

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1621
ANSWERED ON:12.12.2003
LOSSES IN STC
T. GOVINDAN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether State Trading Corporation (STC) has incurred losses during the last three years;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) the action taken against those found responsible for such losses; and
- (d) the manner in which Government would make up the said loss?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI S.B. MOOKHERJEE)

(a) & (b): The profit(after tax)/loss of STC during the last three years are as under:-

Year Rs. in Crore

2000-01	2.84
2001-02	(-) 40.34
2002-03	(-) 83.97

The losses were mainly because of the Corporation had to make certain provisions in its Book of Accounts for the year 2001-02 & 2002-03 such as the following :-

- Diminution in the value of investments made in US-64 Units: Rs.19.31crore during each of the years 2001-02 and 2002-03
- Amortisation of expenses relating to Voluntary Retirement Scheme of the earlier years : Rs. 5.32 crore in 2001-02 and Rs. 24.55 crore in 2002-03
- Write-off on account of shortfall in the recovery of old dues from the Government Rs. 19.36 crore during 2002-03

Besides the above, lower rental and interest income also contributed to the losses during the last two years. The large part of the loss was not directly related to the performance of the Corporation in these years.

(c): In general, the losses above were not attributable to malafides on the part of any officer.

(d) As a result of the losses, the reserves of the Corporation have come down from Rs. 417 crore (as on 31.3.2001) to Rs. 243 crore (as on 31.3.2003). During the current year i.e. 2003-04, the Corporation has been able to stage a turnaround thereby reversing the trend. Based on current projection, it is expected that during the current financial year STC may end up with positive results and profits. Government does not propose to give any budgetary support to STC to cover its losses for the years 2001-02 and 2002-03.