E.C. No. 172

ESTIMATES COMMITTEE 1959-60

EIGHTY-SIXTH REPORT

(SECOND LOK SABHA)

MINISTRY OF COMMERCE AND INDUSTRY

The State Trading Corporation of India Limited, New Delhi

LOK SABHA SECRETARIAT
NEW DELHI
April, 1960
Chaitra, 1882 (Saka)
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C O R R I G E N D A

Eighty-sixth Report of the Estimates Committee relating to the State Trading Corporation of India Limited.

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1. Page 7, para 19, line 3, for 'Various' read 'various'
2. Page 7, para 19, line 10, for 'Tha' read 'that'
3. Page 11, para 29, line 15, after 'connection' add 'the'
4. Page 17, para 47, line 4, for '1:3rd' read '1/3rd'
5. Page 19, para 53, line 4, for '16:3" read '16.3"
6. Page 21, para 62, line 2, delete 'sold'
7. Page 23, para 66, line 3, for 'Mines' read 'Mills'
8. Page 40, para 104, line 6, for 'apparently' read 'apparent'
9. Page 42, para 111, marginal heading, line 1, for 'Principal' read 'Principle'
10. Page 43, line 16, after '30-6-1961', for 'of' read 'if'
11. Page 56, line 2, for 'part' read 'para'
12. Page 81, Serial No. 18, line 5, after 'Corporation' add '(Serial Nos. 19 to 30)'
13. Page 83, Serial No. 28, line 2, for '71' read '70'
14. Page 87, line 6, delete '42'
15. Page 87, line 11, delete '45'

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1959-60

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*Elected w.e.f. 19th December 1959, *vice* Shri Mathuradas Mathur resigned.

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Eighty-Sixth Report on the Ministry of Commerce & Industry—The State Trading Corporation of India Limited, New Delhi.

2. A statement showing an analysis of the recommendations contained in this Report is also appended. (Appendix XII).

3. The Committee wish to express their thanks to the Officers of the Ministry of Commerce & Industry and the State Trading Corporation of India Limited for placing before them the material and information that they wanted in connection with the examination of the estimates as well as to Shri Murarji J. Vaidya and the representatives of the Mineral Industry Association, Nagpur for giving evidence and making valuable suggestions to the Committee.

H. C. DASAPPA,
Chairman,
Estimates Committee.

NEW DELHI;
The 14*th April,* 1960.
Chaitra 25, 1882 (*Saka*).

I

INTRODUCTORY

(a) Historical Background

The idea of setting up an agency to handle foreign trade of the country was first mooted during the last war. The suggestion came from the Indian Commercial Community who apprehended that the operations of the United Kingdom Commercial Corporation would deprive them not only of the profits of export trade but also of the benefits of trade contacts with certain countries. For various reasons the question was not vigorously pursued at that time. The matter was considered a number of times between 1948 and 1953 also but without any results. Origin.

2. By 1955, however, the need of a State Trading Organisation to regulate India's foreign trade was felt by the Government of India. The main considerations were the need for diversifying and expanding foreign trade, particularly with the communist countries and the necessity of arranging for bulk imports to bridge the gap between supply and demand and to prevent shortages, price-upsets and black-marketing.

3. While the question of State trading was being actively examined by the Government, a Private Members' Resolution regarding State Monopoly in some of the main lines of exports came up for discussion in the First Lok Sabha on the 26th August and 9th September, 1955. During the discussion, some Members lent limited support to the idea of State trading. Opposing the proposal, the then Minister of Commerce said on the 9th September, 1955: Private Members' Resolution on 'State Monopoly of Foreign Trade'.

> "......We propose to keep the position under constant review and if we discover that in any particular respect the regulatory powers and our fiscal measures are proving inadequate or that State is likely to benefit in a larger measure by changing the pattern of trade, we will not hesitate to supplement it by more positive action on our part...... In addition we propose to examine and consider whether it is necessary to set up a State Trading Organisation in order,

firstly, to facilitate the development of trade with countries where trade is in Government hands, and secondly, to assist Government in solving difficulties and problems for which private trading channels are found to be inadequate.........."

Setting up of the State Trading Corporation.

4. Late in November, 1955 the Cabinet 'approved the proposal to set up a State Trading Corporation'. The State Trading Corporation of India Limited was registered on the 18th May, 1956 under the Indian Companies Act, 1956, as a Joint Stock Company with an authorised capital of Rs. 1 crore and a subscribed capital of Rs. 5 lakhs, all the shares being held by Government.

(b) **Objectives**

Reasons for introduction of State Trading.

5. The main considerations which led to the introduction of State Trading were:—

(i) Difficulties experienced in diversifying and expanding India's foreign trade, particularly with communist countries.

(ii) The need for maintaining a steady price level and sustaining equilibrium between supply and demand.

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

(iv) To supplement private trade.

Main Object of the S.T.C

6. The main object of the Company has been indicated in the Memorandum of Association as follows :—

"to organise and effect exports from and imports into India of all such goods and commodities as may be determined by the Company from time to time, and to undertake the purchase, sale and transport of and general trade in such goods and commodities in India or anywhere else in the world."

(c) **Functions**

7. Initially the Organisation was intended to "get into stride only gradually and cautiously." In the case of imports it was intended that "its activities should be restricted to the import of certain essential items such as soda ash, caustic soda, sodium bicarbonate, sulphur, raw silk, etc., where there is a known gap between supply and demand and bulk supplies can be arranged on a cheap and profitable

basis". In the case of exports it was intended to examine whether "the Corporation could profitably handle items such as lemon grass oil, pepper and some of the metallic ores". So far as the countries canalising their foreign trade through State trading organisations were concerned, it was desired that the Corporation should "provide facilities for collective bargaining and create conditions under which trade with them could be developed to a higher level."

Activities of the S.T.C.

8. The general pattern proposed for the expansion of the Corporation's activities is given at Appendix I.

Monopoly in certain items of Imports.

9. The Corporation has a monopoly in the import of Caustic Soda, Soda Ash and raw silk, skimmed milk powder and Chilean nitrate. It had a monopoly in the import of cement till stoppage of imports from March, 1958. It has been given monopoly in the export of iron ore and 50 per cent of the export quota for manganese ore has been allotted to it. It is also the sole agent for wholesale distribution of cement in the country. In all, it is dealing with export of 26 and import of 31 items.

10. Though there has been an appreciable increase in the functions and activities of the Corporation apart from the Minister's statement in the Lok Sabha referred to at para 3 above made before the setting up of the Corporation, there has been no other declaration of the policy by the Government.

Demand for clearly defining the scope of S.T.C.

11. A number of representations were made to the Committee that though there might be a legitimate scope for state trading in certain fields, the Corporation had entered into fields where there was no such need and ousted private trading interests from business built up over a course of years. It was also represented that the Corporation had been enlarging its activities without a clear declaration of policy and beyond its original objects. This had left the private sector with a feeling of uncertainty. In this connection the partial monopoly in the export of manganese ore given to the Corporation was cited as an instance of a decision of great consequence to private trade which was not preceded by any announcement of policy. Another instance cited was the internal trade in Cement. It was, therefore, suggested that the scope and functions of the State Trading Corporation should be laid down clearly.

12. The representative of the Ministry explained that when the State Trading Corporation was set up it was not clearly laid down in what particular commodities it would

deal or with which country it would trade. Initially, it was concentrating on business with the state trading countries and even now the bulk of its trade was with such countries. The monopoly in iron ore or the pre-emption of 50 per cent of export of manganese ore had been decided upon to obtain maximum advantage for the country. Although when the Corporation was originally conceived it was not envisaged that it would undertake internal distribution of cement, as events subsequently developed, it was thought that the S.T.C. was as good a medium as any other that could be devised to undertake the internal distribution of cement.

Minister's statement not inconsistent with the monopoly in trade of Iron Ore.

13. The Secretary also stated that the main object of the S.T.C. concentrating on trade with communist countries had not been deviated from. The Minister's statement in the Lok Sabha on the 9th September, 1955 was not inconsistent with the monopoly in trade of iron ore. He added that a suitable opportunity may be taken to explain this.

Trade Policy.

14. The Secretary further stated that the Government's policy with regard to export trade was well-known, and in regard to internal trade they knew the extent to which the Government could interfere. He added that it was not a practical proposition to set down on paper the trade policy of the Government except that they could enumerate the items in which they were anxious to increase the trade and the various incentives they were giving for increasing the export trade. He, therefore, did not agree that a policy announcement on the lines of industrial policy announcement was feasible.

Recommendation for declaration of Trade Policy.

15. *The Committee are unable to accept this view. They consider that it would be very desirable for the Government to make a clear declaration of its policy in regard to the functions and activities to be entrusted to the Corporation in the light of the experience gained so far, more or less on lines similar to the declaration on Industrial policy.*

Necessity of laying down the main functions of the Corporation.

16. *The Committee are further of the opinion that it is first necessary to prescribe and lay down the main functions of the S.T.C. before such a declaration of trade policy can be properly made. In the Committee's opinion the functions of the Corporation may generally be to:—*

Committee's suggestion about the main functions of the S.T.C.

(a) *undertake trading with state trading countries and also with other countries in respect of those commodities in which it enjoys a monopoly;*

(b) *negotiate barter deals on behalf of the Government;*

(c) *diversify and expand existing export trade and find out new markets for traditional items as well as new items of trade; and*

(d) *undertake on behalf of Government export, import and internal distribution of any item when the normal trade channels are found wanting in fair practices or when there is need for stabilisation of prices, and it is considered in the interest of the country as a whole to do so.*

17. *The Committee however are of the opinion that the question merits a close and more detailed examination. They suggest that the Government in consultation with all interests concerned may review and examine the objectives, scope and functions of the Corporation taking into consideration the above recommendations.* Recommendation for examination of the matter by an Expert Committee.

II

FOREIGN TRADE OF INDIA

(a) **Trend of Foreign Trade**

18. Statistics of India's foreign trade during the last three years are given below:—

(Rupees in Crores)

Year	Imports	Exports	Total
1957*	1,068	657	1,725
1958**	864	568	1,432
1959**	868·63	626·08	1,494·71

Decline in India's Foreign Trade.

It would be observed that there was a distinct decline in India's foreign trade in the years 1958 and 1959. Exports fell by 13·5 per cent. from Rs. 657 crores in 1957 to Rs. 568 crores in 1958. Though registering an increase in 1959, exports in that year were still short of the 1957 figures by about 5 per cent. Imports have been reduced by 19 per cent. from Rs. 1,068 crores in 1957 to Rs. 864 crores in 1958 but have stood practically at the same level in 1959. The reduction in imports was due to the sustained restrictive policy pursued by the Government to stop the heavy drain on foreign exchange. As regards exports, the original annual target in the Second Plan was Rs. 593 crores. Subsequently, however, the Exports Promotion Committee (1957) revised this figure upwards to Rs. 700—750 crores, a figure which was never reached. The actual performance in 1958 fell short of even the original target. It will be seen that in 1959, there is still an adverse balance of trade to the tune of Rs. 242·55 crores.

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*Supplement to Monthly Statistics of the Foreign Trade (December, 1958).

**Annual Report of the Ministry of Commerce and Industry for the year 1959-60.

At the time of factual verification of the report, the S.T.C. has furnished the following figures:—

Value in Rs. Crores

	Imports	*Exports*	*Re-exports*	*Total*
1957	1,026	638	5	1,669
1958	873	577	8	1,458
1959	895	619	7	1,521

(b) Government Agencies for Export Promotion

19. At present a number of Government agencies are engaged on export promotion, such as the Directorate of Export Promotion, the Various Export Promotion Councils, National Small Industries Corporation, the State Trading Corporation of India. Each sizeable commodity has its own Export Promotion Council. The Committee are of the view that there is hardly any need to have such a multiplicity of agencies for promotion of exports. After all, a large number of commodities are common items of export to most of the countries. *They recommend tha. the Government may consider the feasibility of reducing the number of organisations at present dealing with promotion of exports to ensure both economy and co-ordinated effort.*

Multiplicity of agencies—Suggestion for Reduction.

III

ORGANISATION

(a) **Form of Organisation**

S. T. C. an instrument of Government's foreign trade policy.

20. The State Trading Corporation of India Limited, New Delhi was registered on the 18th May, 1956 under the Indian Companies Act, 1956 as a Joint Stock Company. The Corporation is mainly intended to serve as an instrument of the Government's foreign trade policy and is required to handle such items as are entrusted to it by Government from time to time.

The Corporation functioning in the same manner as a Government department.

21. The Committee understand that although in day-to-day administration the Corporation is free from interference; in actual working the Corporation is functioning in the same manner as any other department of Government and has also no freedom to trade in whatever commodity it likes. The Managing Director of the S.T.C. expressed the view that the Corporation should function as a department like the Railway Board or the P. & T. Board and the policies of the Corporation must be subject to very intensive policy control by Government. For flexibility of operation, however, it had been given a Company form. The Secretary to the Ministry informed the Committee that the Corporation was mainly intended to serve as an instrument of Government's foreign trade policy. He did not see much difference between a statutory corporation and the company form. He did not, therefore, see any special merit in making the S.T.C. a statutory body.

Organisation of S. T. C. as a Statutory Corporation.

22. Since the Corporation is mainly intended to serve as an instrument of the foreign trade policy of the Government, the necessity of its being subject to intensive policy control by the Government is obvious. At the same time, as the Corporation is expected to function as a commercial undertaking, it is essential to invest it with adequate autonomy and flexibility. It has been stated by the Managing Director of the Corporation that it is functioning like a Government Department. *The Committee consider that to invest the Corporation with necessary autonomy and flexibility, it is desirable to organise it as a Statutory Corporation. In this connection the Committee would invite Government's attention to the Canadian Commercial Corporation, a statutory body carrying out somewhat analogous functions, whose statute of incorporation provides for policy control by Government as also to the Committee's own recommendation in*

their Eightieth Report that all wholly Government-owned public undertakings should be generally statutory Corporations.

(b) Government Control

23. The Committee were informed that initiative on all matters connected with trade emanates from the Government. The Corporation had not suggested to the Government the directions in which it should expand its activities, though it was admitted by the Managing Director of the Corporation that it should do so.

Initiative by Government in all matters.

24. The Secretary to the Ministry stated that the Government did not encroach on the day-to-day functions of the Corporation. General instructions had been issued to the Corporation regarding the nature of transactions|business for which Government orders should be obtained. No formal directions had, however, been issued by the Government to the Corporation. Another representative of the Ministry explained that Government control was exercised through the orders issued under the Import and Export Control Acts which are published, whereby the Corporation was given a role in the performance of a business task in relation to a controlled commodity or through a foreign trade plan which was negotiated with a certain Government. Further, if a supplementary or an *ad hoc* import licence was issued to the Corporation, that also was being announced in a weekly publication of the Ministry of Commerce and Industry. The Managing Director of the Corporation further explained that since the S.T.C. was not a statutory corporation, the question of issue of directives by the Government did not arise and hence there was no necessity of mentioning the directions issued by the Government in the Corporation's Annual Report.

Informal Government instructions.

25. The Committee cannot see their way to accept the stand taken by the representatives of the Ministry or the Corporation. The position as to the exact form in which the instructions of Government are conveyed to the S.T.C. seems to be nebulous at present. The Articles of Association of S.T.C. do not contain any provision in regard to issue of directives. The Committee, however, note that such a provision exists in the Articles of Association of a number of Government-owned undertakings like B.E.L., the Hindustan Steel Ltd., the Heavy Electricals Ltd., the Hindustan Antibiotics Ltd. etc. *It is, therefore, desirable that any instruction meant to carry out the purposes of the Corporation should be in the form of a general or special directive. They note that both in the Canadian Commercial Corporation Act and the Nationalised Industries Acts in the U.K. there are*

Instructions to be in the form of Directives.

provisions for issue of directives by Government. The U.K. Statutes also require such directives to be mentioned in the Annual Reports of the Undertakings.

Directives to be published.

26. *The Committee consider that for a proper assessment of the working of the S.T.C. the directives issued by Government to the Corporation and how they have been carried out and their results on the working of the Corporation should be mentioned in the Annual Reports of the Corporation. They recommend that suitable provision may be made for this purpose in the Statute suggested in para 22. Till then such information may be furnished under executive orders.*

(c) **Board of Directors**

Composition of the Board of Directors.

27. The Board of Directors of the Corporation consists of 13 members, including the Chairman. The Chairman, the Managing Director and another Director work full-time. Others are part-time. Of the 12 Directors, including the Managing Director, 9 are serving Government officers. The other three Directors are retired Government servants. None of the part-time Directors are in receipt of any remuneration except one who has been appointed specially for examination of administrative requirement and recruitment policy of the Corporation and is provided with a free house.*

Wholetime *vs.* Part-time Directors.

28. The composition of the Board of Directors for such an organisation as S.T.C. is most important. The representative of the S.T.C. preferred having whole-time Directors. The views of the representative of the Ministry were that the Board may be large with a number of part-time members but there should be a Committee of the Board consisting of full-time members which would function continuously and where decisions could be taken subject to the ratification of the Board. In this connection the Committee invite reference to para 33 of their 33rd Report (Second Lok Sabha) on Hindustan Steel Ltd., in which they recommended that for better administration more full-time Directors should be appointed and each of them entrusted with responsibility for certain departments. *The Committee have considered the relative advantages of the two main types of organisations in such enterprises, one comprising of a few full-time executives while the majority are part-time men, and the other, comprising mostly of whole-time Directors—called Executive Directors. The Committee consider that the second type of having a core of Directors working full-time and each of them with specific responsibilities in conjunction with a few men*

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*The Government have, however, recently decided that the proportionate pay and allowances of another Director, who devotes a portion of his time to the Corporation's work should also be borne by the Corporation.

of eminence as part-time members who have no conflicting interests with S.T.C. would be the best form and suggest that the feasibility of having such a set-up for S.T.C. may be examined.

(d) Programme of work

29. It was stated that, as the Corporation was required to handle such items as the Government desired from time to time, it had not been found expedient to draw up a programme for exports or imports except in the case of mineral ores. It was also stated that it was a growing organisation and the list of commodities were not all pre-determined and that it might be possible a little later to have a budget and then sanction the posts with reference to the budget. *The Committee consider it essential that, as far as practicable, the programme of work for a specified period should be worked out well in advance and staff and expenditure requirements assessed accordingly. The Committee also suggest that to the extent feasible the future programme of work of the Corporation should be indicated in the Annual Reports of the Corporation. In this connection Committee invite attention to the general recommendation in the matter made in para 27 of their Seventy-third Report on the "Preparation of Budget Estimates of Public Undertakings and presentation of their Annual Reports and Accounts to Parliament."*

(e) Liaison with Private Sector

No suitable machinery for maintaining liaison between the Government, the S. T. C. & the private sector.

30. There is at present no suitable machinery for maintaining liaison between the Government, the Corporation and the private sector. As the activities of the Corporation impinge on the private business sector, it is desirable to have some arrangement by which such association is ensured to the mutual advantage of both. The Secretary to the Ministry agreed that it might be useful to have an Advisory Committee for the S.T.C. *The Committee recommend that early steps may be taken to constitute an Advisory Committee, comprising of representatives of private trade, the Corporation and the Government. Their powers may be defined clearly. They further recommend that in special cases the desirability of setting up separate advisory bodies for each commodity or group of commodities handled by the Corporation may be examined by Government.*

(f) Staff assessment

Staff Strength.

31. The various categories of staff employed at the Head Office of the Corporation and Regional Offices together with their pay scales are shown at Appendix II.

32. The number of officers employed at Headquarters and Regional Offices as on 1st April, 1959 on pay scales whose maxima were Rs. 500 or above were 127 and 69 respectively. These might be viewed as supervisory personnel or executives. The total strength of the staff of the Corporation including Regional Offices came to about 1,535 on the 1st April, 1959; of this 196 were supervisory personnel.

Staff Strength of Canadian Commercial Corporation.

33. The Committee find that a somewhat similar body in Canada, the Canadian Commercial Corporation, works with no more than a total strength of 51. Its turnover in the year 1958-59 was $95,050,000 which was much more than that of S.T.C. Even assuming that there is a considerable difference in the nature of work of the Canadian Commercial Corporation and the S.T.C., the staff of the S.T.C. appears *prima facie* to be on the high side. The Managing Director of the Corporation said that though there might be a little excess of staff in the lower categories, the Corporation was experiencing a shortage of higher officers. The Secretary to the Ministry, however, felt that with the whole-time Chairman it was possible to bring about some economy at the top level. He further apprehended that such a large staff might be the result of possibly copying Government in having a number of levels. No proper assessment about the requirements of staff had so far been made. *The Committee do not consider that there should be any insuperable difficulty in making an adequate assessment of the staff required by the Corporation. In fact, one of the Directors had been specially entrusted with this work since December, 1958. He had not yet submitted his report. The Committee recommend that the assessment of the staff requirements of the Corporation should be completed without delay and attempts made to reduce the staff of the Corporation consistent with efficiency.*

IV

FINANCE AND ACCOUNTS

(a) Capital

34. The authorised capital of the Company was initially Rs. one crore divided into one lakh equity shares of Rs. 100 each, all owned by Government. The paid-up capital was initially Rs. 5 lakhs. This was raised to Rs. 10 lakhs in October, 1956 and to Rs. 1 crore in March, 1957. Besides the share capital, the Government of India gave a loan of Rs. 7·50 crores out of which a balance of Rs. 3·70 crores was outstanding at the end of 1956-57; the balance as on 30th June, 1958 was Rs. 1·98 crores. The authorised capital has recently been raised to Rs. 5 crores and the subscribed capital to Rs. 2 crores.

(b) Results of Operations

35. The following statement shows the results of operations of the Corporation:—

Business other than Cement Agency

		(In lakhs of Rupees) 1956-57	1957-58
1.	Sales in Value	918	2857
2.	Net Profit including interest and taxes.	90	239
3.	Percentage of net profit including interest and taxes to total capital employed.	10%	26.8%
4.	Percentage of net profit including interest and taxes to sales.	9.8%	8.4%
5.	Interest on loan from Govt.	6.52	12.82
6.	**Tax**	51	121
7.	Net profit excluding the interest on loans and taxes.	33	105
8.	Percentages of net profit to net worth, *i.e.*, paid-up capital and reserves.	24%	45.4%
9.	Ratio of sales to total capital	1 : 1	3.2 : 1

36. The Corporation declared dividends at 6 per cent. at the end of 1956-57 and at 7 per cent. at the end of 1957-58. It would appear from the statement that the overall results **Dividends.**

of operation of the Corporation have been fairly satisfactory. *The Committee however consider that the rate of dividend after making necessary provision for building up the reserves etc. should be higher than 7 per cent. for a trading organisation like the S.T.C.*

(c) **Trade-wise Accounts**

37. The trading account for the year 1956-57 was given commodity-wise. The account for the year 1957-58, however, was a summarised account. The presentation of accounts trade-wise was more informative. It enabled proper assessment of financial results of each item of trade. The Committee were informed that it would not be expedient to disclose detailed information in the larger interests of the Corporation. Nor was it required to be done under the Company Law. Even so, the commodities in which the Corporation dealt as also the respective quantities were indicated in the Report of 1957-58. *The question arises whether the detailed information could be withheld from the shareholders, who ultimately are the Parliament. This is a matter which the Committee consider should be gone into more carefully by the Government.*

(d) **Loss on Soda Ash**

38. From the perusal of the trade-wise analysis given in the report for 1956-57 it is observed that the Corporation suffered a loss in the trade in soda ash amounting to Rs. 3,80,270. In the report for 1957-58 it is stated that during that year also the Corporation suffered a loss of Rs. 6·96 lakhs on soda ash. The losses are stated to have been due to maintenance of the distribution price steadily at the same level as of the indigenous product. The Committee consider that while it is desirable to ensure supplies of essential raw materials to the industries at steady prices, it may be possible to achieve that object without necessarily incurring losses in the trade. *They recommend that the feasibility of supplying soda ash at an equalised price by pooling both the imports and indigenous production so as to enable the Corporation to obviate any loss in the trade may be considered.*

(e) **Building Fund**

39. The Balance Sheet for 1957-58 shows under the head 'Reserves and Surplus' a Building Fund (Office) of Rs. 40 lakhs. The fund is obviously intended for construction of an office building for the Corporation. At present the Corporation's offices at Delhi are spread over a number of places, all rented. The annual rent

for these buildings comes up to Rs. 1·61 lakhs. It would make for greater efficiency if the Corporation has its own building to house its various departments. *The Committee suggest that there should not be any delay in utilising the provision they have already made for the building. In putting up the structure care should be taken to make it functional and due regard must be had for economy. Architecture for business houses has greatly improved and it is but proper for this trading Corporation to incorporate those features of economy which also make for better supervision and control. If this is done the Committee consider that there can be considerable savings out of the provision of Rs.* 40 *lakhs.*

V

TRADING ACTIVITIES

(A) General

Exports & Imports.

40. The trading activities of the Corporation cover Exports and Imports and internal distribution. Mineral Ores constitute the core of the Corporation's business in the field of exports. The main items of import are Caustic Soda, Soda Ash, Raw Silk, Fertilisers, Cinematographic Goods, Photographic Goods, Skimmed Milk Powder etc. Two statements showing items imported and exported by the State Trading Corporation, their quantity and value during the period 1956-57, 1957-58 and 1958-59 (upto December, 1958) are given at Appendix III.

Internal Distribution of Cement.

41. Under the Cement Control Order, 1956 the Corporation has also been entrusted with the internal distribution of Cement. The value of Cement marketed by the Corporation during the period 1957-58 amounted to Rs. 7,428 lakhs. Out of these, imports amounted to Rs. 287 lakhs in 1957-58.

(a) *State Trading Corporation's share of Foreign Trade*

Volume of Foreign Trade.

42. As indicated at para 18, the total volume of India's Foreign Trade was of the order of nearly Rs. 1,725 crores in 1957 and Rs. 1,432 crores in 1958. Out of these imports amount to Rs. 1,068 crores in 1957 and Rs. 864 crores in 1958 and exports during the same years were of the order of Rs. 657 crores and Rs. 568 crores.

S.T.C.'s Share of Foreign Trade.

43. The total volume of Corporation's foreign trade during the years 1956-57 and 1957-58 comes to about Rs. 10 crores and Rs. 30 crores which constitutes a very small portion of the country's foreign trade. To quote the Ministry's own words, "The State Trading Corporation's share in the Indian Foreign Trade is very little".

Special Payments Arrangement and Indirect Sales.

44. In an effort to diversity foreign trade and to cultivate new markets and to provide facilities for business contacts with countries practising bilateral trade in state trading, the State Trading Corporation has made certain special payments arrangements. The main features of these arrangements are given at Appendix IV. According to the Corporation the Indian exporters and importers freely made use of these arrangements. The total volume of contracts registered under these arrangements added up to Rs. 19·48 crores at the

end of 1957-58, and the export list covered a wide variety of articles. The help given by the Corporation for these transactions is stated to be mainly promotional in character for which the Corporation levies only small service charges. These indirect sales, though not included in the turnover, seem to entail expenditure on over-head and establishment charges. *The Committee feel that it would be better to make a statement in the Annual Reports and Accounts on the volume of indirect sales, the nature of promotional activities undertaken and the approximate over-head expenditure incurred, to facilitate a comparison between direct sales and indirect sales secured by the Corporation and the relative costs. They recommend that necessary steps in the matter may be taken early.*

(b) *Indian Trade with Communist Countries*

45. A statement showing India's trade with Communist countries since 1954 is placed at Appendix V. The volume of the Corporation's trade with these countries is given at Appendix VI.

No Improvement in India's Foreign Trade with Communist Countries.

46. *The Committee find from the statement given at Appendix V that while the imports from East Germany and China have considerably increased in 1958 as compared to 1957, exports have declined during the same period. Further, the imports are higher than exports. It will be seen that between 1957 and 1958 there has been a slight improvement and adverse balance is reduced to some extent. They feel that efforts should be made to improve the exports.*

(B) **Exports**

(a) *Monopoly of Iron Ore*

Reasons for entrusting Monopoly of Iron Ore trade to the S.T.C.

47. Of the total sales of Rs. 28.57 crores by the State Trading Corporation during the period 1st July, 1957 to 30th June, 1958, sale of Iron Ore accounted for Rs. 10.37 crores. In July, 1956, soon after its inception, 1:3rd of the total export quota of Iron Ore was entrusted to the Corporation. But in July, 1957, the entire export of Iron Ore became the monopoly of the Corporation. It has been stated that the step was taken to prevent fragmentation of quotas, to facilitate bulk movements, to help coordination of rail movements with shipping programmes and to make it possible for the development of mining to be synchronised with the availability of transport. It has been also explained that the competition of Indian exporters amongst themselves, who were faced with large consortiums of buyers, was leading to unhealthy competition and low prices and seriously affecting India's export trade in Iron Ore.

Iron Ore Export.

48. The figures of Iron Ore exported during the last five years are as follows:—

Year	Quantity (in Tons)
1954-55 (July to June)	10.23 lakhs
1955-56	15.60 ,,
1956-57	21.37 ,,
1957-58	21.20 ,,
1958-59	23.90 ,,

Production of Iron Ore.

49. With the increase of exports there has been also an increase of production of Iron Ore from year to year as the following figures of production will show:—

Year	Production
1955	46,77,538tons
1956	48,98,000 ,,
1957	50,74,000 ,,
1958	58,00,000 ,,
1959 (January to March)	18,85,000 Metric tons.

Seller's Consortium for Iron Ore.

50. It was represented before the Committee that the Corporation was mainly exploiting the traditional field for export of Indian Iron Ore to Japan. Private trade could have secured the benefits now obtained by the Corporation if given the necessary facilities. Trade in India could have also formed a sellers' consortium. These arguments at this stage are somewhat hypothetical; it is very doubtful if, but for the existence of a body like the State Trading Corporation, coordinated and rationalised movement, and long-term contracts with buyers etc. could have been brought about.

51. *In any case there is no necessity of going into these questions at this stage and the Committee consider that the State Trading Corporation should endeavour to utilise its monopoly in Iron Ore for the best interests of the country. The Committee offer the following suggestions in this regard for adoption by the Corporation.*

(i) *Organisation of Association of Producers*

Association of Producers to supply Iron Ore to S.T.C. and consequential reduction in Field Staff.

52. At present purchase of Iron Ore is made by the Corporation, both on F.O.R. and F.O.B. basis; F.O.R. purchases are mainly made from the small mine-owners whereas purchases on F.O.B. are made from large mine-owners. Such individual purchases require employment of considerable staff both in field and in the Regional Offices and to some extent at Headquarters. *The Committee consider that* ***it would be in the interests of economy and efficiency if the*** *producers could be organised into associations to supply Ore*

of required specification in bulk to the State Trading Corporation, thus doing away with the necessity of large number of individual purchases and employment of staff for that purpose.

(ii) *Export of Low-Grade Iron Ore*

53. The representative of the Corporation stated that Iron Ore of lower than 58 per cent Fe. content was not being considered for export. Export of low-grade Iron Ore today accounts for nearly 16:3 per cent of the total exports from this country. The figures of export of low grade Iron Ore for the last five years are given below:— **Figures of Export of Low Grade Iron Ore.**

Year	*Exports by Private Sector*	*Exports by S.T.C.*	*Total*
1954-55	8,496 tons	..	8,496 tons
1955-56	67,453 „	..	67,453 „
1956-57	74,653 „	29,347 tons	1,04,000 „
1957-58 (July to June)	..	1,06,840 „	1,06,840 „
1958-59	..	2,62,893 „	2,62,893 „

54. Representations were received by the Committee that the Corporation could not market low grade Iron Ore which had an export market before the State Trading Corporation took up export of Iron Ore. The representative of the Corporation explained that normally the Corporation was selling Iron Ore of a minimum 62 per cent Fe. content. Low grade Ore up to 58 per cent Fe. content was, however, purchased for blending with higher Ore and some times even for direct supply. It was also stated that a large number of Iron Ore mines in the country *i.e.*, Barajmada, Nayadupeta near Madras and Port Redi on the West were producing low grade Iron Ore, which had now considerably increased. **Production and Marketing of low-grade Iron Ore.**

55. While it is noticed that there has been a gradual increase in the export of low grade Iron Ore, it is not known whether the arrangements made by the Corporation could take care of the entire exportable surplus. *The Committee consider that the exportable low grade Iron Ore of the country should be assessed and exported by the S.T.C. If the Corporation is not in a position to arrange for the purchase and export of such ore at reasonable prices, there should be no objection to the private sector being allowed to do so but before such sales the ore may be offered to the S.T.C. for purchase.* **Assessment of exportable low grade Iron Ore.**

(iii) *Long-term agreements for Export of Iron Ore*

56. A long-term agreement has been entered into by the Government of India with the Japanese Steel Mills for sup- **Agreement with Japan.**

plies of Iron Ore. The total supplies under this contract would be about 2 million tons per year commencing from 1964, with provision for gradual increase to about 5 million tons by 1969 by mutual agreements. Supplies under this agreement would be in addition to the normal sale to the Japanese Steel Mills of about 1·5 million tons a year. As a part of agreement Japan will help in the development of Iron Ore Mines and in the improvement of port as well as transport facilities.

Caution in entering into long-term agreements for Export of Iron Ore.

57. In para 240 of their 33rd Report (Second Lok Sabha) on the Hindustan Steel Ltd., the Committee had suggested that arrangements for the export of Iron Ore should not be made on a long-term basis. It has now been explained to the Committee that there are adequate reserves of Iron Ore in the country and India can afford to export considerable quantities of Iron Ore for the next 20 to 30 years even if the present production target of 10 million tons of steel by 1965 in the country is doubled. *Even though the deposits of Iron Ore are large enough for exports under long-term Japanese agreement, the Committee consider that every caution should be exercised before agreeing to any further increase of the quantity over and above two million tons to be exported under its provisions.*

(iv) *Price of Iron Ore*

Price Formula.

58. It appears from the Addendum to the Agreement dated the 19th March, 1958 that the price formula for the sale of Iron Ore to Japan can operate as a limiting factor on the development of new markets. The relevant portion of the addendum relating to price reads as follows:—

> "The price of the two grades 65|63 and 60|62 respectively to be determined from year to year—April to March—shall be the separate weighted average FOB prices for these grades of comparable specifications of Indian Iron Ore sold to all countries other than Japan during the preceding 12 months, less a rebate".

Exploration of new markets without affecting the price of Iron Ore.

59. It was explained by the representatives of the Corporation to the Committee that since the price of Indian Iron Ore was about 15 to 20 per cent. higher than the Swedish Ore, it was difficult to develop markets for Indian Ore in Western countries. The bulk of Indian Iron Ore was, therefore, exported to Japan. *The Committee consider that while it is desirable to take advantage of the negotiations with Japan for long-term sale, it is also necessary to develop other markets. Such promotional or developmental sales may apparently affect adversely the price of large quantities*

of Indian Iron Ore being sold to Japan, as the benefit of such lower prices would also accrue to the Japanese buyers. It is, therefore, likely that the arrangements entered into with the Japanese buyers would hamper exploitation of new markets for Indian Iron Ore. The Committee are not aware whether this aspect of the matter has been considered while negotiating the price formula with the Japanese buyers. They would suggest that ways may be found to explore new markets without affecting the prices to be obtained from Japan or there should be some difference between prices secured in traditional markets and those in new areas.

(v) *Export of Pig Iron*

60. In para 200 of their 33rd Report (Second Lok Sabha) on the Hindustan Steel Ltd., the Committee had recommended that Government should explore and develop export markets for Pig Iron. The Committee also suggested that the feasibility of making a condition in the agreement for export of Iron Ore that a portion of export would be in the form of Pig Iron. The Managing Director of the Corporation informed the Committee that Government had in mind short-term agreements for export of Iron Ore and the money earned on them could be utilised for setting up blast furnaces and thereafter Steel and Pig Iron might be exported. He also informed the Committee that the Japanese were interested in buying Pig Iron from India. The State Trading Corporation was negotiating with them for substantial exports of Pig Iron.

Agencies dealing with export of Pig Iron.

61. From the information given to the Committee it is found that a number of agencies are at present dealing with export of Pig Iron. These are as follows:—

(i) Export of Pig Iron on cash terms will be left to the producer. In practice, this will mean Hindustan Steel, for some time to come.

(ii) The Iron and Steel Controller will deal with all exports of Pig Iron in return for import of Steel.

(iii) Exports of Pig Iron in return for import of commodities other than Steel will be handled by the State Trading Corporation.

62. So far the State Trading Corporation has contracted for sale sold 13,400 tons of Pig Iron for export to Pakistan. The Iron and Steel Controller has sold 1,32,000 tons to Japan. The Iron and Steel Controller is trying to sell further 60,000 tons.

S.T.C. to be entrusted with the task of exporting Pig Iron.

63. The representative of the Ministry informed the Committee that there was an exportable surplus of about 3 to 4 lakh tons of Pig Iron in the country. The advantages of exporting Pig Iron were undeniable. There was, however, a limited field though such exports have been made to Japan, particularly as a large number of rolling mills in the country were also interested in the purchase of Pig Iron. The possibility of exporting 2 lakh tons of Pig Iron to Japan was stated to be under investigation by the Ministries of Steel, Mines & Fuel, and Commerce and Industry. *The Committee note that while exporting more Pig Iron in lieu of Iron Ore is admitted to be desirable, responsibility for exports is entrusted to different organisations. They recommend that urgent steps should be taken to develop the export of Pig Iron, particularly as there is a known market in Japan. They further recommend that a single organisation, preferably the State Trading Corporation, should be entrusted with this task. Attempts should be simultaneously made for improvement in the quality of exportable Pig Iron, if necessary by putting up adequate blast furnaces near the mining region.*

(vi) *Need for Rationalisation of Port Movements*

64. A statement showing the volume of trade handled by the Corporation from the West Coasts parts to Eastern countries and *vice-versa* is given at Appendix VII. It will be observed that the major portion of exports from the West Coast has been to Japan and from East Coast to Europe. *Prima facie* the practice looks uneconomical. The Committee are aware of the fact that proximity to ports and facilities of transport weigh much in determining the choice of ports for particular mining areas. *They recommend that a proper plan be drawn up to rationalise the movements from ports on the Eastern and Western seaboards so as to secure the most economical use of ocean freights. In this connection the need for relieving congestion in some of the existing ports and the prospect of development of certain new ports and the need for diversion of Iron Ore Exports through them may be kept in view.*

(vii) *Utilisation of Indian Shipping*

65. In their Thirty-Eighth Report (Second Lok Sabha) on the Eastern Shipping Corporation Ltd., and Western Shipping Corporation Ltd., the Committee had noted the absence of a provision in the iron ore agreement entered into with Japan by the State Trading Corporation for utilisation of Indian Shipping for the carriage of the Ore. The Committee had recommended that effective steps should be taken to ensure better coordination between the State Undertakings to this end. In the case of Japanese Iron Ore

export contract (1958-59), the Corporation has reserved 300,000 tons per annum to be carried by Indian bottoms. In fact, the S.T.C. had got an agreement from the Japanese Steel Mills to utilise Indian Shipping upto 15 per cent of the Ore shipped but the Indian Shipping Companies had not got sufficient vessels to carry Ores even to that extent. Besides, the tariff rates of Indian Shipping were not competitive.

Need for co-ordination between S.T.C. and Indian Shipping Lines.

66. The representatives of the Corporation further informed the Committee that there were complaints from Japanese Steel Mines about the unbusinesslike manner in which the Indian Shipping lines were proceeding in the matter of getting the Japanese Steel Mills to use their vessels. Nor were the Indian Shipping Companies sufficiently energetic. The Indian Shipping Companies did not have even an office in Japan and failed to inform the Japanese Steel Mills what their fixtures were, what vessels were available and when they would ply. *The Committee regret that in spite of their previous recommendation there is apparently no proper coordination between the State Trading Corporation and the Government Shipping Corporations and the blame has been laid by S.T.C. entirely on the ~~former~~. The desirability of utilising Indian bottoms for carriage of Iron Ore to the maximum possible extent is unquestionable. The Committee recommend that immediate steps may be taken by Government to ensure necessary coordination between the State Trading Corporation and the Indian Shipping lines, so that the question of freight is resolved satisfactorily and Indian Shipping is enabled to establish itself in the Indian Iron Ore trade to the maximum extent possible.*

Inclusion of a specific clause in the agreement for carriage of Ores by Indian bottoms.

67. The Committee also notice that the provision made for utilisation of Indian Shipping in the agreement dated the 19th March, 1958 with the Japanese buyers is of a permissive nature. *The Committee consider that S.T.C. should make every endeavour to include a specific clause in the main agreements which it might enter into with the foreign buyers, so that a reasonable percentage of the trade is specifically reserved for carriage by Indian bottoms.*

(viii) *Building of Railway Lines*

Railway capacity for Movement of Iron Ore.

68. The Committee understood that certain sections of Indian Railways had large capacity for movement of Iron Ore but corresponding port facilities were not available. For instance, the Railway capacity from Guntakal to Bombay was quite large but there had not been enough Ores to be loaded at Guntakal or Timacharla because the plot and loading facilities were inadequate and the feeder services on the Bellary-Hospet section of the meter-gauge line between

Guntakal and Hubli had been fully used up. The Corporation was, therefore, moving large quantities of Ores by road directly from the mines to Guntakal and loading them at Guntakal and despatching them to Bombay. The Bombay Port was, however, designed to export not more than 4 lakh tons of Iron Ore as it was mainly built for Manganese Ore export. Thus while there was railway capacity available additional facilities were required at the Port. Further Iron Ore could be exported from Calcutta Port upto 1·5 million tons but the railway capacity from Barajmada to Calcutta was extremely limited.

Proposal for construction of a broad-gauge Railway line from Guntakal to Hospet.

69. The Committee were informed that having regard to the disposition of the Iron Ore deposits in India and the need for the Indian Steel Plants, the Bellary-Hospet area would be the main source of Iron Ore for export for the whole of India. The most economic way of transporting Iron Ore from that area for export is to build a broad-gauge railway line from Guntakal right upto Hospet. A proposal has already been put up to the Railway Board and the latter has agreed to examine it. A large quantity of ore of the same area moves Westwards and is exported from the Karwar Port where the capacity seems to be considerable. In the Hospet-Hubli section also there seems to be the same difficulty experienced as of shortage of railway facilities between Hospet and Guntakal and because of that they resort also to direct road movement between Hospet and Karwar. *The Committee suggest that when considering the proposal to convert the Hospet-Guntakal section of the line from metre-gauge to broad-gauge, the question of converting the remaining portion of the line from Hospet to Hubli also may be considered. The Committee recommend that the proposal should be examined expeditiously and an early decision taken thereon.*

Proposals for economic movement of Iron Ore.

70. The Committee also understand that for better and more economic movement of Iron Ore from Hospet the following proposals are also under the consideration of the Railway Board and the Ministry of Transport and Communications and the Planning Commission :—

(i) Need for connecting Mangalore-Hassan by rail.

(ii) Feasibility of establishing a major port at Mangalore.

(iii) Need for connecting Kottur with Harihar after Mangalore-Hassan railway line has been built up. Kottur is one of the stations South of Harihar—a distance of about 23 miles. When the two places are linked up, there will be a continuous link from Bellary-Hospet to Mangalore.

71. *The Committee recommend that early decisions should be taken on these proposals so that the movement of Ores could be made easier and more economical.*

Development of Paradip Port.

72. The Committee were informed that efforts were also being made to export more Iron Ore from Orissa and other areas concerned. In this connection, an agreement has already been entered into with Japan for development of mines in Rourkela area. In addition, the Corporation is also endeavouring to export Ore from the Sukinda and Tomaka areas. Further the Japanese Steel Mills are quite prepared to use Paradip Port but unfortunately the Port is open for operation only during five months of a year and the capacity is very limited. The Committee understand that to make Paradip an all-weather Port, some studies are being conducted in the Poona Research Institute. *They suggest that the feasibility of developing Paradip Port as an all-weather port may be examined without any further delay. In this connection, the Committee would invite reference to S. No. 32 of Chapter IV of their Eighty-Second Report (Second Lok Sabha) on 'Action taken by Government on the recommendations contained in the Fifty-First Report of the Estimates Committee (First Lok Sabha) on the Ministry of Transport—Intermediate and Minor Ports', wherein they have commended for a special consideration for the development of Paradip Port.*

73. There is at present no railway line connecting Paradip Port with the mining area. The Committee understand that owing to lack of quick and easy transport facilities from the mines to the port even the existing capacity of the port for export of iron ore is not being utilised. It has, therefore, been suggested to the Committee that a railway line should be constructed for the purpose. This would involve construction of about 72 miles of railway line, 17 miles to connect the mining area with the Madras-Calcutta line and about 55 miles from Cuttack to Paradip. *The Committee recommend that the feasibility of constructing the railway line may be considered urgently.*

(b) *Trade in Manganese Ore*

(i) *Manganese Ore Policy*

Entry of S. T. C. in the Manganese Ore trade.

74. Prior to 1956 the entire export of Manganese Ore was in the hands of private shippers and mine-owners. In July 1956 the Government of India took a decision to canalise 33-1/3 per cent. of the export trade through the

State Trading Corporation. From July 1957, the Corporation's export quota was increased to 50 per cent the balance remaining with the private sector. The broad objectives with which the State Trading Corporation was introduced in this field were the same as in the case of Iron Ore. Another reason for the State Trading Corporation entering trade was stated to be the necessity to reduce competition among the exporters and organise a steady outflow of export.

Export of Manganese Ore.

75. The following table gives figures of export of Manganese Ore from 1954 onwards:—

Year	*Quantity (In '000 tons)*	*Value (In lakhs of Rs.)*
1954	1,088	1,517
1955	1,232	1,436
1956	1,458	2,311
1957	1,617	3,084
1958	917	1,515
1959	909	1,234

It will be seen that after attaining an all time peak at 1,617,000 tons in 1957, the volume of exports in Manganese Ore dropped by nearly 44 per cent in 1958 and came down to 917,000 tons only. In terms of value the fall is of the order of 50 per cent. Figures for 1959 also do not indicate any improvement.

Reasons for decline in Export.

76. The following reasons have been given for the decline in export of Manganese Ore:—

(i) World production of Manganese Ore is increasing relatively faster than steel production and mining areas are being developed in relative proximity of consuming centres, in collaboration with the steel producers—as in the case of Amapa and Brazil.

(ii) As a result of gradual normalisation of trade relations between the countries of Western Europe and Eastern Europe competition from Russia, which is the world's largest producer, is increasing.

(iii) Technological advances are reducing the dependence of the steel producers on Manganese Ore.

Low grade Manganese Ore which was hitherto being used as a desulphurising agent in the production of steel is being gradually replaced by Caustic Soda.

(iv) The more immediate cause for the decline in export of Manganese Ore has been the recession in steel production during 1957 and 1958, further complicated by the present strike in the U.S. Steel Industry on account of which steel producers found themselves carrying inventory stocks in excess of their requirements.

Decline in the export trade of Manganese.

77. The Committee have, however, been informed that against the fall in the world imports of 25·3 per cent during the year 1958, the fall in the exports of Indian Manganese Ore has been of the order of 44 per cent. The general reasons given do not, therefore, fully explain the proportionately higher fall in India's export. It has been represented to the Committee that this decline is due to the vacillating export policy of the Government of India and issue of restricted export quotas valid for short periods which prevented private shippers and mine-owners from entering into long-term arrangements with foreign buyers. Other complaints made were that the private exporters were faced with difficulties in obtaining railway wagons and that Corporation's trade was mostly through Business Associates or canalised contracts utilising existing markets rather than securing new markets.

Main aspects of S. T. C.'s export trade in Manganese Ore.

78. The following are the main aspects of the State Trading Corporation's export trade in Manganese Ore:—

(a) *Direct Sales*—The Corporation undertakes direct sales to foreign buyers.

(b) *Canalisation.*—When a mine-owner|shipper enters into a contract with the foreign buyer for a quantity not covered by his export quota, the contracts for the export can be canalised through the Corporation *i.e.*, the quantity exported accounted against export quota of the Corporation; certain services like allotment of plots—railway movements etc. are also given by the Corporation. For these services the State Trading Corporation used to charge $6\frac{1}{4}$ per cent subsequently reduced to percentages varying between $\frac{1}{4}$ per cent and 3 per cent.

(c) *Joint Marketing Arrangements.*—The State Trading Corporation is also a joint dealer with the principal mine-owners. Under this arrangement the S.T.C. and the mine-owners jointly negotiate business with the overseas buyers. Both contribute a portion of their export quota towards the joint deal. It was stated that these arrangements were conceived in an effort to enable the large mine-owners to market substantially larger quantities to their traditional buyers grades and specifications of material to which they were accustomed in the past. An additional advantage claimed by the Corporation is that by such arrangements they develop contacts with the foreign buyers and also were appraised of the actual prices paid. About 33 $\frac{1}{3}$ per cent of direct sales by the Corporation comprised of sales made under the Joint Marketing Arrangements.

(d) *Barter Deals.*—The S.T.C. is responsible for barter agreements negotiated at the Government level. These transactions are serviced by the S.T.C. on such terms and conditions as may be mutually agreed upon between the Corporation and its business associates which are drawn, to the extent practicable, from amongst shippers and mine-owners. These transactions pass through the books of the S.T.C.

Performance of S.T.C. in the Manganese Ore trade.

79. The following tables will give an idea of the performance of State Trading Corporation in the Manganese Ore trade:—

TABLE I

Quantities of Manganese Ore sold by S. T. C.

(In lakh tons)

Export Quota	*Direct Sales		Total Direct Sales	% of sales excluding Joint Marketing Arrangements to Total Direct Sales	% of sales excluding Joint Marketing Arrangements to export quota	Canalisation	Total direct sales and Canalisation	% of total direct sales and Canalisation to export quota
	**Quantity sold under Joint Marketing Arrangements	**Quantity sold excluding Joint Marketing Arrangements						
				1956-57				
N.A.	Nil	2·01	2·01	100%		1·51	3·52	
				1957-58				
9·87	1·46	2·93	4·39	66·7%	29·7%	·40	4·79	48·5%
				1959-60				
10·21	1·68	1·32	3·00	44%	12·9%	·42	3·42	33·5%

*Committed for Sales.

**It was stated by the representatives of the S.T.C. that the Joint Marketing Arrangements account for 33⅓% of the direct sales made by the Corporation.

TABLE II

Export Quota and Shipment of Manganese Ore

(Figures in lakh tons)

	1956-57			1957-58			1958-59		
	STC	P/S	Total	STC	P/S	Total	STC	P/S	Total
Effective Export Quota	NA	NA	NA	9·87	* {9·78 3·00	19·65	10·21	** {9·18 2·00	19·39
Quantity shipped	1·06	14·87	15·93	4·41	8·72*	13·13*	3·56	**6·00	9·56
Percentage of quantity shipped to effective Export Quota	..	..	..	44·7%	68·2%		34·8%	53·6%	

*Including 3 lakh tons shipped against *ad hoc* quota issued to Private Sector during July '57/Sept. '58.

**Including 2 lakh tons shipped against *ad hoc* quota issued to the Private Sector.

80. The following points emerge from the above statistics:— Failure of S.T.C. to fulfil its export quota of Manganese Ore.

(i) Though the Corporation could export only 1·06 lakh tons of Manganese Ore in 1956-57, against 14·87 lakh tons exported by the Private shippers, its quota was increased from 33 1/3 per cent to 50 per cent of the total export of the country from 1st July, 1957. It has been stated by the Corporation that the increase in their export quota was not based on performance but as a result of a policy decision of the Government.

(ii) Both in 1957-58 and 1958-59 the quantity shipped by either the Corporation or the private sector was less than their quota. The performance of the private sector was, however, much better.

(iii) The quantities directly sold by the Corporation during the years 1956-57, 1957-58, 1958-59 excluding the quantities sold under Joint Sales Arrangements were 2·01 lakh tons, 2·93 lakh tons and 1·32 lakh tons. Thus excluding both the quota absorbed by canalised sales and the quantity sold under Joint Sales Arrangements, the Corporation's performance against 50 per cent export quota during the years, 1957-58 and 1958-59 comes to 29·7 per cent and 12·9 per cent respectively. Even if the credit is taken for the Joint Marketing Arrangements and canalised contracts the Corporation has not been fully successful in fulfilling its export quota.

81. The Committee, therefore, feel that there is some justification in the complaints of the private sector that the S.T.C.'s entry into Manganese trade has not helped in securing many new fields of export or substantial increase in its value. The Committee were informed that the period of its entry into Manganese ore trade coincided with a period of recession. It was further stated that they were able to add to the business to some extent and to the stabilisation of prices. The Managing Director of the Corporation stated to the Committee that if the Corporation was to deal with Manganese Ore it should do so only on a monopoly basis. This idea was, however, discounted by the Secretary of the Ministry. The Committee have been informed that with a view to regulate the export policy of Manganese Ore, to enable the shippers and mine-owners to develop long-term contracts, to facilities railway movement etc. certain Review of Policy regarding the exportof Manganese Ore.

policy decisions have been reached by the Government of India (Appendix VIII). *The Committee hope that the policy recently announced would help both the Corporation and the private sector in developing the country's export trade.. It will be seen that the quotas laid down pertain only to the current year and the Government have directed the S.T.C. to co-ordinate its activities with those of experienced Exporters and to evolve in co-operation with them as business associates, marketing and production programmes extending over three to five years. The Committee suggest that there should be a more comprehensive review by the Government of the whole position in consultation with the representatives of the Corporation and private trade and a well defined policy for a long enough period laid down to enable the exporters to enter into forward contracts for bulk sales over a perid of years.*

(ii) *Movement of Manganese Ore*

Equitable allocation of movement facilities.

82. The Committee received a large number of complaints against non-availability of railway wagons due to preference being given to the S.T.C. These charges were categorically denied by the representatives of the Corporation. It appears from liberalised policy of export of Manganese Ore from 1st October 1959 announced by Government that steps are being taken to provide additional movement facilities to the extent possible. *The Committee hope that steps will be taken to ensure equitable allocation of movement facilities to obviate such complaints as far as possible.*

(iii) *Export of Ferro-Manganese*

83. The Committee were informed that the installed capacity of the existing plants producing Ferro-Manganese was roughly of the order of 60,000 tons and two more plants of a total capacity of 2,00,000 tons were also coming up for production. As the internal consumption was rather low, there would be considerable exportable surplus. In this connection, the Committee invite a reference to para 242 of their Thirty-Third Report (Second Lok Sabha) wherein they have observed that if instead of Manganese Ore Ferro-Manganese, capacity for which was being increased, could be exported, it would not only help in preventing large exports of valuable Manganese Ore but also provide employment to a large number of people in the country in the Ferro-Managanese manufacturing industry and earn more foreign exchange for the country. It was stated that there was difficulty in exporting Ferro-Manganese as its cost of production was high. The higher cost was due to non-availability of cheap power and higher initial outlay on new installations. *The Committee while reiterating their earlier*

recommendation suggest that the question of reduction of cost of production of Ferro-Manganese should be gone into carefully and steps taken to export ferro-manganese in place of Manganese ore if need be by introducing an element of subsidy.

(c) *Other Exports*

84. It will be seen from the statement at Appendix III that except for Iron Ore and Manganese Ore, none of the items of export handled by the Corporation show sale figures exceeding 80 lakhs a year. Some of the items to be noted are Shoes, Woollen Fabrics, Pepper, Handicrafts. It would appear that for these items S.T.C.'s role has been mostly developmental or promotional. The Corporation propose to take up another 21 items for export, mostly manufactured products. It has been stated in the Second Annual Report of the Corporation that it had not been possible to take many active steps to promote the export of difficult-to-sell items. It has also been stated that not much success had been achieved in respect of items for which there was no market at present. *The Committee consider that special attention should be paid to these aspects and recommend that suitable steps should be taken to diversify and expand existing trade and to find out new markets for traditional items as well as new items of trade.* **Promotion of export of difficult-to-sell items.**

85. A few cases of business transactions have come to the notice of the Committee during their examination of the Corporation. These transactions relate to:— **Some business transactions of S. T. C.**

(i) Purchase of Heavy Cees for export to China;

(ii) Export of Nitrate Bags to Chile;

(iii) Placing of orders for fabrication of Shoes without firm order; and

(iv) Failure of the S.T.C. to fulfil some contracts regarding export of Manganese Ore.

86. *The Committee have not commented on these transactions as they consider that the Corporation's business transactions have to be judged more by their overall trading results than by success or otherwise of individual transactions. They, however, hope that the Corporation will take necessary steps to avoid recurrence of such cases.*

(C) **Imports**

87. The procedure adopted for purchase, sale and distribution differ from commodity to commodity depending upon the nature of the commodity. The procedure for purchase of commodities imported by S.T.C. is given in brief at Appendix IX. **Procedure for purchase of commodities imported by S.T.C.**

Setting up of a Consumers' Council.

88. The Corporation arranged import of certain items on an *ad hoc* basis like art paper, photographic goods, skimmed milk powder etc. They are also importing Caustic Soda, Soda Ash and Raw Silk which are distributed through certain agencies. Complaints have been received by the Committee regarding high prices charged for certain items like art paper etc. During the evidence the representative of the Corporation stated that the S.T.C.'s fixation of price of art paper was perhaps on the liberal side. He further explained that the price was fixed not only with reference to the landed price of paper but also with reference to the prevailing market prices for that kind of paper as advised by the Development Wing. The Committee have also received complaints about artificial shortages of some commodities imported by or with the help of the Corporation. *The Committee consider it desirable that for consumer articles, a Consumers' Council may be set up to help and advise the Corporation regarding the quality, quantity, distribution methods and sale of imported commodities at reasonable prices. It is also essential to ensure that items imported|distributed by the Corporation are not hoarded and do not find their way into the black market.*

VI

CEMENT

(a) **Cement Control Order, 1956**

89. State Trading in Cement was introduced from 1st July, 1956 under the Cement Control Order of the 26th June, 1956. The order required every producer in India to sell the entire quantity held in stock or produced by him to the State Trading Corporation at specified prices. The price at which the Corporation would sell cement was also fixed in the Order at Rs. 102-8-0 per ton f.o.r. destination railway station for packed cement. Initially, the Order was to be operative for two years. It has been, however, extended from time to time and is still in force up to 30th June, 1961.

The Objects and Reasons for issuing the Order.

90. The purpose of issuing the Cement Control Order was to secure the equitable distribution and availability of cement at fair prices, by regulating the supply, distribution, trade and commerce.

The reasons for issuing the Cement Control Order were stated to be :

(i) to rationalise the movement of cement within the country and to reduce the strain on railways; and

(ii) to make available both imported and indigenous cement at uniform prices all over the country.

Thus the Cement Control Order aimed at equalising the price of imported and indigenous cement and uniform freight and packing charges. This was done as already stated by fixing with effect from 1st July, 1956 the selling price of packed cement f.o.r. destination railway station by the Corporation at Rs. 102·50 nP. per ton.

(b) **Price of Cement**

Import Subsidy.

91. Equalisation of the selling price of imported and indigenous cement was to be effected by the levy of a suitable import subsidy. The amount of import subsidy had naturally to be estimated with reference to the quantity of cement to be imported and the volume of indigenous production. When the Cement Control Order was issued it was proposed to import about 7 lakh tons of cement. It has not been stated whether this was the total quantity to be imported or represented the estimated annual import. An import subsidy of Rs. 7 per ton was included in the destina-

tion price of a ton of cement fixed under the Cement Control Order from 1st July, 1956 as will be seen from the following break-up:—

Ex-Works Price	.. ..	Rs. 54.50
Selling Agency	.. ..	Rs. 2.50
Packing charges	.. ..	Rs. 14.00
Excise duty	.. ..	Rs. 5.00
Freight	.. ..	Rs. 15.00
Sales Tax	.. ..	Rs. 2.22
S.T.C.'s remuneration	.. ..	Rs. 1.00
Contingencies	.. ..	Rs. 1.00
Import subsidy	.. ..	Rs. 7.00
Rounding	.. ..	Rs. 0.28
TOTAL	..	Rs. 102.50

92. During the period of one year from 1st July, 1956 to 30th June, 1957, the S.T.C. imported 2,27,254 tons of cement. The total cost of the imported cement including the cost of acquisition etc. was Rs. 287·39 lakhs and the total amount of sale price, value of closing stock and value of stock in transit was Rs. 239·86 lakhs. Thus the excess of cost of the imported cement over the value realised therefrom was Rs. 47·53 lakhs.

The surplus import Subsidy realised in 1956-57.

93. As against this, the S.T.C., sold during the year 50,48,837 tons of indigenous cement in the country and recovered from the consumers import subsidy amounting to the extent of Rs. 353·42 lakhs, at the rate of Rs. 7 per ton. Thus, deducting the loss of Rs. 47·53 lakhs incurred on imported cement, the S.T.C. earned a surplus of Rs. 306. lakhs on account of the import subsidy only during the year.

Volume and Cost of Imports in 1957-58.

94. The S.T.C. continued to import cement upto 1st March, 1958, when due to increase in domestic production further imports were stopped. The quantity of cement imported during the year 1957-58 has not been stated in the Annual Report of the Corporation for the year. The Committee were, however, informed that the Corporation imported a total quantity of 4,46,174* tons of cement from 1956 to 1958 of which 2,27,254 tons were taken into the accounts of 1956-57. Apparently, the balance of 2,18,920 tons of cement were imported during the year 1957-58. The total cost of the imported cement, including cost of

*Figures furnished by the S.T.C. on the 22nd December 1959 in reply to a written question of the Committee. At the time of factual verification of the report the corporation informed that the total quantity of cement imported during the years 1956-57 and 1957-58 was 4,64,987 tons.

acquisition etc. was Rs. 353·23 lakhs and the total value of sales, closing stocks etc. was Rs. 294·14 lakhs. Thus the excess of cost of imported cement over the value realised therefrom during that year was (Rs. 59,09,447) Rs. 59·09 lakhs.

95. The element of import subsidy included in the selling price of cement was reduced from Rs. 7 per ton to Rs. 5·50 per ton with effect from 1st July, 1957. The subsidy was finally withdrawn with effect from 1st March, 1958. The quantity of cement sold during the period from 1st July, 1957 to 1st March, 1958 is not known. The total quantity of indigenous cement sold in the country during the year 1st July, 1957 to 30th June, 1958 is understood to be 60·91 lakh tons. On a *pro rata* basis the quantity sold during eight months ending on 28th February, 1958, when imports ceased, would work out to 40·60 lakh tons of cement. The amount of import subsidy recovered from the consumers on this quantity comes, at the rate of Rs. 5·50 per ton, to about Rs. 223·30 lakhs. The surplus after setting off the excess cost of imports against this amount *viz.*, Rs. 59·09 lakhs comes to about Rs. 164·21 lakhs. **Surplus Imports Subsidy realised in 1957-58.**

96. Thus on account of import subsidy alone the Corporation appears to have earned a total surplus of Rs. 470 lakhs approximately during the two years 1st July, 1956 to 30th June, 1958. **Total surplus from Import Subsidy.**

97. It might have been necessary to levy import subsidy at Rs. 7 per ton on indigenous cement sold during 1956-57, if the quantity to be imported was 7 lakh tons and the cost of imports had to be spread over the internal production of about 50 lakh tons. *The Committee feel, however, that as soon as it was known that the quantity of imports would be very much short of the estimated targets of import, the import subsidy included in the selling price should have accordingly been scaled down and the benefit passed on to the consumers. The Committee were informed by the representative of the S.T.C. that the likely reduction in the volume of imports during the year 1956-57 became known by the beginning of 1957 itself. The Committee hold that in spite of the substantially reduced import the continued levy of import subsidy at such a high rate as Rs. 7 per ton based on a total import of 7 lakh tons of cement was unjustifiable. They regret that no action was taken to reduce the element of import subsidy included in the selling price of cement at that time. Even the reduced rate of subsidy at Rs. 5·50 per ton levied from 1-7-1957, which resulted in a surplus of Rs. 164·21 lakhs, was no more justifiable.* **Continuance of high Subsidy not justified.**

Surplus earned on Cement business excluding import subsidy.

98. The statements of assets and liabilities of the Cement Agency business of the Corporation as on 30th June, 1957 and 30th June, 1958 show that the net surplus earned on the business was Rs. 500·82 lakhs during 1956-57 and Rs. 396·10 lakhs during 1957-58 excluding the interest earned on investments. The surplus earned by way of import subsidy was Rs. 306 lakhs and Rs. 164 lakhs during the respective years. The balance of Rs. 427 lakhs for both the years was earned on other accounts. It will be seen from the break-up of the selling price of the cement that apart from the remuneration of the S.T.C., there is no item providing for profit as such. The components of the selling price are expected to reflect the cost only. The additional surplus therefore, seems to have arisen as a result of the difference between the estimated elements of cost on the basis of which the selling price was fixed and the actuals. The position is analysed below.

Adjustments in Price of Cement.

99. The F.O.R. destination prices per ton of packed cement fixed from time to time are shown in Appendix X. It would be observed from it that the excise duty on cement was raised from Rs. 5 to Rs. 20 per ton with effect from 16th May, 1957 as a result of which the selling price was revised upwards from Rs. 102·50 to Rs. 117·50 from that date. From 1st July, 1957 the element of import subsidy was reduced by Rs. 1·50 but it was set off by an equivalent increase in the freight charges. From 1st March, 1958 the import subsidy of Rs. 5·50 was taken off but the excise duty was further raised by Rs. 4 and the contingencies increased by Rs. 1·50 thus maintaining the selling price at the same level of Rs. 117·50 per ton.

100. As a result of the recommendations of the Tariff Commisison the ex-works price of cement was revised with effect from 1st July, 1958 with the result that the average ex-works price included in the selling price was raised from Rs. 54·50 to Rs. 58·10. But this did not lead to any rise in the selling price which was retained at Rs. 117·50. The increase in ex-works price was adjusted against other elements of cost as follows:—

	Per ton Rs. nP.
(1) Reduction in selling agency fees etc. (average)	0·50
(2) Packing charges	0.50
(3) Sales Tax	1·22
(4) STC's remuneration	0·40
(5) Contingencies	2·20
(6) Rounding	0·28
TOTAL	5·10
Less increase in freight	1·50
	3·60

These adjustments and re-adjustments appear to have been made mainly with the view to maintain the price at the same level and seem to bear no relation to the actuals of cost. It was possible to make the re-adjustments because the elements of cost included in the selling price contained a substantial cushion as would be evident from the following paragraph.

Differences between Selling Price and actual cost.

101. The break-up of the selling price of cement and the actual cost incurred under the respective heads per ton during the year 1957-58 is given below:—

(In rupees)

Elements of cost	Selling price From 1-7-57 to 28-2-58	From 1-3-58 to 31-3-58	From 1-4-58 to 30-6-58	Average actual cost	Difference
Ex-works price	54·50	54·50	54·50	54·50	..
Selling agency	2·50	2·50	2·50	1·70	·80
Packing charges	14·00	14·00	14·00	12·90	1·10
Excise duty	20·00	24·00	24·00	21·30	Nil.
		(Average 21·30)			
Freight	16·50	16·50	16·50	17·50	(—)1·00
Sales Tax	2·22	2·22	2·22	..	2·22
S.T.C's remuneration	1·00	1·00	1·00	·90	·10
Import Subsidy	5·50	(Average 3·66)		1·00	2·66
Contingencies	1·00	2·50	2·50	0·01	1·49
		(Average 1·50)			
Rounding	0·28	0·28	0·28	..	0·28
	117·50	117·50	117·50	109·81	7·65 (approximate)

Element of Cushion in the price.

102. The foregoing figures would show that in 1957-58 apart from the margin contained in the import subsidy the revised selling price fixed under the Cement Control Order included a cushion under the heads selling agency, packing charges, Sales Tax, S.T.C.'s remuneration, contingencies and rounding to the extent of about Rs. 5 per ton even after allowing for the increase in freight.

Surplus earned from the Cushion during 1957-58.

103. The Committee were informed that the Corporation sold during the year 1957-58 indigenous cement to the extent of 61,07,473 tons including exports. On this basis

the average selling price including export comes to Rs. 116·90 per ton. Even then, there would be a difference of about Rs. 4·40 per ton between the average selling price and the average actual cost of cement (excluding import subsidy) which accounts for a surplus of about Rs. 270 lakhs. There was a similar surplus during the previous year also. This surplus represents approximately the portion of the gross surplus earned by Corporation in Cement trade excluding the portion accounted for by profits from import subsidy. Thus the total cushion in the selling price of each ton of cement, before import subsidy was taken off, comes to approximately Rs. 7 per ton.

Double Sales Tax.

104. Besides, it appears from the statements of acquisition and distribution of indigenous cement that in addition to the selling price, which included an element of Sales Tax, the selling agents recovered from the consumers an additional element of Sales Tax at an average rate of Rs. 3·5 per ton. It is apparently that Sales Tax has been levied twice, once at the time of purchase by the S.T.C. and the second time at the time of sale to the consumers. The total incidence of Sales Tax appears to be about Rs. 5·72 per ton. *While the amount of Sales Tax recovered by the selling agents has been shown as paid to State Governments, the payment of Sales Tax recovered as part of the selling price has not been reflected in the accounts. That amount has gone into cement surplus.*

Propriety of raising revenue by raising the prices charged by Public Undertakings.

105. When it was pointed out that the S.T.C. had earned huge surplus on Cement due to inflation of the various elements of cost included in the price, the representatives of the Ministry agreed to examine them with regard to actuals and to prepare more accurate estimates in future. The surplus were stated to be held by the Corporation on behalf of the Government. To quote the exact words of the Additional Secretary, Ministry of Commerce and Industry, "Whatever amounts of money we have earned either by over cautious calculation of price or, incidentally, because of a change in the import or export situation has been given to the exchequer". The Secretary of the Ministry, however, stated that in the Constitutional sense it might not be a justifiable levy if it was treated as a Tax and there was no question of any hidden manipulation at the time.

106. *The Committee consider it most inappropriate that in addition to the considerable revenue raised by levy of high Excise Duty, Government should have taken advantage of its monopoly in raising subtantial additional revenues by fixing high prices for Cement. They are of the opinion that if such additional revenue had to be raised it should have*

been done through a specific taxation measure with the approval of Parliament and not under executive action by charging high prices for an essential commodity like Cement. They recommend that the entire fixation of price of Cement be immediately reviewed and the price fixed on the basis of actuals.

(c) **Excise Duty on Cement**

107. Initially Excise Duty on Cement was Rs. 5 per ton. It was raised to Rs. 20 per ton with effect from 16th May, 1957 and to Rs. 24 with effect from 1st April, 1958. The Secretary to the Ministry admitted that the rate of duty was high but explained that the duty was increased with the deliberate intention of restricting the use of cement. He added that as there was a reduction in the export duties in respect of certain export items it was necessary that the country should put up with somewhat high duties on items which were consumed internally in the interests of earning foreign exchange.

108. The *per capita* consumption of cement in certain selected countries is shown below:—

Countries	*Consumption of Cement in lbs. per head.*
Switzerland	847
Sweden	660
Germany	649
Norway	613
U.S.A.	594
Denmark	486
Ireland	453
France	451
U.K.	444
Netherlands	440.
Italy	420
India	33

109. *It would be observed that the rate of consumption of cement in India is extremely low. In the circumstances the Committee doubt whether it is necessary to restrict the consumption of cement further by imposing a heavy rate of*

duty especially when there is a surplus of cement. The Committee wanted the Ministry to furnish information regarding rates of Excise Duties on cement in other countries. This information could not, however, be furnished.

(d) Need for continuance of the Cement Control Order

110. As stated in para 89 above, though the Cement Control Order was operative for two years from July 1956, it has been extended upto 30-6-61. It is clear from the foregoing paragraphs that one of the main reasons for issue of the Order namely, the necessity of price equalisation between imported and indigenous cement is no longer valid because import of cement has been stopped. The representatives of the Ministry and the Corporation informed the Committee that the existing arrangements had been continued because there was still a need for pooling arrangement for distribution of cement. As part of the development plan the Government had encouraged the setting up of a large number of cement producing units and many of them were high cost units. If the S.T.C. withdrew from the business and there was no pooling arrangement there would be a great deal of unhealthy competition among the units and the high cost units would have to go out of production when the demand for cement slackened. It was further stated that the S.T.C. was continuing in the cement trade at the request of the producers themselves.

Principal of internal distribution by S. T. C.

111. *The Committee feel that the need for protection of new units is not the special feature of cement industry only. Similar need might have been felt by many other industries. If the principle of internal distribution of cement by S.T.C. at the request of the producers or for purpose of protecting the new units of the industry were to be accepted it would have to extend its business to a number of other industries also.*

Desirability of taking away the business of internal distribution of cement from S.T.C.

112. Under the Memorandum of Association of the Corporation the object of the Corporation is primarily to organise foreign trade. It may handle internal trade only to the extent it is necessary for that purpose. It was pointed out by the representatives of the Ministry that though the Corporation was not importing cement, it was exporting cement for development of new markets. *According to the letter of the law the Company was thus within the rights to undertake internal distribution of cement. The Committee are unable to accept this interpretation. Obviously, the internal trade taken up by the Corporation should have a direct bearing or relation to its imports and exports; that is*

it should be necessary to organise or participate in the internal trade to enable it to carry out its import and export activities. At present, export of cement is not of a substantial quantity and moreover is made at a loss to develop new markets. Whatever other justification there may be it cannot be held that Company's undertaking the internal distribution of cement is necessary to organise its exports. Internal trade by S.T.C. as already indicated in para 16 would be justified where the interests of the consumers are likely to suffer by unfair practices of the normal trade or when there is need for stabilisation of prices. If S.T.C. resorts to such internal trade freely, its normal business of developing foreign trade may suffer. *The Committee, therefore, recommend that the position may be reviewed and the desirability of not extending the Cement Control Order beyond the present term* viz. 30-6-1961, *of necessary, by creating an organisation of the producers for purpose of maintaining the pooling arrangements, be given every consideration. If the cement industry is not willing to undertake the responsibility which the S.T.C. is now discharging, then there may be justification for S.T.C. continuing trading in cement now that the industry and the consumers have become used to uniform selling prices.*

(e) Sale of Cement in Jammu & Kashmir, Assam and Tripura

113. The Committee's attention has been invited to higher selling prices in Jammu and Kashmir, Assam and Tripura. It has been clarified by the Ministry that though until 1st July, 1958, Assam was getting supply of cement at a price higher than the All India equalised price by Rs. 15 per ton, this has since been eliminated by application of All India uniform price to rail-*cum*-river ghat destinations. So far as Tripura is concerned, no information has been received. As regards Jammu and Kashmir, it has been stated that since the Cement Control Order of 1956 did not extend to the State, the F.O.R. destination price would not be applicable to Jammu and Kashmir. Even otherwise, the Railway out-agencies at Jammu and Srinagar are not considered as railheads for the purpose of the equalised f.o.r. destination price. If the transport was undertaken by the Railway out-agency to Jammu and Srinagar the additional freight would be about Rs. 51 and Rs. 122·50 nP. per ton respectively. In that case there would have to be an increase of about 60 nP. per ton in the All India equalised price for equalisation of the rate charges from Pathankot to Jammu and Srinagar.

114. *The Committee are glad to know that arrangements have been made to apply equalised price so far as Assam is*

concerned. They hope that similar arrangements would be made for Tripura also. As regards Jammu and Kashmir, they consider that the Cement Control Order which now stands in the way of the application of equalised destinational price to that State may be liberalised in consultation with the Government of Jammu & Kashmir. In this connection the desirability of extending similar concessions as may be given to Jammu and Srinagar to all Railway out-agencies may also be considered.

NEW DELHI;
The 14*th April,* 1960
Chaitra 25, 1882 (*Saka*)

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(*Vide* para 8)

General pattern proposed for the expansion of the State Trading Corporation's activities

(a) Monopoly import of Cement, caustic soda, soda ash and raw silk;

(b) trading with countries where trade is canalised through State channels to the extent practicable, more direct interest being taken in such developmental items as handicrafts, boots and shoes, and woollen textiles, only intermediary services being provided for items such as cashewnuts, pepper, oils, jute goods and tea.

(c) trading with monopoly organisations in other countries where such a course might become absolutely necessary in order to improve the bargaining position of Indian traders.

(d) export of ores being canalised through the State Trading Corporation.

(e) to promote trade on link basis wherever this is estimated to bring about economies in freight and savings in foreign exchange or facilitate import of items which are specially needed for the Indian economy and which are in short supply.

(f) to take necessary steps to promote the export trade of the country.

(g) to diversify foreign trade and to cultivate new markets.

(h) to make compensating transactions by arranging for import of one commodity and export of other commodities.

(i) to stabilise prices in the internal market.

(j) to enter into barter deals and thereby increase export and arrange for import of essential commodities.

(k) to arrange for procurement and distribution of scarce commodities in the interest of the consumer.

APPENDIX II

(*Vide* para 31)

THE STATE TRADING CORPORATION OF INDIA LTD.

Statement showing the sanctioned strength, existing strength and scale of pay as on 1st April, 1959

ADMINISTRATIVE DIVISION

Sl. No.	Category of Posts	Pay scale of the post	Existing Strength
1	2	3	4
		Rs.	
1	Secretary	1600—100—1800/1800—100—2000	1
2	Deputy Secretary	600—40—1000—1000—1050—1050—1100—1100—1150	1
3	Public Relation Officer	600—40—1000/2—1050/2—1100—1150	..
4	Dy. Divisional Manager	600—40—1000—1000—1050—1050—1100—1100—1150	2
5	Asstt. Manager (i)	350—350—380—30—590—EB—30—770—40—850	1
6	Asstt. Manager A.D.M. (ii)	275—25—500—EB—30—650—EB—30—710	2
7	F.S. to M. D.	275—25—500—EB—30—650—EB—30—710	1
8	Section Officer	275—25—500	5
9	Asstt. Public Relation Officer	275—25—500	..
10	Accountants	200—15—380—EB—20—500	1

11	Assistants	160—10—300—EB—15—450	14
12	Drawing Assistants	160—10—300—EB—15—450	1
13	Personal Assistants	160—10—330—plus 40/- P.M. (Special Pay)	3
14	Stenographers	160—10—330	2
15	Draftsman	150—7—185—EB—8—225	1
16	Inspector Grade III	120—8—160—10—250	..
17	Upper Division Clerks	80—5—120—EB—8—200/2—220	34
18	Steno-typists	60—3—81—4—125—5—130—plus Pay Rs. 20/- per month.	5
19	Lower Division Clerks	60—3—81—4—125—5—130	40
20	Assistant Cashiers	60—3—81—EB—4—125—5—130 plus S. P. Rs. 10/-	..
21	Tracers	60—3—81—EB—4—125—5—130	1
22	Gestetner Operator	60—5/2—75	1
23	Staff Car Drivers	60—3—90—4—130	5
24	Scooter Drivers	60—3—90—4—130	2
25	Driver-*cum*-mechanic	60—3—90—4—130	1
26	Electrician	60—5/2—75	1
27	Gestetner Attendant	40—1—50—2—60	1
28	Lift Operator	35—1—50	1
29	Peons	30—1/2—35.	30
30	Watchmen/Chowkidar	30—1/2—35	10
31	Sweepers	30—1/2—35	8
32	Gardeners	30—1/2—35	1

THE STATE TRADING CORPORATION OF INDIA LTD.

Development and Shipping and Mining Division

Sl. No.	Category of posts	Pay Scale of the Post	Existing Strength
		Rs.	
1	Divisional Manager	1600—100—1800/1800—100—2000	1
2	Section Officer	275—25—500	2
3	Assistants	160—10—300—EB—15—450	..
4	Personal Assistants	160—10—330—plus Rs. 40/- p.m. special pay	1
5	Upper Division Clerk	80—5—120—EB—8—200—10/2—220	2
6	Lower Division Clerk	60—3—81—EB—4—125—5—130	5
7	Daftry	35—1—50	1
8	Peons	30—1/2—35	3

THE STATE TRADING CORPORATION OF INDIA LTD.

FINANCE AND ACCOUNTS

Sl. No.	Category of Posts	Pay Scale of the posts	Existing Strength
		Rs.	
1	Financial Adviser and Chief Accounts Officer.	1800—100—2000	1
2	Joint Financial Adviser	1300—60—1600	1
3	Joint Chief Accounts Officer	1300—60—1600	1
4	Deputy Chief Accounts Officer	1300—60—1600/1000—50—1400	3
5	Deputy Financial Adviser	Do.	1
6	Accounts Officer	600—40—1000—1000—1050—1050—1100—1100—1150/500 30—680—EB—30—800	8
7	Asstt. Financial Adviser	600—40—1000—1000—1050—1050—1100—1100—1150/ 350—350—380—380—30—590—EB—30—770—40—850	..
8	Section Officer	275—25—500	..
9	Accountants	200—15—380—EB—20—500	13
10	Assistants	160—10—300—EB—15—450	18
11	Personal Assistants	160—10—330—Plus Rs. 40/- p. m. (Special Pay)	1
12	Stenographers	160—10—330	7
13	Upper Division Clerk	80—5—120—EB—200—10/2—220	37
14	Steno-typists	60—3—81—EB—4—125—5—130 plus s. p. Rs. 20/-p.m.	3
15	Lower Division Clerk	60—3—81—EB—4—125—5—130	17
16	Daftry	35—1—50	2
17	Peons	30—1/2—35	18

THE STATE TRADING CORPORATION OF INDIA LTD.

CEMENT DIVISION

Sl. No.	Category of Posts	Pay Scale of the Post	Existing Strength
		Rs.	
1	Divisional Manager	1600—100—1800/1800—100—2000	1
2	Dy. Divisional Manager	600—40—1000—1000—1050—1050—1100—1100—1150	4
3	Asstt. Divisional Manager	350—350—380—30—590—EB—30—770—40—850	..
4	Section Officer	275—25—500	1
5	Junior Field Officer	275—25—500	1
6	Assistants	160—10—300—EB—15—450	3
7	Personal Assistants	160—10—300—plus Rs. 40 p.m. Special Pay	1
8	Stenographers	160—10—330	2
9	Inspector Grade II	200—10—300	1
10	Upper Division Clerk	80—5—120—EB—8—200—10/2—220	5
11	Steno-typists	60—3—81—EB—4—125—5—130—plus s. p. Rs. 20/-	1
12	Lower Division Clerk	60—3—81—EB—4—125—5—130	7
13	Daftries	35—1—50	1
14	Peons	30—1/2—35	7

THE STATE TRADING CORPORATION OF INDIA LTD.

Mineral Division

S. No.	Category of Posts	Pay scale of the post	Existing Strength
1	General Manager	Rs. 1800—100—2000	1
2	Divisional Manager	Rs. 1600—100—1800—100—2000	..
3	Director (Movement)	Rs. 1300—60—1600	..
4	Addl. Divisional Manager	Rs. 1600—100—1800/1800—100—2000	1
5	Jt. Divisional Manager	Rs. 1300—60—1600/1000—50—1400	2
6	Dy. Divisional Manager	Rs. 600—40—1000/1000—1050—1050—1100—1100—1150	4
7	Dy. Director (Movements)	Rs. 600—40—1000—1000—1050—1050—1100—1100—1150	1
8	Asstt. Divisional Manager	Rs. 350—350—380—380—590—EB—30—770—40—850	8
9	Section Officer	Rs. 275—25—500	3
10	Junior Research Officer	Rs. 275—25—500	1
11	Junior Field Officer	Rs. 275—25—500	13
12	Assistants	Rs. 160—10—300—EB—15—450	12
13	Personal Assistants	Rs. 160—10—330—plus Rs. 40/- p.m. special pay	1
14	Stenographers	Rs. 160—330	5
15	Inspector Grade III	Rs. 120—8—160—10—250	1
16	Inspector Grade II	Rs. 200—10—300	1
17	Upper Division Clerks	Rs. 80—5—120—EB—8—200—10/2—220	35
18	Steno-typists	Rs. 60—3—81—EB—4—125—5—130 plus S.P. Rs. 20 p.m.	9
19	Lower Division Clerks	Rs. 60—3—81—4—125—5—130	39
20	Daftry	Rs. 35—1—50	1
21	Peons	Rs. 30—½—35	21

THE STATE TRADING CORPORATION OF INDIA LTD.

BUSINESS AND TRADE DIVISION

S. No.	Category of Posts	Pay Scale of the Posts	Existing Strength
1	Divisional Manager	Rs. 1600—100—1000—1800—100—2000	4
2	Jt. Divisional Manager	Rs. 1300—60—1600—/1000—50—1400	4
3	Dy. Divisional Manager	Rs. 600—40—1000—1000—1050—1050—1100—1100—1150	8
4	Accounts Officer	Rs. 600—40—1000—1000—1050—1050—1100—1100—1150	1
5	Asstt. Divisional Manager	Rs. 350—350—380—30—590—EB—30—770—40—850 Rs. 275—25—500—EB—30—650—EB—30—710	9
6	Section Officers	Rs. 275—25—500	6
7	Junior Field Officer	Rs. 275—25—500	4
8	Accountants	Rs. 200—15—380—EB—20—500	..
9	Assistants	Rs. 160—10—300—EB—15—450	10
10	Personal Assistants	Rs. 160—10—330 plus Rs. 40/- p.m. (Special Pay)	4
11	Stenographers	Rs. 160—10—330	13
12	Inspectors Grade II	Rs. 200—10—300	1
13	Upper Division Clerks	Rs. 80—5—120—EB—8—200—10/2—220	29
14	Steno-typists	Rs. 60—3—81—EB—4—125—5—130 Plus S.P. Rs. 20	8
15	Lower Division Clerks	Rs. 60—3—81—EB—4—125—5—130	23
16	Daftry	Rs. 35—1—50	1
17	Peons	Rs. 30—½—35	30

THE STATE TRADING CORPORATION OF INDIA LTD.

RESEARCH AND STATISTICS DIVISION

S. No.	Category of Posts	Pay Scale of the Posts	Existing Strength
1	Chief of R.S.	Rs. 600—40—1000—1050—1050—1100—1100—1150	1
2	Research Officer	Rs. 275—25—500—EB—300—EB—30—710	1
3	Junior Research Officer	Rs. 275—25—500	3
4	Assistants	Rs. 160—10—300—EB—15—450	2
5	Personal Assistants	Rs. 160—10—330 plus Rs. 40/- p.m. (Special Pay)	1
6	Upper Division Clerk	Rs. 80—5—120—EB—8—200—10/2—220	3
7	Lower Division Clerk	Rs. 60—3—81—EB—4—125—5—130	3
8	Daftry	Rs. 35—1—50	1
9	Peons	Rs. 30—½—35	4

Staff Position of the Regional Offices

S. No.	Name of the post	Regional Office Madras — Working Strength	Regional Office Bombay — Working Strength	Regional Office Calcuta — Working Strength	Regional Office Visakha-Patnam — Working Strength	Regional Export Organisa-tion — Working Strength	Total Exst. Strength
1	2	3	4	5	6	7	8
1	Regional Manager	1	1	1	1	..	4
2	General Manager	..	..	..	..	1	1
3	Jt. Regional Manager	..	1	..	..	..	1
4	Dy. Regional Manager	2	2	3	..	..	7
5	Dy. Manager Commercial/Technical	..	..	..	..	..	..
6	Regional Cement Officer	1	1	1	..	..	3
7	Dy. Chief Accounts Officer	..	..	..	..	..	..
8	Accounts Officer	1	1	1	1	1	5
9	Assistant Regional Manager	7	6	5	..	..	18
10	Assistant Manager	..	..	..	..	..	2
11	Junior Field Officer	2	5	6	..	..	13
12	Section Officer	2	1	..	1	..	4
13	Office Superintendent	..	..	..	..	1	1
14	Accountants	4	2	3	2	1	12
15	Inspector Senior (Textile)	..	..	..	..	1	1
16	Appraiser Senior	..	..	..	..	..	..
17	Inspector Grade I	1	..	2	1	..	4

1	2	3	4	5	6	7	8
18	Inspector Grade II	15	8	8	2	..	33
19	Inspector Grade III	5	2	1	..	..	8
20	Assistants	5	6	6	2	..	19
21	Design Assistants	..	..	..	..	1	1
22	Godown Keeper	..	..	..	..	..	..
23	P. As./Stenographers	4	5	4	1	..	14
24	Upper Division Clerk	60	18	96	23	4	201
25	Steno-typists	3	5	1	1	2	12
26	Investigators	1	..	..	..	..	1
27	Selection Grade Clerks	2	..	..	1	..	3
28	Lower Division Clerks	60	31	91	11	1	194
29	Tally Clerks	64	15	28	4	..	111
30	Drivers	5	2	5	1	..	13
31	Dock Sircars	..	..	9	..	..	9
32	Daftry	6	..	..	..	..	6
33	Peons	36	17	33	8	1	95
34	Helpers	..	..	..	..	1	1
35	Ushers	..	..	..	..	..	..
36	Watchmen	11	9	17	3	..	40
37	Sweeper	1	1	3	..	..	5
38	Telephone Operator	2	..	2	..	..	4
39	Gestetner Operator	1	..	..	..	..	1
40	Comptometer Operator	1	..	..	..	..	1

P.S. The Scales of pay is the same as in the Headquarters.

APPENDIX III

(*Vide* part 40)

IMPORTS

Statement of contracts concluded and implemented during

S. No.	Commodities	1956-/1957 upto June 1957				1957-1958 from July '57 to June, 1958			
		Concluded contracts		Implemented contracts		Concluded contracts		Implemented contracts	
		Qty.	Value in Lakhs	Qty.	Value in lakhs	Qty.	Value in lakhs	Qty.	Value in lakhs
1	2	3	4	5	6	7	8	9	10
1	Caustic Soda .	T.45425	211·97	T.23723	113·24	T.58500	183·97	T.38698	130·95
2	Soda Ash . .	T.55000	136·17	T.48924	120·55	T.26000	42·83	T.16304	35·36
3	Raw Silk . .	MT.108	49·80	lb.238067	49·90	Bales 1656	42·94	lb.109800	22·92
4	Ammonium Sulphate . .	T.104520	210·19	T.24734	56·08	T.137500	311·58	Lb. 70964	156·74
5	Chilean Nitrate .	T.15000	43·50	8504	24·13	T.7000	13·70	MT. 15036	36·67
6	News Print .	..	..	..	..	T.1700	26·58	MT.1999	14·66
7	Skimmed Milk Powder . .	MT.5000	65·40	..	..	..	..	Lb.1091200	56·30
8	Muriate of Potash	..	..	..	..	T.30000	60·93	T.10000	20·00
9	Copper . .	..	..	..	..	T.1585	87·58	T.1047	24·23
10	Non-ferrous metal.	..	..	..	..	..	..	..	..
11	Insulators .	..	..	..	..	..	..	..	..
12	Graph Paper .	..	..	..	..	..	..	..	..
13	Murcury . .	..	..	..	..	..	..	..	..

1	2	3	4	5	6	7	8	9	10
14	Sodium Sulphate					MT. 9500	13·40	..	
15	Potasium Chloride	..	..	..		T.500	4·26	..	..
16	Rand Rollers	..	..	..		..	..	..	..
17	Textile Machinery	..	25·00	..		..	..	..	..
18	Rice	T7000	31·73	..		T.37500	169·76	..	..
19	Lightening	..	..	..		..	..	..	..
20	Machinery	..	..	..		..	..	..	..
21	Measuring Instruments					..	..		
22	Electric Measuring Instruments			..					
23	X-Ray films			..					
24	Deisel Generators			..					
25	Tractors			..				..	
26	Electric Meters			..				..	
27	Pneumatic Hammer			..	..	..			
28	(i) Cinema to graphic films etc.								
	(ii) photo material			..	..	..	..	..	
29	Packing and draping paper	..	..	..	..	..	..	..	..
30	Cinema carbons	..	..	..	..	..	..	..	..
31	Battery	..	..	..	..	..	..	..	..
32	Cement	T.515000	53432	227254	239.66	T.31500	42·55	237733	224·25

IMPORTS—*contd*

1956-57, 1957-58, and 1958-59 (*upto December* 1958)

1958-59 *from July* '58 *to December*, '58

Concluded contracts		Implemented contracts		Remarks
Qty.	Value in lakhs	Qty.	Value in lakhs.	
T.7500	25·00	T.27701	91·06	
	..	T. 11756	16·88	
..	..	Lb. 119253	21·96	
T. 155000	9·83	T. 33604	71·51	
..	..	MT.9652	18·57	
3500	24·69	MT 3741	27·70	
..	..	Lb. 15000437	68·76	
T. 90000		LT. 9982	19·96	
..	..	T. 2949	82·21	
T.103235	98·74	..	..	
..	..	..	59·82	
T. 460	4·20			
	..	250 flasks	2·61	
	..	MT.4016	5·14	
		MT 876	9·20	
100	33·60			
	..			
66	0·05			
Different item	113·05			
	·22			
	·59			
	10·00			
	7·08			
650	53·99			
50000	7·94			
..	·08			
1	5·00	..		
..	8·22	..		
	3·00	..	..	
	1·00	..	..	
..	·14	..	..	
T. 4200	5·37	..	..	

EXPORTS

S. No.	Commodities	1956-57 upto June 1957				1957-58 from July '57 to June, 1958			
		Concluded contracts		Implemented contracts		Concluded contracts		Implemented contracts	
		Qty.	Value in lakhs.	Qty.	Value in lakhs	Qty.	Value in lakhs	Qty.	Value in lakhs
1	2	3	4	5	6	7	8	9	10
	Minerals								
1	Iron Ore	2865600 Tons	1850·88	422858 Tons	227·05	1902000 Tons	464·65	192092 Tons	1037·77
2	Manganese Ore	398826 ,,	706·06	1059/78 ,,	182·83	404737 ,,	758·20	448942 ,,	761·68
3	Chrome Ore	24000	40·04	1526	2·74	17500	25·73	17282	29·15
4	Manganese Dioxide					1080	3·37	683	2·32
5	Lignite Ore					250	0·85	..	..
6	Mica					..		..	
	B. & T.								
1	Shoes	700000 Prs.	154·96	325350 Prs.	71·73	152000 Prs.	24·22	505950 Prs.	113·74
2	Coffee	1700 Tons	121·82	775 Tons	61·02	1525 Tons	99·50	..	..
3	Castor Oil	3120 Tons	60·06	..	..	..	..	..	..
4	Woollen Cloth	481497 Yds.	72·52	3711 Yds.	0·47	440000 Yds.	70·76	159836 Yds.	25·46
5	Lemon Grass	1 Ton	0·14	..		..	..	..	..
6	Tea	243 Tons	19·58			100 Tons	7·43		..

1	2	3	4	5	6	7	8	9	10
7	Cotton Handloom Towelling .	70000 Yds.	0·31						
8	Jute Bags . .	21 lakhs piece	31·79	600000 pieces	0·55	3500000 pieces	4·69	2032000 pieces	28·93
9	Raw San hemp .	1231	3·09	397540 lbs.	2·52		..	95785 lbs.	0·57
10	Salt . . .	80000 M.Tons	25·50	53304 M.Tons	16·07	...	..	47771 M.Tons	16·66
11	Handicrafts. .	Sundry items	18·94	Sundry items	4·30	Sundry items	42·80	Sundry items	16·44
12	Coir Matting .	52700 Sq.Yds.	1·69						
13	Tobacco . .	2000 Tons	20·16			19472500Tons	92·21	5687521 lbs.	21·81
14	Cardamoms .	5 Tons	1·91						
15	Sugar. . .					1000 Tons	6·80	823 Tons	5·60
16	Sandalwood Oil .					15 Tons	15·87	33690 lbs.	16·17
17	Cotton Waste .					1230 Bales	4·50	1130 Bales	3·06
18	Annato Seeds .					150 M.Tons	0·33	5 M.Tons	0·11
19	Hides & Skins .						..	..	
20	Sand Bags . .						..		..
21	Glycerine .		..			..	..		..
22	Opium .	..	..	..	..	50 Tons	30·15	..	..
23	Cement .	36000 Tons	38·70	12706 Tons	22·17	16852 Tons	18·56	16852 Tons	18·56

(Continued from prepage)

1958-59 (*i.e. from July* 1958 *to December*, 1958)

Concluded Qty.	Contracts value in lakhs.	Implemented Qty.	Contracts Value in lakhs.
1682000 Tons	936·02	1058282 Tons	561·92
67000 ,,	89·44	151313 ,,	209·45
13200 ,,	20·92	5637	9·90
340	0·91	452	1·82
..	..	50	0·17
135000 lbs	1·20		
115000 Prs	27·45	109737 Prs	25·21
270000 Yds.	42·44	177986 Yds.	27·61
		1438000 pieces	16·76
Sundry items	9·51	Sundry items	8·79
		66832 Bales	79·87
		223487 lbs.	1·44
		17213 lbs.	0·72
1000000 —	3·50	1000000	3·50
		81 Tons	1·46
50Tons			
71225	56·22		30·34

APPENDIX IV

(*Vide* para 44)

Salient Features of Special Payments arrangement

The Corporation entered into special payment arrangements with corresponding trading and manufacturing organisations in socialist countries with two-fold objectives in view namely;

1. Explore in the context of acute shortage of foreign currency, the possibility of importing essential plant and machinery, industrial raw material from non-traditional sources of supply which do not involve remittance of Foreign exchange; and

2. Linking of imports with exports of Indian goods, mainly in items which do not present any supply difficulties and which have not featured significantly in our normal export lists. The rupees earned on the imports under Special Licences issued in favour of the STC were to be isolated or effectively blocked for utilisation in the purchase of one or the other of the commodities in the list drawn up for the purpose.

The sailent features of these arrangements were:

(*a*) The import/export of the items covered by the agreement was to be governed by the prevailing regulations in both the countries.

(*b*) The agreements were to be operated within the framework of the Trade Agreement between the countries concerned, as supplementary arrangements for further development of trade.

(*c*) The foreign party or their central bank was to open a Special Rupee Account with a Scheduled Bank in India (preferably the State Bank of India) to which payments for the imports were to be credited. The money in this account would be utilised for purchases of Indian goods only.

APPENDIX V

(*Vide* para 45)

India's trade with communist countries

(*Value in lakhs of Rs.*)

COUNTRY	1954	1955	1956	1957	1958	1959 (1 to 4)
1. *U.S.S.R.*						
Imports.	1,13	3,04	14,91	22,68	21,71	441
Exports.	2,51	2,48	12,50	17,53	23,32	832
2. *Yugoslavia*:						
Imports.	16	28	1,77	2,43	2,25	50
Exports.	1	17	24	79	99	11
3. *Czechoslovakia*:						
Imports.	1,33	2,02	6,28	6,15	6,48	107
Exports.	2,08	1,14	2,91	3,78	3,95	124
4. *Hungary*:						
Imports.	9	26	78	77	62	102
Exports.	20	5	51	30	61	28
5. *Poland*:						
Imports.	2,60	2,05	2,17	4,88	2,26	171
Exports.	27	44	1,09	1,15	92	28
6. *Germany East*:						
Imports.	19	34	28	71	1,09	120
Exports.	2	4	26	1,35	75	108
7. *Rumania*:						
Imports.	20	35	23	52	40	25
Exports.	3	2	8	52	52	40
8. *Bulgaria*:						
Imports.		4	23	13	7	11
Exports.		2	6	2	7	9
9. *China*:						
Imports.	1,53	2,59	8,36	4,86	5,28	183
Exports.	1,80	6,79	3,83	3,70	3,43	18
10. *All communist countries*:						
Imports.	7,23	10,97	35,01	43,13	40,16	12,29
Exports.	6,90	11,15	21,48	29,14	34,56	11,98

Exports (including Re-exports).

APPENDIX

(Vide

The statement showing the value of trade with the communist countries for

Name of Country	Commodity	1956-57			
		Import		Export	
		Qty.	Value	Qty.	Value
USSR	Handicrafts			S. Items	3·94
	Shoes			Pairs 325350	71·73
	Coffee . . .			775 T	61·02
	Woollen Fabrics .			3711 Yds.	·47
	Annato Seeds . .				
	Tobacco . .				
	Shellac . . .				
	Pepper . . .				
	Crude Drugs . .				
	Chinconia Bark .				
	Sandalwood Oil .				
	Cement . .	25000 T.	14·42		
	Ammoniun Sul. .				
	Newsprint . .				
	Caustic Soda . .				
	Zinc . . .				
	Aluminium . .				
	Lead . . .				
	Tin . . .				
			14.42		137·06
VIETNAM	Gunny Bags .			600000 P	9·55
	Hemp . .			397540 Lbs.	2·52
	Sugar . .				
	Cotton Waste .				
	Cement . .				
					11.07
NORTH KOREA	Ammonium Sul.				
	Jute Bags .				
	Shellac . .				
EAST GERMANY	Mica . . .				
	Vetevert Oil . .				
	Iron Ore . .			15040	7·48
	Manganese Ore .			7197	15·29
	Caustic Soda . .	425 T	1·64		
	Soda Ash . .	9999 T	23·31		
	Muriate of Potash .				
	Ammonium Sul. .	24233	56·08		
			81·03		22·77

VI.

para 47)

the 3 years as far as S. T. C. is concerned.

(Value in Lakhs of Rupees)

1957-58				1958-59			
Import		Export		Import		Export	
Qty.	Value.	Qty.	Value	Qty.	Value.	Qty.	Value.
		S. Items	14·81			S. Items	5·67
		Prs. 494300	110·88			Prs. 405000	92·88
		..	..			..	..
		Yds. 159863	25·46			Yds. 519898	80·94
		5 M. Ton	·11			9,625 T	·21
		Lbs. 3921690	17·75			Lbs. 5190457	32·16
						Lbs. 9502651	10·28
						Lt. 200	3·84
						Bott. 50	·10
						1 T.	·02
		33690 Lbs.	16·17				
22149 T.	24·58						
33000	65·55						
				8282 T	58·56		
				9470 T	31·89		
				2000 T	20·74		
				400 T	9·28		
				250 T	2·48		
				250 T	25·62		
	90·13		185·18		148·57		226·10
		Pcs 2062000	28·98			2618000 bgs	29·03
		Lbs. 95785	·57				
		823 T	5·60				
		1130 Lbs.	3·06				
						223487 lbs.	1·44
14000	7·00						
	7·00		38·16				30·47
				3866 T	16·45		
						1314700 bgs	14·43
						66994 lbs.	·80
					16·45		15·28
						20394 lbs.	·96
						460 lbs.	·23
		3650	2·04			38935	21·02
		7126	17·83				
26 T.	·06						
10000 T.	19·90			20000 T.	39·80		
				27655	59·01		
	19·96		19·87		98·81		22·21

Country	Commodity	1956-57			
		Import		Export	
		Qty.	Value	Qty.	Value
CHINA	Chrome				
	Tobacco				
	Shellac				
	Newsprint				
	Caustic Soda				
	Soda Ash	15000 T.	33·52		
	Raw Silk	76753 Lb.	15·53		
	Sodium Sul.				
	Sodium Bicarbonate				
	Potassium Chl.				
	Rayan Grade				
	C. Soda				
			49.05		
BULGARIA	Soda Ash				
	Jute Bags				
	Shellac				
				53204 M. tons	16·06
CZECHO-SLOVAKIA	Iron Ore			510789	272·36
	Manganese Ore			5327	13·18
	Handicrafts			Sundry Items.	·46
	Glycerine				
	Groundnut				
	Kernal				
	Glasschattens				
					286·00
HUNGRY	Iron Ore				
	Pepper			10540 T	5·82
					5·82
POLAND	Iron Ore			201726	105·13
	Handicrafts				
	Shoes				
	Cement	16945	18.23		
			18.23		105·13
YUGOSLAVIA.	Iron Ore			37931	21.72
RUMANIA	Cement	31465	20·55		
	News Print				

1957-58				1958-59			
Import		Export		Import		Export	
Qty.	Value.	Qty.	Value.	Qty.	Value	Qty.	Value
		6832 T.	7·56				49·25
		1765831 Lbs.	4·05			1046·233	12·90
				1499 T.	11·82		
30499 T.	92·46			14499 T.	43·72		
6984	11·47			6000 T.	8·35		
Lbs. 6582·76	1·35			5945 Lbs.	10·83		
				9000 MT.	11·43		
				1000 MT.	2·13		
				499·95 MT.	4·26		
1500	4·92			2000	6·53		
	110·20		11·61		99·07		62·15
3212	7·38			7376	12·63		
						99000 Bags	·92
						10208 Lbs.	1·55
	7·38				12·63		2·47
		47771 M. tons.	16·66				
		449955 T.	246·87			702066	346·35
		7280 T.	16·47			20176 T	32·85
		Sundry Items.	1·15			Sundry Items.	3·50
						809674 lbs.	1·45
				Sundry Items.	2·00	459 T.	3·72
			264·49		2·00		387·87
						16798	9·29
		27878	15·61			135 LT.	2·62
			15·61				11·91
		56620	36·46			41236	23·37
		Sundry Items	·48			11650	2·86
			39·80				26·23
		59473	33·89			90354	50·11
38639	18·83			499	3·68		

APPENDIX VII

(*Vide* para 64)

Volume of trade handled by the Corporation from West Coast Ports to Eastern Countries and vice-versa *and from East Coast Ports to Western Countries and* vice-versa.

EXPORTS OF IRON ORE (S.T.C.) JULY-JUNE PERIOD

(In tons)

	1. East Coast to Europe	Total Exports to Europe	Remarks	2. West Coast to Japan	Total Exports to Japan	Remarks	
1956-57 .	1,82,702	2,64,663		60,878	1,70,970	Redi . . .	29,345
						Kandla & . .	28,750
						Bhavnagar Others .	2,783
							60,878
1957-58 .	2,50,534	6,04,398		3,21,818	13,04,540	Redi	1,16,940
						Kandla & . . .	1,47,860
						Bhavnagar Others . .	57,018
							3,21,818
1958-59 .	4,10,002	9,75,499		2,70,511	14.14,539	Redi	1,11,896
						Kandla & . . .	96,121
						Bhavnagar others . .	62,494
							2,70,511

EXPORTS OF MANGANESE ORE (S.T.C.) (JULY-JUNE PERIOD)

(In tons)

	East coast to Europe & U.S.A.	Total Export of STC to Europe & U.S.A.	West coast to Japan	Total Exports of STC to Japan	Remarks
1956—57	26,215	84,936	16,603	21,682	+Calcutta, Vizag. and Madras Ports only.
1957—58	2,01,029	3,85,377	22,881	55,673	
1958—59	1,90,336	3,21,413	12,799	34,535	

Statement showing STC's Exports of Chrome Ore Bauxite from West Coast and East Coast to Western and Eastern Countries.

(*a*) Exports from West Coast to Eastern countries:—Nil.

(*b*) Exports from East Coasts to Western Countries:—

(In tons

Name of Port	Commodity Exported	Year	Quantity of Exports in tons	Total exports of STC from East Coast.
Calcutta	Chrome Ore	1956	Nil	Nil
Calcutta	Chrome Ore	1957	2,125	8,648
Calcutta	Chrome Ore	1958	15,843	15,843
	TOTAL		17,968	24,491

APPENDIX VIII

(*Vide para* 81)

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & INDUSTRY

PRESS NOTE

Policy for the export of Manganese Ore from 1-10-50

The Government of India have been concerned about the continuing decline in the export of manganese ore, which seems to have been largely due to continuous sluggishness in the ore markets of the world. Although there are some signs of revival of buying activity in foreign markets, it seems clear that owing to growing competition from new areas of supply determined efforts will be called for if the export of manganese ore is to be maintained and extended.

2. The efforts so far made by shippers, mineowners and the State Trading Corporation to keep exports moving during a period of declining demand have been reviewed in consultation with the interests concerned. While it is clear that each shipper can, in his own way, help to stabilise exports, it is considered that only coordinated and concerted endeavours on their part can help to augment the country's exports in the near future. Government expect that the State Trading Corporation and established exporters and mineowners will, in co-operation with one another, be able to devise ways and means so as to fortify the goodwill of our traditional buyers and inspire confidence in regard to our ability to maintain and develop an even flow of supply and to enter into long term forward bulk contracts at competitive prices.

3. Government are keen to ensure that the country's export policy is so designed as to promote maximum co-operation between all categories of shippers, facilitate bulk and long term contracting and ensure smooth implementation of contracts and secure maximum utilisation of available rail and port capacity. Keeping these objectives in view, it has, after consultation with the trading and mining interests concerned, been decided that during the current year, ending 30th September, 1960, export of manganese ore shall be regulated as follows:—

(i) The established shippers and mine-owner exporters and the State Trading Corporation will be given an allotment of quota for a quantity equal to the quota for 1957-58.

(ii) Firms and parties whose individual allotments are small are advised to form co-operatives or limited companies.

(iii) In order to encourage small quota holders to form themselves into co-operatives or limited companies, it has been decided that where the total of the individual allotments of the firms and parties joining a particular co-operative of company aggregates to 25,000 tons, a bonus allotment of 20 per cent of the total will be given to the company or co-operative concerned.

(iv) Quota holders with past performance during the period 1957-58 in more than one sector will be given movement facilities *pro rata* to their past performance on each sector. In the event of availability of wagons in any particular sector falling short of the total movement quotas, preference will be given to requests from parties having firm sales contracts registered in advance with the Joint Chief Controller of Imports and Exports concerned. In the event of the availability of wagons being in excess of the total of movement quotas in any particular sector, wagons will be allotted freely on demand, made against firm sale contracts.

(v) Exports of low grade manganese ore from Garividi, Srikulam, Bobilli, Salur, Raigada areas will be licensed freely on production of foreign sales contracts as hitherto and of manganese ore analysing 40 per cent and below from loading stations of Dohad, Shivrajpur Nathpuri, and Pani in Panchmahal Districts of Bombay and Rajasthan States. Performance on these sectors will not qualify for movement facilities on sectors on which the railway capacity available is already fully extended.

(vi) Barter transactions/compensation deals shall be serviced by the State Trading Corporation on such terms and conditions as may be mutually agreed upon between the Corporation and its business associates, who shall be drawn, to the extent practicable, from amongst exporters and mine-owners. Where the business associate's individual movement quota is not sufficient to cover the commitments under barter transactions, the State Trading Corporation will make its movement quota freely available for this purpose.

4. It has been represented that uncertainties in regard to quota policies or export duties make it extremely difficult for buyers and sellers to enter into forward contracts. Further, individual parties may not find it too easy to enter into forward contracts for bulk sales for deliveries extending over a number of years to producers or to big buyers pursuing a common purchase policy. Government have accordingly directed the State Trading Corporation to co-ordinate its

activities with those of experienced exporters and to evolve, in co-operation with them, as its business associates, marketing and production programmes extending over three to five years in an effort to take full advantage of such business opportunities as may present themselves, and to develop enduring relationship with leading users and importers of manganese ore. Government propose to give full facilities for the due performance of overseas sales contracts entered into by the State Trading Corporation or its business associates in pursuance of such co-operative marketing programmes.

APPENDIX IX

(*Vide para* 87)

Procedure for purchase of Imported Commodities.

Imports

The different imports fall into one or the other of the following categories:—

(A) Imports solely entrusted to the STC such as Alkalies (Caustic Soda and Soda Ash), Skimmed Milk Powder, Raw Silk, Chilean Nitrate.

(B) Imports made/arranged for and on behalf of actual users, for example, Non-ferrous Metals, Ammonium Sulphate, Newsprint, Plant & Machinery and Engineering Stores.

(C) Imports by private firms assisted by STC.

Methods of purchase

The procedures adopted for purchase, sale and distribution differ from Commodity to Commodity depending upon the nature of the commodity. Briefly these are:—

(a) *Direct purchases by the Corporation.*—In these cases, contracts are concluded directly by the STC with the overseas suppliers and the Corporation assumes full contractual obligations. The items falling in this category are principally those which are listed at 'A' above, besides non-ferrous metals, fertilizers, & newsprint.

(b) *Assisted Imports.*—In these cases, the contracts are not concluded directly between the STC and overseas suppliers but STC assists the actual importers in one or more of the following ways:—

(i) obtaining import licences and foreign exchange clearance from the concerned authorities after establishing essentiality of imports:

(ii) Introduction of local buyers to foreign sellers and *vice versa;*

(iii) Registration of contracts under Special Payments Arrangements.

(iv) Financial Assistance.

Imports of the type envisaged at (B) & (C) above, fall under this category (except Non-ferrous metals, Ammonium Sulphate & Newsprint).

Purchase Arrangements

(a) *Direct purchases.*—In case of its direct purchases the following procedures are adopted:—

(i) Tenders;

(ii) Negotiations following tenders;

(iii) Direct negotiations;

(iv) Purchases directly from sale agents of producers at ruling international market prices such as prices fixed on the London Metal Exchange from day to day for Non-ferrous Metals etc.

(v) Purchases arranged through designated Govt. Agencies.

(b) *Assisted Imports.*—Negotiations are conducted directly between the buyers and the sellers under the aegis of the Corporation. The Corporation undertakes no contractual obligations but assists in facilitating negotiations and in assisting the Indian buyers in securing the best possible terms from monopolistic organisations overseas.

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APPENDIX X

(*Vide* para 99)

Statement showing the break-up of the F.O.R. destination price of packed cement during 1956-57, 1957-58, 1958-59 *and upto November* 1959 *as charged by STC. to sell cement in India*

	1956–57		1957–58				1958–59		1959–60
	Upto 1-7-56	From 1-7-56 to 31-3-57	From 1-4-57 to 15-5-57	From 16-5-57 to 30-6-57	From 1-7-57 to 28-2-58	From 1-3-58 to 31-3-58	From 1-4-58 to 30-6-58	From 1-7-58 to 31-3-59	Upto November 1959
1 *Ex*-works Price (average) . .	54·50	54·50	54·50	54·50	54·50	54·50	54·50	58·10	58·10
2. Selling Agency fee etc. (average) .	2·50	2·50	2·50	2·50	2·50	2·50	2·50	*2·00	2·00*
3. Packing charges .	14·00	14·00	14·00	14·00	14·00	14·00	14·00	13·50	13·50
4. Excise duty .	5·00	5·00	5·00	20·00	20·00	24·00	24·00	24·00	24·00
5. Freight . .	15·00	15·00	15·00	15·00	16·50	16·50	16·50	18·00	18·00
6. Sales Tax . .	..	2·22	2·22	2·22	2·22	2·22	2·22	1·00	1·00

7. S.T.C.'s remuneration . .	..	1·00	1·00	1·00	1·00	1·00	1·00	·60	·60
8. Contingencies .	..	1·00	1·00	1·00	1·00	2·50	2·50	·30	·30
9. Import Subsidy .	..	7·00	7·00	7·00	5·50	Nil	Nil	Nil	Nil
10. Rounding . .	..	0·28	0·28	0·28	0·28	0·28	0·28	Nil	Nil
TOTAL . .	91·00	102·50	102·50	117·50	117·50	117·50	117·50	117·50	117·50

*This includes Rs. 0·50 nP. on account of rebate on rate contract supplies.

APPENDIX XI

Summary of Conclusions/Recommendations

S.No.	Ref. to the Para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	15	The Committee consider that it would be very desirable for the Government to make a clear declaration of its policy in regard to the functions and activities to be entrusted to the Corporation in the light of the experience gained so far, more or less on lines similar to the declaration on Industrial Policy.
2	16	The Committee are further of the opinion that it is first necessary to prescribe and lay down the main functions of the S.T.C. before such a declaration of trade policy can be properly made. In the Committee's opinion the functions of the Corporation may generally be to: (*a*) under take trading with State trading countries and also with other countries in respect of those commodities in which it enjoys a monopoly; (*b*) negotiate barter deals on behalf of the Government; (*c*) diversify and expand existing export trade and find out new markets for traditional items as well as new items of trade; and (*d*) undertake on behalf of Government export import and internal distribution of any item when the normal trade channels are found wanting in fair practices or when there is need for stabilisation of prices, and it is considered in the interest of the country as a whole to do so.
3	17	The Committee however are of the opinion that the question merits a close and more detailed examination. They suggest that the Government in consultation with all interests concerned may review and examine the objectives, scope and functions of the Corporation taking into consideration the above recommendations.

1	2	3
4	19	The Committee are of the view that there is hardly any need to have a multiplicity of agencies for promotion of exports. They recommend that the Government may consider the feasibility of reducing the number of organisations at present dealing with promotion of exports to ensure both economy and coordinated effort.
5	21-22	The Committee consider that to invest the Corporation with necessary autonomy and flexibility, it is desirable to organise it as a Statutory Corporation. In this connection the Committee would invite Government's attention to the Canadian Commercial Corporation, a statutory body carrying out somewhat analogous functions, whose statute of incorporation provides for policy control by Government as also to the Committee's own recommendation in their Eightieth Report that all wholly Government owned public undertakings should be generally statutory Corporations.
6	25	It is desirable that any instructions meant to carry out the purposes of the Corporation should be in the form of a general or special directive.
7	26	The Committee consider that for a proper assessment of the working of the S.T.C., the directives issued by Government to the Corporation and how they have been carried out and their results on the working of the Corporation should be mentioned in the Annual Reports of the Corporation. They recommend that suitable provision may be made for this purpose in the statute suggested in para 22. Till then such information may be furnished under executive orders.
8	28	The Committee consider that of the two main types of organisations in such enterprises, the one having a core of Directors working full-time and each of them with specific responsibilities in conjunction with a few men of eminence as part-time members who have no conflicting interests with S.T.C. would be the best form and suggest that the feasibility of having such a set up for S.T.C. may be examined.
9	29	The Committee consider it essential that as far as practicable, the programme of work of S.T.C. for a specified period should be worked out well in advance and staff and expenditure requirements assessed accordingly. The Committee also suggest that to the extent feasible the future programme of work of the

1	2	3
		Corporation should be indicated in the Annual Reports of the Corporation. In this connection the Committee invite attention to the general recommendation in the matter made in para 27 of their Seventy-third Report on the 'Preparation of Budget Estimates of Public Undertakings and presentation of their Annual Reports and Accounts to Parliament'.
10	30	There is at present no suitable machinery for maintaining liaison between the Government, the Corporation and the private sector. The Committee recommend that early steps may be taken to constitute an Advisory Committee, comprising of representatives of private trade, the Corporation and the Government. Their powers may be defined clearly. They further recommend that in special cases the desirability of setting up separate advisory bodies for each commodity or group of commodities handled by the Corporation may be examined by Government.
11	33	The Committee do not consider that there should be any insuperable difficulty in making an adequate assessment of the staff required by the Corporation. They recommend that the assessment of the staff requirements of the Corporation should be completed without delay and attempts made to reduce the staff of the Corporation consistent with efficiency.
12	36	The Committee consider that the rate of dividend after making necessary provision for building up the reserves etc. should be higher than 7% for a trading organisation like the S.T.C.
13	37	The Committee consider that the question whether the detailed information regarding trading activities of the Corporation could be withheld from the share holders, who ultimately are the Parliament, should be gone into more carefully by the Government.
14	38	The Committee recommend that the feasibility of supplying Soda ash at an equalised price by pooling both the imports and indigenous production so as to enable the Corporation to obviate any loss in the trade may be considered.
15	39	The Committee suggest that there should not be any delay in utilising the provision the S.T.C. has made for the construction of an office building. In putting

1	2	3
		up the structure care should be taken to make it functional and due regard must be had for economy. Architecture for business houses has greatly improved and it is but proper for this trading corporation to incorporate those features of economy which also make for better supervision and control. If this is done the Committee consider that there can be considerable savings out of the provision of Rs. 40 lakhs.
16	44	The Committee feel that it would be better to make a statement in the Annual Reports and Accounts on the volume of indirect sales, the nature of promotional activities undertaken and the approximate overhead expenditure incurred to facilitate a comparison between direct sales and indirect sales secured by the Corporation and the relative costs. They recommend that necessary steps in the matter may be taken early.
17	46	It will be seen that between 1957 and 1958 there has been a slight improvement in India's trade with Communist Countries and the adverse balance is reduced to some extent. They feel that efforts should be made to improve the exports.
18	51	The Committee consider that the S.T.C. should endeavour to utilise its monopoly in iron ore for the best interests of the country. The Committee offer the following suggestions in this regard for adoption by the Corporation.
19	52	The Committee consider that it would be in the interest of economy and efficiency if the producers could be organised into associations to supply ore of required specification in bulk to the State Trading Corporation, thus doing away with the necessity of large number of individual purchases and employment of staff for that purpose.
20	55	The Committee consider that the exportable low grade Iron Ore of the country should be assessed and exported by the S.T.C. If the Corporation is not in a position to arrange for the purchase and export of such ore at reasonable prices, there should be no objection to the private sector being allowed to do so but before such sales the ore may be offered to the S.T.C. for purchase.

1	2	3
21	57	Even though the deposits of Iron Ore are large enough for exports under long-term Japanese agreement, the Committee consider that every caution should be exercised before agreeing to any further increase of the quantity over and above two million tons to be exported under its provisions.
22	59	The Committee consider that while it is desirable to take advantage of the negotiations with Japan for long-term sale, it is also necessary to develop other markets. They would suggest that ways may be found to explore new markets without affecting the prices to be obtained from Japan or there should be some difference between prices secured in traditional markets and those in new areas.
23	63	The Committee note that while exporting more Pig Iron in lieu of Iron Ore is admitted to be desirable, responsibility for exports is entrusted to different organisations. They recommend that urgent steps should be taken to develop the export of Pig Iron, particularly as there is a known market in Japan. They further recommend that a single organisation, preferably the State Trading Corporation, should be entrusted with this task. Attempts should be simultaneously made for improvement in the quality of exportable Pig Iron, if necessary by putting up adequate blast furnaces near the mining region.
24	64	The Committee recommend that a proper plan be drawn up to rationalise the movements from ports on the Eastern and Western seaboards so as to secure the most economical use of the ocean freight. In this connection the need for relieving congestion in some of the existing ports and the prospect of development of certain new ports and the need for diversion of iron ore exports through them may be kept in view.
25	66	The Committee regret that in spite of their previous recommendation made in their Thirty-eighth Report (Second Lok Sabha), there is apparently no proper coordination between the S.T.C. and the Government Shipping Corporations and the blame has been laid by S.T.C. entirely on the former. The desirability of utilising Indian bottoms for carriage of Iron Ore to the maximum possible extent is unquestionable. The Committee recommend that immediate steps may

1	2	3
		be taken by Government to ensure necessary co-ordination between the State Trading Corporation and the Indian Shipping lines, so that the question of freight is resolved satisfactorily and Indian Shipping is enabled to establish itself in the Indian Iron Ore trade to the maximum extent possible.
26	67	The Committee consider that the S.T.C. should make every endeavour to include a specific clause in the main agreements which it might enter into with the foreign buyers, so that a reasonable percentage of the trade is specifically reserved for carriage by Indian bottoms.
27	69	The Committee suggest that when considering the proposal to convert the Hospet-Guntakal section of the line from metre-gauge to broad-gauge, the question of converting the remaining portion of the line from Hospet to Hubli also may be considered. The Committee recommend that the proposal should be examined expeditiously and an early decision taken thereon.
28	71	The Committee recommend that early decisions on the proposals referred to in para 71 should be taken so that the movement of Ores could be made easier and more economical.
29	72	The Committee suggest that the feasibility of developing Paradip Port as an all-weather port, may be examined without any further delay. In this connection, the Committee would invite reference to S. No. 32 of Chapter IV of their Eighty-second Report (Second Lok Sabha)wherein they have commended for a special consideration for the development of Paradip Port.
30	73	There is at present no railway line connecting Paradip Port with the mining area. It has been suggested to the Committee that a railway line should be constructed for the purpose. This would involve construction of about 72 miles of railway line, 17 miles to connect the mining area with the Madras-Calcutta line and about 55 miles from Cuttack to Paradip. The Committee recommend that the feasibility of consructing the railway line may be considered urgently.

1	2	3
31	81	The Committee feel that there is some justification in the complaints of the private sector that the S.T.C.'s entry into Manganese Ore trade has not helped in securing many new fields of export or substantial increase in its value. The Committee hope that the policy recently announced would help both the Corporation and the private sector in developing the country's export trade. They however, suggest that there should be a more comprehensive review by the Government of the whole position in consultation with the representatives of the Corporation and private trade and a well-defined policy for a long enough period laid down to enable the exporters to enter into forward contracts for bulk sales over a period of years.
32	82	The Committee hope that steps will be taken to ensure equitable allocation of movement facilities to obviate the complaints of non-availability of railway wagons as far as possible.
33	83	The Committee while reiterating their earlier recommendation made in para 242 of their Thirty-third Report, (Second Lok Sabha) suggest that the question of reduction of cost of production of Ferro-manganese should be gone into carefully and steps taken to export Ferro-manganese in place of Manganese Ore, if need be by introducing an element of subsidy.
34	84	The Committee consider that special attention should be paid to promote the export of difficult-to-sell items and recommend that suitable steps should be taken to diversify and expand existing trade and to find out new markets for traditional items as well as new items of trade.
35	86	The Committee have not commented on certain transactions of S.T.C. as they consider that the Corporation's business transactions have to be judged more by their overall trading results than by success or otherwise of individual transaction. They, however, hope that the Corporation will take necessary steps to avoid recurrence of such cases.
36	88	The Committee consider it desirable that for consumer articles, a Consumers' Council may be set up to help and advise the Corporation regarding the quality, quantity, distribution methods and sale of imported

1	2	3
		commodities at reasonable prices. It is also essential to ensure that items imported/distributed by the Corporation are not hoarded and do not find their way into the black market.
37	97	The Committee feel that as soon as it was known that the quantity of Cement to be imported would be very much short of the estimated targets of import, the import subsidy included in the selling price should have accordingly been scaled down and the benefit passed on to the consumers. They hold that in spite of the substantially reduced import, the continued levy of import subsidy at such a high rate as Rs. 7/- per ton based on a total import of 7 lakh tons of cement was unjustifiable. They regret that no action was taken to reduce the element of import subsidy included in the selling price of cement at that time. Even the reduced rate of subsidy at Rs. 5·50 per ton levied from 1-7-1957 which resulted in a surplus of Rs. 164·21 lakhs, was no more justifiable.
38	104	While the amount of sales tax recovered by the selling agents has been shown as paid to State Governments, the payment of Sales tax recovered as part of the selling price has not been reflected in the accounts. That amount has gone into cement surplus.
39	106	The Committee consider it most inappropriate that in addition to the considerable revenue raised by levy of high Excise Duty, Government should have taken advantage of its monopoly in raising substantial additional revenues by fixing high prices for Cement. They are of the opinion that if such additional revenue had to be raised it should have been done through a specific taxation measure with the approval of Parliament and not under executive action by charging high prices for an essential commodity like Cement. They recommend that the entire fixation of price of Cement be immediately reviewed and the price fixed on the basis of actuals.
40	109	Since the rate of consumption of cement in India is extremely low as compared to other countries the Committee doubt whether it is necessary to restrict the consumption of cement further by imposing a heavy rate of duty especially when there is a surplus of cement.

1	2	3
41	111	The Committee feel that the need for protection of new units is not the special feature of cement industry only. Similar need might have been felt by many other industries. If the principle of internal distribution of cement by S.T.C. at the request of the producers or for purpose of protecting the new units of industry were to be accepted it would have to extend its business to a number of other industries also.
42	112	(*i*) The Committee are unable to accept the interpretation that according to the letter of law, the Corporation was within the rights to undertake internal distribution of Cement. Whatever other justification there may be it cannot be held that Company's undertaking the internal distribution of Cement is necessary to organise its exports.
		(*ii*) The Committee recommend that the position regarding the internal trade of Cement by S.T.C. may be reviewed and the desirability of not extending the Cement Control Order beyond the present term *viz.* 30-6-61, if necessary, by creating an organisation of the producers for purpose of maintaining the pooling arrangements, be given every consideration. If the cement industry is not willing to undertake the responsibility which the S.T.C. is now discharging, then there may be justification for S.T.C. continuing trading in cement now that the industry and the consumers have become used to uniform selling prices.
43	114	The Committee are glad to know that arrangements have been made to apply equalised price so far as Assam is concerned. They hope that similar arrangements would be made for Tripura also. As regards Jammu and Kashmir, they consider that the Cement Control Order which now stands in the way of the application of equalised destinational price to that State may be liberalised in consultation with the Government of Jammu & Kashmir. In this connection the desirability of extending similar concessiont as may be given to Jammu and Sirinagar to all Railway out-agencies may also be considered.

APPENDIX XII

(*Vide* introduction)

Analysis of the recommendations contained in the Report

I. Classification of recommendations

A. Recommendations for improving the organisation and working:

S. Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 12, 16, 17, 36, 42.

B. Recommendations for effecting economy:

S. Nos. 4, 11, 14, 19.

C. Miscellaneous:

S. Nos. 13, 15, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 35, 39, 40, 41, 42, 43, 45.

II. Analysis of the recommendations directed towards economy.

S.No.	No. as per summary of recommendations	Particulars
1	4	Reduction in the number of organisations at present dealing with promotion of exports.
2	11	Reduction of staff of the Corporation consistent with efficiency.
3	14	Feasibility of supplying soda ash at an equalised price by pooling both the imports and indigenous production to obviate any loss in this trade.
4	19	Organising producers into associations to supply Iron Ore of required specifications in bulk to the Corporation, which would result in doing away with the necessity of large number of individual purchasers and employment of staff for that purpose.

GMGIPND--LS I—86(Aii) LS—15-4-60—1400

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1

Agency No.	Name and address of the Agent.
1.	Jain Book Agency, Connaught Place, New Delhi.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.
3.	British Book Depot, 84, Hazratganj, Lucknow.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.
6.	H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.
7.	International Book House, Main Road, Trivandrum.
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.
10.	Book Centre, Opp. Patna College, Patna.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.
12.	The Cuttack Law Times Office, Cuttack-2.
13.	The New Book Depot, Connaught Place, New Delhi.
14.	The New Book Depot, 79, The Mall, Simla.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.
16.	Lok Milap, District Court Road, Bhavnagar.
17.	Reeves & Co., 29, Park Street, Calcutta-16.
18.	The New Book Depot, Modi No. 3, Nagpur.
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.
21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
22.	International Book House Private Ltd., 9, Ash Lane, Bombay.
23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.
24.	The Kalpana Publishers' Trichinopoly-3.
25.	S. K. Brothers, 15A/65, W.E.A., Karol Bagh, New Delhi-5.
26.	The International Book Service, Deccan Gymkhana, Poona-4.
27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
28.	City Booksellers, Sohanganj Street, Delhi.
29.	The National Law House, Near Indore General Library, Indore.
30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.
31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad.
32.	M. S. R. Murthy & Co., Visakhapatnam.
33.	The Loyal Book Depot, Chhipi Tank, Meerut.
34.	The Good Companion, Baroda.
35.	University Publishers, Railway Road, Jullundur City.
36.	Students Stores, Raghunath Bazar, Jammu-Tawi.
37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
38.	Allied Traders, Motia Park, Bhopal.
39.	E.M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.
40.	Friends Book House, M. U., Aligarh.
41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.
42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
45.	Thacker Spink & Co.(1938) Private Ltd., 3, Esplanade East, Calcutta-1.
46.	Hindustan Diary Publishers, Market Street, Secunderabad.
47.	Laxmi Narain Aggarwal, Hospital Road, Agra.
48.	Law Book Co., Sardar Patel Marg, Allahabad.
49.	D. B. Taraporevala & Sons. Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiruchirapalli 1.
52.	Hyderabad Book Depot, Abid Road, (Gun Foundry), Hyderabad.
53.	M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.
54.	C. V. Venkatachala Iyer, Near Railway Station, Chalakudi. (S.I.)
55.	The Chindambaram Provision Stores, Chidambaram.
56.	K.M. Agarwal & Sons, Railway Book Stall, Udaipur (Rajasthan).
57.	The Swadesamitran Ltd., Mount Road, Madras-2.
58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.
59.	The High Commission of India Establishment Deptt. Aldych, London, W.C.-2.
60.	Current Book Stores, Maruti Lane, Raghunath Dada Street, Bombay-1.
61.	International Consultants Corporation, 48C, Maredpally (East), Secunderabad, (A.P.)
62.	K. G. Aseervandam & Sons, Cloughpet, P. O. Ongoli, Guntur Distt. (Andhra).
63.	The New Order Book Co. Ellis Bridge, Ahmedabad.
64.	The Triveni Publishers, Masulipatnam.
65.	Deccan Book Stall, Ferguson College Road, Poona—4.
66.	Jayna Book Depot, Chappaiwala Kuan, Karol Bagh, New Delhi-5.
67.	'Bookland'663, Madar Gate, Ajmer (Rajasthan).
68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
69.	Makkala Pustaka Press, Belamandira, Gandhinagar. Bangalore-9.
70.	Gandhi Samriti Trust, Bhavnagar.
71.	People's Book House, Opposite Jaganmohan Palace, Mysore-1.