitions organised in Belgrade, Paris, The Hague and London.

In the circumstances, the Committee recommend that Government would conduct an enquiry to make sure that there has been no favouritism or other lapses in the engagement of contractors/architects and that established procedure governing award of contracts was followed in all cases. Results of the enquiry should be intimated to the Committee.

The Committee also suggest that Government should have a close look at the contract system and where private contractors have to be engaged it should be ensured that payments made to them relate to specific items of work as and when these are satisfactorily completed. Approved panels for various assignments for construction and decoration of pavilions should be drawn up in advance to rule out the possibility of favouritism in the award of contracts and to make sure that the quality of work is not substandard.

21.        2.73            Commerce

The Committee are glad that in two or three instances pre-fabricated structures were taken from India in a knocked-down condition and reassembled abroad, and that in view of the success of this experiment, Government had schemes to do it on a larger

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\*59 If 1st House Hold comforts Show and 44th Brussels Commercial Fair held immediately thereafter are treated as one.

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scale later on. The Committee regret that Government have not so far made any comparative study of the costs involved if contracts for setting up Indian pavilions abroad are awarded to Indian contractors instead of foreign contractors. The Committee recommend that such a study should be undertaken early so that the feasibility and economics of having such jobs done by Indian contractors, could be determined. The Committee would like to draw special attention to the desirability of employing Indian architects and interior decorators in the matter of setting up exhibition so that they can impart a truly distinctive Indian touch to enhance the attractiveness of our Exhibition area.

22.

2. 81

Commerce

The Committee are unhappy that some of the fairs/exhibitions organised by the Indian Council of Trade Fairs and Exhibitions left much to be desired and if the reports received from the Indian Missions concerned are any indication, these fairs/exhibitions revealed many avoidable deficiencies and inadequacies. The main points of criticism of these fairs/exhibitions were: prominence to traditional items, 'retailing mentality', inadequate reflection of industrial development, display of shop-soiled goods, unsatisfactory packing gross mis-management of winding-up work 'pavilion's look resembling a canti-levered green-house', etc. The Committee feel that if the Indian Council of Trade Fairs and Exhibitions had tried to profit from such criticism, its management of fairs/exhibitions would have shown a distinct improvement. In case it is decided to

retain the Council, the Committee would ask Government to undertake drastic reformation of the manner and quality of our fair management abroad.

23. 2. 86 —do—

The Committee regret that it has not been possible for Government to ascertain whether any Government aided organisation had participated in the Frankfurt Fair (in 1966 or earlier), about which some unpleasant reports had found publicity. The Committee trust that the position would soon be clarified by Government's decisive ascertainment of the facts.

24. 2. 92 —do—

The Committee note that in their Report on the Zagreb International Fair (1971), the Indian Embassy had pointed out the preponderance given, willy-nilly, to "retail sales" had transformed the Indian Pavilion into a bazar 'with all the attendant din and pillferage". The Indian Ambassador, however, felt that discontinuance of retail sales would "deal a death blow to our popularity". The Committee also heard complaints of dishonourable conduct at the Yugoslavia Fair from the former Secretary, Ministry of Commerce. The Committee trust that agencies which organise India's participation in fairs abroad and the persons deputed to such fairs would always follow the highest standards of conduct expected of them and ensure that no aspect of work is handled in a way that may bring discredit to the organisers and tarnish the image of the country.

25. 2. 107 —do—

The Committee find that the Exhibition Team of the Indian Council of Trade Fairs & Exhibitions had imported for the 8th Baghdad Industrial Fair 1971, a consignment of 12 bottles of Johnny

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Walker Red, 24 of Johnny Walker Black, 12 of Dewar white label, 12 of Dimple Haig (i.e. 60 bottles of whisky in all), and 12 bottles of "Cognac Martell" from Beirut at a cost of US \$ 269.68. 34 bottles of Black label and Dimple out of 36 imported were stated to have been presented to various officials and the rest were used for "official entertainment purposes". The considerations which had weighed with the Exhibition Team in going in for the import of hard drinks of these brands were stated to be (i) the difference in the price for Black Label, Dimple Haig and Johnny Walker (Red Label), was negligible; (ii) ordinary brands of whisky were not available in stock at that time; (iii) presentation of Black Label and Dimple Haig was more appreciated as these brands were not available in the Baghdad Market. The Committee consider these arguments to be puerile. While the Chairman of the Council called the practice of presentation of liquor as a "necessary evil and a way of life", the representative of the Ministry of Commerce admitted unhesitatingly that presentation of liquor in Baghdad "exceeded limits of propriety". The Indian Embassy itself felt that when the country was undergoing severe financial strain and acute foreign exchange shortage, some discretion was certainly called for on the part of the Director of the Indian Pavilion. It came out during evidence that the presentation of liquor bottles by Indian Officials abroad is by no means a laudable practice and can, in certain circumstances and in countries like Iraq, prove even counter-productive apart from

tarnishing the image of our country. The Committee find that the lapse has, to some extent, been acknowledged by the Chairman of the Council stating in evidence that he had reprimanded the Director for his "error of judgment" and "conspicuous display". This however, should not be the end of the matter.

26. 2. 108 Commerce

The Committee were perturbed to hear some complaints in relation to the return to India of certain cases of exhibits from Iraq. Though the complaints could not be substantiated from the record the Committee would like to reiterate their hope that officials deputed to organise our participation in fairs/exhibitions abroad would make a special point of not even remotely indulging in any activity which could be construed as unwarranted or unbecoming.

27. 2. 118 —do—

The Committee feel perturbed that in the Barcelona Fair (1973) organised by the Directorate of Exhibitions & Commercial Publicity, 15 cases diverted from Paris were with-held by the Fair Customs on the ground that the settlement of the outstanding accounts from the Barcelona Fair (1972) had not been made. The consignment was cleared only after the intervention of the Indian Ambassador who pointed out in his letter of 18th April, 1973, that the problem at the Barcelona Fair (1972) had arisen because goods were sold at the pavilion although they were imported only for exhibition. The Committee fail to see why formal permission of the fair authority could not be obtained by the Council's Exhibition team, even if, as claimed by the Council, they had obtained verbal permission to sell the goods imported ostensibly for exhibition only. It is regret-

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table that even when the Executive Director of the Council saw the Indian Ambassador before leaving, he gave him the impression that "everything was under control" whereas in fact this matter was still outstanding and an embarrassment for our Embassy.

28.

2-119

Commerce

The Barcelona Fair (1972) had ended on 13th June, 1972. Normally, this matter should have been settled during the period of the Fair itself or soon thereafter but the Executive Director sought the good offices of the Indian Ambassador only in April, 1973. This delay, deplorable as it was, cast its shadow on the Barcelona Fair held in the subsequent year, when goods meant for the fair were held up and cleared only a day before that Fair was to be held. The Committee recommend that in order to avoid the slur on India implied in such unsavoury incidents, an undertaking should be obtained from relevant bodies like the Directorate of Exhibition or the Council that all issues arising out of a fair/exhibition would be settled during the course of the fair itself or within a month of completion of the fair at the latest, failing which the agency concerned must seek the good offices of the Indian Ambassador for settling the matter at a higher level. Such a step is clearly called for to ensure that issues outstanding from one fair do not adversely affect the conduct of subsequent fairs in a manner consistent with India's reputation and self-respect. Such matters should also be specifically reported contemporaneously to the Ministry of Commerce so that they are kept in the picture about developments.

The Committee find that the follow up of allegations/complaints has been entirely slipshod and reveals serious communications gaps within Government. For example, when the Note dated 1st May, 1973 was put up to the Commerce Minister, it was accompanied with another note about the performance of the Council, but no reference was made to the three specific allegations later mentioned in the former Secretary's note dated 6th August, 1973. Apparently, the note of 6th August, 1973, was not supported by relevant documents on the basis of which these allegations were recorded. On 12th August, 1973, however, the Prime Minister had desired that Chairman (ICTFE)'s attention should be specifically drawn to those allegations and had sharply "warned" that the Council must "mend their ways". The Committee are astonished and disturbed that no communication was sent by either the former Secretary, Ministry of Commerce or his successor to the Chairman, ICTFE about it. On 22nd August, 1973 former Secretary had, however, recorded a note that he would fix a date to meet the Chairman, ICTFE on return from tour. He relinquished charge of his post on 7th June, 1974. There is no further record about the matter and the meeting with the Chairman ICTFE never took place. The Prime Minister's orders of 12th August, 1973, thus remained a dead letter all the while. This is altogether an unpleasant story whose ramifications remain unexplained on account of the records not being available fully. The Committee urge seriously that the Ministry of Commerce streamline its communication system and effectively prevent repetition of such sorry episodes.



1	2	3	4
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30.      2.141      Commerce

The Committee are unhappy to note that even after a search conducted by the Ministry of Commerce, records pertaining to the allegation which had presumably been thought serious enough to be brought to the notice of the Prime Minister by the former Secretary, Ministry of Commerce, are not forthcoming.

31.      3.8      —do—

The Committee find that the Directorate of Exhibitions and Commercial Publicity in the Ministry of Commerce organised 120 fairs/exhibitions abroad during the past ten years from 1965-66 to 1974-75. Its expenditure on establishment and participation in fairs/exhibitions during that period amounted to Rs. 1057 lakhs. Average expenditure per event on participation in Fairs works out to Rs. 7.59 lakhs excluding establishment charges and Rs. 8.81 lakhs including establishment charges. Business negotiated during these fairs amounted to Rs. 7563 lakhs. Asked during evidence how much of the negotiated business actually materialised the Ministry of Commerce replied that the position was "very intangible" and business negotiated at a fair was not a very reliable yardstick for evaluation. Since there were "no accounting systems or procedures for watching over a period of time the financial business." The Committee feel that it should not be too difficult for Government to evolve a rational yardstick after consultation with expert, professional opinion so that the success or otherwise of participation and/or sponsoring of a fair by the Directorate/Council could be meaningfully evaluated.

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32. 3.11

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The Committee note that CBI's report dated 30th December, 1975 on the enquiry into the loss of the original letter written by Mahatma Gandhi to Jawaharlal Nehru in October, 1935 loaned to the Ministry of Commerce for display at the Indian Pavilion in Expo' 1967 at Montreal (Canada), has been received in the Ministry of Commerce. The Committee recommend that necessary action in the light of CBI's Report may be taken soon. The Committee also recommend that existing arrangements for the safe custody of documents/ goods sent for display in fairs/exhibitions abroad may be reviewed and strengthened.

33. 3.29

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Though assured by the Ministry of Commerce that selection of personnel for teams deputed to fairs/exhibitions abroad 'was a matter of great scrutiny at different levels', the Committee find no well thought out pattern of staffing for such teams. While in some, there was only one Investigator in others two Investigators were sent. Instances are not lacking when teams included Stenographers and even Clerks. The fact that these personnel were not included in some of the teams demonstrates that they were not indispensable. The Committee are not sure how far the resources of the Indian Missions for rendering stenographic assistance for short duration of exhibitions were tapped by Government before determining the staffing strength of each such team. The Committee recommend that selection and screening of personnel for such teams should be more stringent than what it has been. In view of recurrent allegations that strings are often pulled to get into exhibition teams and have a jaunt abroad at public expence, the task of selec-

tion needs to be done on the basis of carefully observed norms and principles.

34.

3-33

Commerce

Though Indian Missions are stated to have a major share of responsibility in the entire effort of organisation of fairs/exhibitions abroad and the same has been spelt out in the Manual of Instructions to Indian Commercial Representatives Abroad, the Committee feel that as the Indian Missions are in a better position to know the local conditions of the country in which fair/exhibition is to be held they should be involved in a more meaningful way not only in the organisation but also in the planning of fairs/exhibitions. It is not enough to seek the good offices of the Indian Missions when exhibition teams find themselves in trouble over some unfortunate act of omission or of commission. There should be a broad arrangement under which the head of the Exhibition team should always consult and be generally guided by the Indian Mission on all vital matters. The Committee trust that if the advice and assistance of our Missions is sought in time and implemented on the basis of mutual understanding, there would not be many complaints which our missions have to point out so often after the fair/exhibition is over.

“The Committee also suggest that in the light of the experience gained so far a review of the relevant chapters of the “Manual of Instructions to Indian Commercial Representatives Abroad” should be undertaken jointly by the Ministry of Commerce and the Ministry

of External Affairs to make coordination with Missions abroad more effective.

35 3 38

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The Committee find the Directorate of Exhibitions and Commercial Publicity is virtually content with only obtaining Report of Indian Missions and Directors in charge of the Exhibition Teams. It is rather surprising that till recently the assessment of fair participations and exhibitions was being done in the Ministry only by means of noting and no separate evaluation reports were prepared. It is only from September, 1974, that the system of holding Presentation Meetings to discuss evaluation has been introduced. The Committee recommend that the pattern of the Evaluation Report should be rationalised and the broad aspects which such Reports must expound should be formulated on the basis of the experience gained by the Directorate over the years. This pattern should be kept under regular review and modified from time to time to enhance utility and ensure follow up. These Reports should highlight achievements and also pinpoint inadequacies as well as complaints of malpractices and misconduct, with a view to their rectification.

171

36 3 39

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3.39. The Committee suggest that Government should lay down standard proforma for submission of reports by the authorities holding Fairs. A suitable proforma may also be laid down for timely submission of reports by the Indian Missions abroad so that Government have one more dependable source to furnish data and report to facilitate proper evaluation of the benefits accruing from partici-

pation in the Fair. The Committee have no doubt that a critical scrutiny of the proforma and report of the Indian Missions abroad could help in identifying the shortcomings and in evolving concrete measures to obviate them in future.

The Committee suggest that in the light of the study of the proforma Government may review periodically Guidelines for holding of Fairs and Exhibitions so as to project a better and more meaningful image for stepping up exports of industrial, manufactured and non traditional goods.

The Committee also recommend that there should be some arrangement for contemporaneous monitoring of fairs lasting more than two weeks so that inadequacies and deficiencies noticed are got rectified without delay.

37.

4.6

Commerce

The Committee note that, according to the Ministry of Commerce, at present India participates in about 25 to 30 out of 1500 fairs held every year all over the world and the annual budgetary allocation for this purpose has been of the order of Rs. one crore. This is barely 0.01 per cent of the value of our total exports. The Committee consider our participation to be far from adequate. The Committee wish that as trade fairs are an important factor in international commerce and help also to project the country's image abroad,

it will be possible for Government not only to host more international fairs on its own soil but also to participate in such fairs elsewhere.

38. 4-7 Commerce

The Committee regret that in spite of the existence of a Directorate of Exhibitions, one of whose principal functions is to "formulate and coordinate the programmes of fair participations and exhibitions abroad" Government appears to have failed to give adequate programmes in advance to the Council. If other countries can plan their participation in international exhibitions/fairs 2 or 3 years in advance, the Committee fail to understand why the Ministry of Commerce has been unable to do so and earn valuable foreign exchange.

The Committee are of the view that the organisation of fairs/exhibitions at short notice leaves very little time for advance planning which is essential to success. The Committee recommend that as exhibitions/fairs both as media of export promotion and projection of the country's image have assumed increasing importance, Government should undertake long-term programme planning, preferably to synchronise with the country's Five Year Plans, so that our fairs/exhibitions are more purposeful and efficient.

39. 4-13 —do—

The Committee are glad that basic planning of all aspects of fair participation and exhibition is being done in India itself. This was but expected after nearly twenty-five years of experience. It is also good to learn that our exhibitions have received much appreciation. The Committee would like efforts to continue seriously for improving the standards of our exhibitions and the results thereof to our economy.

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40	4.14	Commerce	<p>The Committee recommend that the feasibility of setting up regional exhibitions centres with storage facilities, if possible, at selected centres should be explored in the light of the experience gained in the fair in Algeria. The findings in this regard may well form part of a comprehensive plan to be undertaken.</p>
41	4.15	---do---	<p>The Committee find that for too long, Indian Pavilions abroad have largely depended on traditional items like Agarbatis, Sarees and handicrafts. It is time that the theme of these Pavilions is re-set to show the strides made by India in industry and in science and technology. Selection of exhibits should be done with care and imagination, keeping in view the scope and objective of exhibitions, the market prospects and also the need for attractive novelties. The cooperation of the relevant interests in production, trade, publicity, etc. should be enlisted with a view to the maximum success of our exhibition effort.</p>
42	4.33	---do---	<p>The Committee find that Government had taken a decision on 1st May, 1973 to wind up the council. This decision seems to have been taken behind the back of the Council who was not given a reasonable opportunity to place its case before Government. Even the Prime Minister was constrained to observe on 16th July, 1973 that "it is also not fair to confront the Council with a situation of this kind without adequate prior notice and discussion."</p>

The Committee also find that Government's views about the role of the Indian Council of Trade Fairs and Exhibitions which was set up in 1964 had been shifting, vague and inconsistent. Hardly had the Council functioned for two years, the Economy Committee headed by the Cabinet Secretary decided in 1966 that the Council should be wound up. Before this decision could be implemented, that Committee reversed its own decision on pleas made to it. In 1967, the Administrative Reforms Commission recommended that "the activities of the Directorate of Exhibitions should, as early as possible, be transferred to the Indian Council of Trade Fairs & Exhibitions." Had Government accepted and implemented that recommendation, it would have been possible to put an end at least to two multiplicity of organisations tailing high cost of overheads and perhaps also to achieve some economies of scale. While accepting ARC's recommendation, Government, however, decided that only fairs and displays in which the trading element predominates should be transferred to the Indian Council. This demarcation of work between the Indian Council and the Directorate was not followed by Government in letter and spirit because, as observed by the Study Group headed by Shri P. K. Samal in 1971 some of the events with predominant trading element which were at one time allotted to the Indian Council were subsequently allotted to the Directorate on the plea that the participation in the same fair by the same organisation for a number of years had degenerated into a routine participation. In April, 1972, the Study Group had recommended enlargement of the scope of allocation to the Council. On 1st May, 1973, Government instead of agreeing to the recommendation, again decided to wind up the



Council because of its alleged poor performance. This time again the decision was not implemented but it was subsequently decided to give a "reasonable number of fairs". This decision was neither communicated to the Council nor implemented, for what was given to the Council in 1973-74 was only one fair. Viewing the course of these developments, the Committee cannot resist the impression that having set up the Council of Trade Fairs and Exhibitions in 1964, Government did not quite know what to do with it.

44.

4-35

Commerce

Government's stand in regard to the role of the Directorate of Exhibitions and Commercial Publicity too has been vague and inconsistent, and shifting so frequently, that any demarcation between the Directorate and the Council could hardly be made. The Mudaliar Committee which had recommended setting up of an autonomous body to bring about re-orientation of approach to the organisation of fair participations and exhibitions had recommended in 1963 that the Directorate of Exhibitions should be converted into a policy-making and coordinating body. Government chose not to take any steps to elevate the Directorate to that level and continued to assign fair participations to it with the result that there was no organisation charged with the specific responsibility of planning, coordination and evaluation of India's participation in international fairs. In 1967, the Administrative Reforms Commission recommended that the activities of the Directorate of Exhibitions should, as early as possible, be

transferred to the Indian Council of Trade Fairs and Exhibitions. This afforded another opportunity to Government to transfer all organisational work if it was thought fit to the Council and thereby put an end to duplication of efforts but Government let slip this opportunity also when it decided to assign those fairs to the Directorate which were designed "to build the image of the country, to portray developments in India, to attract and develop interest in Indian products and to build up through visual means, industrial and commercial cooperation with the rest of the world." According to Government's own admission, instances are not lacking when participation in different years was arranged sometimes by the Directorate and sometimes by the Council. The quote one instance, the Frankfurt fairs in 1969, 1970 and 1971 were organised by the Council, but the fair organised there in 1975 was handled by the Directorate. The Committee are not impressed by the argument that for development of a healthy spirit between the two organisations, rotation of responsibility is desirable. As far as the Committee can see, such a rotation has only led to dilution of the role of the Directorate and has served little purpose. Inability to make up Government's mind has delayed the emergence of a sound organisational base for planning, coordination and evaluation of India's participation in fairs/exhibitions abroad. A Directorate which has the lion's share of participation and is deeply involved in the day-to-day organisation of fairs/exhibitions can hardly be expected to evaluate its own performance. The Committee, therefore, suggest that Government should take concerted measures to create a sound organisational base for the purpose of

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undertaking planning, coordination and valuation of India's participation in fairs/exhibitions abroad. An informed, bold and imaginative approach can put India on the fair map of the world.

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4-47

Commerce

The Committee find that at present there is multiplicity of agencies handling trade fairs/exhibitions within the country and abroad. This has implied avoidable duplication of efforts, overlapping of functions, high overheads and lack of coordinated planning and integrated approach. The proposal of the Ministry of Commerce mooted as early as in October, 1973 for setting up a unified agency to be called the India International Trade Fair Authority was, therefore, a step in the right direction. After the proposal was approved by the Expenditure Finance Committee in March, 1974, the next obvious step was to obtain the approval of Cabinet. For some reason, however, the Ministry of Commerce seems to have developed cold feet. In a note dated 19th July, 1974, problems like absorption of staff, economics of unification, financial flexibility, etc. which were by no means insurmountable, were cited by of 'new thinking'. As far as the Committee can see, this was nothing but a veiled attempt to put the idea of setting up a unified agency in cold storage. It is surprising that the very Ministry which had strongly favoured the idea a few months back should seek to put their own proposal in reverse gear.

46. 4.48

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The Committee have pointed out elsewhere how the Ministry of Commerce had once decided to wind up the Indian Council of Trade Fairs and Exhibitions but soon reversed that decision. The Ministry had also decided that on reversion, the Executive Director should be entrusted with the work of Commercial Publicity alone, but that decision was also reversed and he was given the work also of Exhibitions. When one decision after another is reversed by the same Ministry, and that too within a short span of time, it casts a serious reflection on the decision-making process in the Ministry concerned. The Committee strongly emphasize the need to review the existing decision-making process and to streamline it adequately.

47. 1.49

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The Committee fear there is a contradiction between the idea of the Ministry of Commerce that integration of diverse bodies operating at present is a part of the structural planning now being evolved and the proposition, which emerged in evidence, that even when the proposed unified authority is set up the ICFTE would continue as a Service Agency. It is regrettable that no final decision in this regard has been made by Government, though the Committee were assured (October, 1975) that it was expected "in a few weeks' time". The accumulation of allegations against the ICFTE, though not clearly substantiated, is a serious matter. Besides the Committee fear that if the ICFTE or for that matter the Directorate is retained under one garb or another, the unified agency idea will be infructuous. The Committee urge on Government to take long term decisions rather than adopt ad hoc measures on grounds of expediency rather than of principle.

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