

**ESTIMATES COMMITTEE  
1961-62**

**HUNDRED AND FORTY-NINTH REPORT**

**(SECOND LOK SABHA)**

**MINISTRY OF COMMERCE AND INDUSTRY**

Action taken by Government on the recommendations contained in the Eighty-Sixth Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Commerce and Industry—The State Trading Corporation of India Ltd.



**LOK SABHA SECRETARIAT  
NEW DELHI**

*January, 1962/Magha, 1883 (S)*

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# ESTIMATES COMMITTEE

(1961-62)

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## INTRODUCTION

I, the Chairman, Estimates Committee having been authorised by the Committee to present this Hundred and Forty-Ninth Report of the Estimates Committee on Action taken by Government on the recommendations contained in the Eighty-Sixth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Commerce and Industry—The State Trading Corporation of India Ltd.

2. The Eighty-Sixth Report of the Estimates Committee (Second Lok Sabha) was presented to Lok Sabha on the 18th April, 1960. The Ministry of Commerce and Industry furnished their comments on the recommendations contained in this Report between 11th April and 21st November, 1961. The replies were examined by the Study Group 'F' of the Estimates Committee (1961-62) in their sitting held on the 27th November, 1961.

3. The Report has been divided into the following four Chapters:—

I.—Report.

II.—Recommendations that have been accepted by Government.

III.—Replies of the Government that have been accepted by the Committee.

IV.—Replies of the Government that have not been accepted by the Committee.

An analysis of the Action taken by Government on the recommendations contained in the Eighty-Sixth Report (Second Lok Sabha) of the Estimates Committee is given in the Appendix of this Report. It would be observed therefrom that out of 43 recommendations made in the Report, 55·8% have been accepted by Government. Of the rest the replies of the Government in respect of 32·6% of the recommendations have been accepted by the Committee, replies in respect of 11·6% of the recommendations have not been accepted by the Committee.

NEW DELHI;  
*January 25, 1962.*  
*Magha 5, 1883 (Saka).*

H. C. DASAPPA,  
*Chairman,*  
*Estimates Committee.*

## REPORT

In para 33 of their Eighty-Sixth Report (Second Lok Sabha) on the—The State Trading Corporation of India Limited—Ministry of Commerce and Industry, the Estimates Committee had observed that no proper assessment about the requirements of staff had so far been made by the Corporation. They did 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 was stated to have been specially entrusted with this work since December, 1958. The Committee recommended 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. In reply to this, Government have stated that 'STC is being asked to expedite action'. *The Committee feel that the assessment of the requirement of the staff for the Corporation should not have taken so long. The Committee trust that this matter would be decided before long especially when Government have now been able to decide the scope of functions and activities of the Corporation as recommended by the Committee in para 16 of their Report.*

2. In para 55, the Committee had suggested that the question of the exportable low grade Iron Ore of the country should be assessed. If the STC were not in a position to arrange for the purchase and export of such ore at reasonable prices, there should be no objection to allowing the private sector to do so but before such sales, the ore might first be offered to the STC for purchase. Government in reply have stated that the export of low grade Iron Ore is progressively on the increase. *They do not appear to have made either any assessment of the exportable low grade Iron Ore nor have they furnished any specific reply to the latter part of the recommendation made by the Committee. The Committee trust that Government would consider both these aspects with a view to promote the export of the low grade ore to the fullest possible extent.*

3. In para 97, the Committee had observed 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 be accordingly scaled down and the benefit passed on to the consumers. They held that in spite of the substantially reduced import, the continued levy of import subsidy at such a high rate at Rs. 7|- per ton based on a total import of 7 lakh tons of Cement was unjustifiable. The Committee regretted that no action was taken to reduce the element of import subsidy included in the selling price of Cement at that time. Government in reply have, however, stated that adjustments in import subsidy were made from time to time in the light of anticipations of imports and expectations of internal production. *The Committee feel that this reply does not carry them any further. They feel that Government should formulate a firm policy regulating the fixation of the price of the cement both indigenous and imported.*

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S. No. as in the Appendix XI to the Report	Reference to the para No. in the Report	Summary of the recommendations/conclusions	Reply of the Government
1	2	3	4

1-3 15-17 1. "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".

The broad functions indicated in para 16 are acceptable. Government will issue a suitable resolution on this and review it from time to time in the light of experience gained.

(Ministry of C. & I. C.O. No. 17/60-ST, dated 11-4-61).

2. "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 :

In respect of recommendations Nos. 1-3, made by the Estimates Committee, it was first proposed by us to issue a resolution indicating the functions and activities to be entrusted to the State Trading Corporation. It was, however, decided later that a statement be made on the floor of the House by the Minister of Commerce on this subject. Accordingly, the Minister of Commerce desires to make the statement in the Lok Sabha on any suitable date before the 2nd December, 1961.

(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."

3. "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 of the above recommendations."

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.

(Ministry of C. & I. U.O. No. 4/92/60-ST, dated 21-11-61).

The whole work of the Directorate of Export Promotion is being examined by the Special Reorganisation Unit of the Finance Ministry. The observation of the Estimates Committee has been brought to their notice for being kept in view during their detailed examination.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

The whole work of the Directorate of Export Promotion has been examined by the Special Reorganisation Unit of the Ministry of Finance. Based on their report the working of the various organisations dealing with export promotion has since been reviewed.

Export Promotion Organisation is both in the field at the headquarters and regional offices.

The field organisation consists of non-official bodies or semi-official bodies, as also regional Government offices. Heads of Departments whether here or in the mofussil also take executive responsibility in respect of commodities under their control. There are the trading bodies like the State Trading Corporation including HEO, Handicraft Development Corporation and the Fabric Society. In the field there are Export Promotion Councils or Commodities Boards and their Committees. It is not really feasible or desirable to combine these organisations. If for instance there were a single export promotion council there would, of necessity have to be a number of subordinate bodies dealing with commodities or groups of commodities. By and large it cannot be said that there is diffusion of effort.



The Ministry has been considering the establishment of some kind of apex body of which various export promotion councils, committees of commodity boards etc. would be constituent units, but this is taking some time.

However, the views given above are provisional. The recommendation of the Estimates Committee will be kept in mind and will be further considered by this Ministry.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 18/21-12-61).

The suggestion has been accepted.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

5

Accepted. The S.T.C. is being instructed to do the needful.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

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.

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

Accepted in principle. Every endeavour will be made to work out the programme as envisaged in this recommendation, but the inherent limitations are :

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 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.

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 the Government.

The Committee consider that the rate of dividend after making necessary provisions for building up the reserves etc. should be higher than 7% for a trading organisation like the S.T.C.

(i) forecasts are difficult, and

(ii) the activities have to be dovetailed in the bilateral trade plans.

(Ministry of C. & I. U. O. No. 1/7/60-ST, dated 11-4-61).

The S.T.C. has set up such Committees for important commodities like art silk yarn, hand-loom and ores. In addition, Government have also set up *ad hoc* Committees.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

Accepted. S.T.C. has declared a dividend of 9% for the year 1959-60.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

- 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 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 approximate overhead expenditure incurred to facilitate a comparison between direct sales
- The S.T.C. is being instructed to give as much information as possible consistent with their business interests.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).
- The selling price of imported and indigenous soda ash is now uniform.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).
- S.T.C. is pursuing this recommendation actively. The site allotted by Government has cost approximately Rs. 18 lakh. While every effort will be made to make use of improved techniques, it is feared that in the context of high constructional costs, it will not be possible to work within the figure indicated.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).
- Accepted.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

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.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

- 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 specifications 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.

Since its inception, the State Trading Corporation has encouraged the formation of associations and co-operative societies of mine-owners and producers. In fact, in the Bellary-Hospet area, where large deposits of iron ore exist, two such associations have already been formed and contracts for supply of substantial quantities of iron ore have been entered into with them. The other mining areas are situated far and wide, the number of mine-owners and co-operatives in such regions have been presenting some difficulties, but efforts to organise them on these lines still continue.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

24 "The Committee recommend that a proper plan be drawn up to nationalise the movements from ports on the Eastern and Western sea-boards 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."

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(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

25 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 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.

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(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

26 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

67 In the various bilateral trade agreements, Government is making provision for utilizing ships of the respective countries to the maximum possible extent on the basis of competitive

reasonable percentage of the trade is specifically reserved for carriage by Indian bottoms.

freight rates. In addition, in individual contracts entered into by S.T.C., a clause is inserted for utilization of Indian shipping, and in accordance with the Shipping Co-ordination Committee's directives, the bulk of S.T.C.'s purchases are now on f.o.b. basis as opposed to c.i.f. It may, however, be added that there are inherent difficulties in carrying this out too far. (Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

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.

The policy regarding manganese ore exports has recently been announced for a three-year period and this announcement was preceded by consultation with all interests concerned. (Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

- 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."
- Noted.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).
- It is more advantageous, no doubt to export ferro-manganese than manganese ore. However, apart from the question of world prices, the importing countries, who have well organised ferro industries should be prepared to buy Indian ferro-manganese. The question is under study as well as ways and means of reducing the cost of production.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 1-6-61).
- The suggestion has been accepted. These aspects are constantly kept in mind by S.T.C. and some diversification of trade has since taken place.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).
- Noted.  
(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

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 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.

Accepted.

(Ministry of C. & I. U.O. No. 17/60-ST, dated 11-4-61).



### III

## REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

S. No. as in the Appendix XI to the Report	Reference to the para No. in the Report	Summary of the Recommendations/conclusions	Reply of the Government
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1	2	3	4
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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."

Government will like to gain more experience before deciding on this issue. The general question is being considered separately in the light of the recommendation made in the 80th Report. (Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

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.

Please see replies against recommendations Nos. 19 to 30. (Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

21 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.

Government have carefully examined the availabilities of iron ore over a long period and they are of the view that after taking into account the requirements of our steel plants and in view of the difficult foreign exchange position obtaining at present, exports of iron ore in larger quantities will not be harmful to our interests.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

22 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.

59 Every effort is being made to diversify export of iron ore as will be seen from the following table:—

*Export of iron ore and concentrates*

QUANTITY IN LAKH OF TONS

Approximate value in Lakh of Rupees

Country	1958		1959	
	Ton- nage	Value	Ton- nage	Value
U.K.	.	Nil	Nil	Nil
Poland	.	.42	25	.78
West Germany	.	.02	1	.02
				41
				1

East Germany . . .	.16	9	.58	32
France . . .	Neg.	Neg.	Neg.	Neg.
Hungary . . .	. . .	. . .	.42	24
Italy . . .	1.01	59	.98	57
Czechoslovakia . . .	5.59	308	5.69	274
Yugoslavia . . .	.44	24	1.55	80
Japan . . .	12.52	650	17.02	884
Rumania . . .	Nil	Nil	.18	16
Others . . .	.02	Neg.	Nil	Nil

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20.18 1076 27.22 1409

(Ministry of C. & I. letter No. 1/7/60-ST, dated 19-1-62).

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.

63

23

Government are keen to develop export markets for pig iron. But this has its limitations, viz., the type of demand and the changeability in the demand. It is felt that it would be difficult to link the export of iron ore and the exports of pig iron because the existing markets for iron ore are markets where the production capacity for pig iron is developed. In such markets iron is purchased to meet temporary shortages. The present surpluses in pig iron is only temporary. Government are planning for additional capacity for iron making which will provide some margin for export—actual exports, however, depending on foreign demand.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 19-1-62).

27

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.

69

There is a proposal for laying down an additional B.G. line between Hospet to Guntakal which will avoid transshipment bottleneck at Guntakal and generate approximately two million tons annual capacity to feed the mechanised ore loading berth at Madras.

Hospet-Hubli Sector is intended to serve the West Coast Ports of India. Presently a movement capacity of approximately 4.5 lakh tons per annum is available. It is understood from the Railways that there is a proposal to increase the line capacity of Hospet-Hubli Sector which will increase the movement capacity to one million tons per annum. The expenditure to increase the line capacity will be Rs. 27 lakhs as compared to the cost of approximately Rs. 8 crores for laying down a B.G. line for which there is no justification.

(Ministry of C. & I. letter No. 1/7/60-ST dated 19-1-62).

71

The Committee recommend that early decision on the proposals referred to in para 70 should be taken so that the movement of ores could be made easier and more economical.

28

*Feasibility of establishing a major port at Mangalore*

The Intermediate Ports Development Committee appointed by the Government of India for selection of suitable intermediate ports for intensive development have recommended that Mangalore

should be developed as an all-weather port provided it could be made suitable for receiving ships with drafts upto 34' in the next 5 to 10 years and if possible to cater to the requirements of ships with drafts of 38 feet as a long-term measure. The project recommended by the Committee for the development of Mangalore into a 34' harbour with 3 alongside berths (two for general cargo and the third fully mechanised for handling ore) in the first stage was estimated to cost Rs. 12.7 crores. The Committee recommended that the scheme should be taken in hand only after investigations were carried out for a 34' harbour. The Central Water and Power Commission have since agreed that with suitable breakwaters Mangalore can be developed into a port catering to ships drawing 38 feet.

The question of the development of Mangalore Port has recently been considered and it has been decided that further investigations as given below should be undertaken to consider the feasibility of locating the port at the site proposed and for developing it as an all-weather port capable of handling ships of 38' draft:—

- (i) Direction of littoral flow.
- (ii) Stability of soil along the channel.
- (iii) Further investigations about the extent and quantity of iron ore deposits proposed to be tapped for the purpose of export through Mangalore.

The above investigations are being carried out and when the results thereof are known, the question of development of Mangalore will be considered further.

The Intermediate Ports Development Committee recommended that pending a decision of the Government of India on the development of Mangalore as an all-weather port, certain normal development works estimated to cost Rs. 28 lakhs should be undertaken at Mangalore. These works have been included in the draft Third Five Year Plan.¶

18

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

The above two proposals are dependent upon the decision regarding the establishment of a major port at Mangalore. The Railways' Third Five Year Plan does not include the Hassan-Mangalore and Kottur-Harihar lines.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

29 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 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 constructing the railway line may be considered urgently.

30 The suggestion has been considered but the Government feel that neither development of inland water transport nor minor ports will help to relieve the pressure on the Railways. The new railway link between Titlagarh and Sambalpur would partially help. Substantial relief will depend on major decision that Government may take on the development of Paradip as a major port and the provision of connecting Paradip by rail with its hinterland.

38 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.

38 The provision for sales tax in the sale price structure was originally made to meet a contingent liability in the event of States levying such a tax at the stage of first transaction of cement. Some States in fact did lay claim to this tax but later this amount accrued to the Cement Agency Account as some State Governments were persuaded to accept the view that this transaction was not liable to sales tax. The said provision has been

Following the Recommendations of the Intermediate Ports Development Committee's Report, the question relating to development of Paradip port is under separate consideration.

(Ministry of C. & I. U. O. No. 1/7/60-ST, dated 11-4-61).

The suggestion has been considered but the Government feel that neither development of inland water transport nor minor ports will help to relieve the pressure on the Railways. The new railway link between Titlagarh and Sambalpur would partially help. Substantial relief will depend on major decision that Government may take on the development of Paradip as a major port and the provision of connecting Paradip by rail with its hinterland.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

The provision for sales tax in the sale price structure was originally made to meet a contingent liability in the event of States levying such a tax at the stage of first transaction of cement. Some States in fact did lay claim to this tax but later this amount accrued to the Cement Agency Account as some State Governments were persuaded to accept the view that this transaction was not liable to sales tax. The said provision has been

reduced from the original figure of Rs. 2-3-6 to 20 nP. in the present price structure to provide for any eventual payment to those States who are still persisting in their claim.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

39 106 The Committee consider it most inappropriate that in addition to the considerable revenue raised by levy of high Excise Duty, Govt. 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 the 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.

There was no intention at any time to raise revenue from the Cement Control Order. As the uniform selling price f.o.r. destination was introduced for the first time, the various elements in the price structure had to be estimated *ad hoc* and no element of profit as such was provided for. In actual practice, the estimates in respect of some of the elements proved liberal, and therefore, surpluses accrued, but this enabled STC to absorb increases in certain other items like Railway freight and retention price without raising the selling price to the consumer. During the year 1960-61, STC will have to utilise about Rs. 1 to 1½ crores out of the surplus towards increases on items of Railway freight wage board award and packing charges. STC has also been subsidising exports. The price question has been referred to the Tariff Commission.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).



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.

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The Committee feel that need for protection of new units is now 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 STC 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.

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(ii) The Committee recommend that the position regarding the internal trade of cement by STC 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 STC 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.

The position regarding cement supplies is a changing one and the easy position referred to no longer exists. In fact, we are now passing through a tight position and the present level of demand is well above the availability of around 7 lakh tons per month.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

So long as internal production does not overtake the demand for cement over a sustained period, Government feel that it would be advantageous in continuing the arrangements with S.T.C. to secure distribution at an equalised price.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61).

**42** 112(f) The Committee are unable to accept the interpretation that according to the letter of law, the Corpn. 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.

The Memorandum of Association of S.T.C. is being suitably amended to remove any ambiguity.  
(*Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61*).

IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

S. No. as in the appendix XI to the Report	Reference to the para No. in the Report	Summary of the Recommendations/ conclusion	Reply of the Government	Comments of the Committee
1	2	3	4	5
8	28	<p>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.</p>	<p>This question is under consideration. (Ministry of C. &amp; I. U.O. No. 1/7/60-ST, dated 11-4-61.)</p>	<p>Final decision when arrived at may be intimated.</p>
11	33	<p>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</p>	<p>S.T.C. is being asked to expedite action. (Ministry of C. &amp; I. U.O. No. 1/7/61-ST, dated 11-4-61.)</p>	<p>Please see para 1 of Chapter I.</p>

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.

20 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.

55 The export of low grade iron ore is progressively on the increase, as will be seen from the following data :—

*Exports of low grade iron ore :—*

	Tons
1957-58	1,23,000
1958-59	2,62,000
1959-60	3,71,000
1960-61	4,00,000 (approximately).

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61.)

37 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,

97 Adjustments in import subsidy were made from time to time in the light of anticipations of imports and expectations of internal production.

Please see para 2 of Chapter I.

Please see para 3 of Chapter I.

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 1-7-57 which resulted in a surplus of Rs. 164.21 lakhs, was no more justifiable.

(Ministry of C. & I. U.O. No. 1/7/61-ST, dated 11-4-61.)

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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,

This is under consideration.

Decision when arrived at may be intimated.

(Ministry of C. & I. U.O. No. 1/7/60-ST, dated 11-4-61.)

they consider that the Cement Control Order which now stands in the way of the application of equalised destination price to that State may be liberalised in consultation with the Government of Jammu & Kashmir. In this connection the desirability of extending similar concession as may be given to Jammu and Srinagar to all Railway out agencies may also be considered.

NEW DELHI;

January 25, 1962

Magha 5, 1883 (Saka)

H. C. DASAPPA,

Chairman,  
Estimates Committee.

## APPENDIX

*Analysis of the action taken by Government on the recommendations contained in the 86th Report of the Estimates Committee (Second Lok Sabha)*

1. Total Number of Recommendations made . . . . .	43
2. Recommendations that have been accepted by Government—Chapter II.	
Number . . . . .	21
Percentage to total . . . . .	55·8%
3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee—Chapter III.	
Number . . . . .	14
Percentage to total . . . . .	32·6%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee—Chapter IV.	
Number . . . . .	5
Percentage to total . . . . .	11·6%

# LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

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|--|--|--|
| <p><b>ANDHRA PRADESH</b></p> <ol style="list-style-type: none"> <li>1. G. R. Lakshmiopathy Chetty &amp; Sons, General Merchants &amp; News Agents, Newpet, Chandragiri, Chittoor District (Andhra Pradesh).</li> <li>2. Hindustan Diary Publishers, Market Street, Secunderabad.</li> <li>3. Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.</li> <li>4. International Consultants Corporation, 48, C. Marredpally, (East), Secunderabad-3.</li> <li>5. K. J. Asservadam and Sons, Cloughpet, P.O. Ongole, Guntur District (Andhra Pradesh).</li> <li>6. M.S.R. Murthy &amp; Company, Visakhapatnam.</li> <li>7. People's Book House, B. 2-829/1, Nizam Shahi Road, Hyderabad-1.</li> <li>8. The Triveni Publishers, Masulipatnam.</li> </ol> <p style="text-align: center;"><b>BIHAR</b></p> <ol style="list-style-type: none"> <li>9. Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.</li> <li>10. Book Centre, Opposite Patna College, Patna.</li> <li>11. 'Jagriti,' Bhagalpur-2.</li> </ol> <p style="text-align: center;"><b>GUJARAT</b></p> <ol style="list-style-type: none"> <li>12. Chanderkant Chiman Lal Vora, Law Publishers and Law Book Sellers, P.B. No. 163, 57/2, Ghandi Road, Ahmedabad.</li> <li>13. Gandhi Samiriti Trust, Bhavnagar.</li> <li>14. Lok Milap, District Court Road, Bhavnagar.</li> <li>15. The New Order Book Company, Ellis Bridge, Ahmedabad-6.</li> <li>16. Swadeshi Vastu Bhandar, Booksellers etc., Jamnagar.</li> </ol> | <p style="text-align: center;"><b>KERALA</b></p> <ol style="list-style-type: none"> <li>17. C. V. Venkitachala Iyer, Near Railway Station, Chalakudi.</li> <li>18. International Book House, Main Road, Trivandrum.</li> <li>18a. M. Mukanda Krishna-Nayak, Manjeshwar S.K., Cannore Distt., Kerala State.</li> </ol> <p style="text-align: center;"><b>MADHYA PRADESH</b></p> <ol style="list-style-type: none"> <li>19. Modern Book House, 286, Jawahar Ganj, Jabalpur-1.</li> <li>20. The National Law House, Near Indore Library, Opposite Old High Court Building, Indore.</li> </ol> <p style="text-align: center;"><b>MADRAS</b></p> <ol style="list-style-type: none"> <li>21. E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.</li> <li>22. The Kalpana Publishers, Booksellers, Trichinopoly-3.</li> <li>23. The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.</li> <li>24. S. Krishnaswami and Company, R.O. Teppakulam, Trichirapalli-2.</li> <li>25. (Vacant)</li> </ol> <p style="text-align: center;"><b>MAHARASHTRA</b></p> <ol style="list-style-type: none"> <li>26. Charles Lambert &amp; Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.</li> <li>27. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.</li> <li>28. D. B. Taraporevala &amp; Sons, Co., (P) Limited, 210, Dr. Naoroji Road, Bombay-1.</li> <li>29. Deccan Book Stall, Fergusson College Road, Poona-4.</li> </ol> | <ol style="list-style-type: none"> <li>30. The Good Companions, Raspura, Baroda.</li> <li>31. The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona.</li> <li>32. The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.</li> <li>33. The International Book Service, Deccan Gymkhana, Poona-4.</li> <li>34. Minerva Book Shop, Shop No. 1/80, Netaji Subhash Road, Marine Drive, Bombay-2.</li> <li>35. The New Book Company (P) Limited, Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.</li> <li>36. The New Book Depot, Modi No. 3, Nagpur.</li> <li>37. The Popular Book Depot (Registered), Lamington Road, Bombay-7.</li> <li>38. Sahitya Sangam, Booksellers, 44, Lok Manya Vastu Bhandar, Dadar, Bombay-28.</li> </ol> <p style="text-align: center;"><b>MYSORE</b></p> <ol style="list-style-type: none"> <li>39. H. Venkataramiah &amp; Sons, Vidyaniidhi Book Depot, New Statue Circle, Mysore.</li> <li>40. Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9.</li> <li>41. People's Book House, Opp. Jaganmohan Palace, Mysore-1.</li> <li>42. Pervaje's Book House, Koppikar Road, Hubli.</li> <li>43. The S. S. Book Emporium, 'Mount Joy' Road, Basavangudi, Bangalore-4.</li> </ol> <p style="text-align: center;"><b>ORISSA</b></p> <ol style="list-style-type: none"> <li>44. The Cuttack Law Times Office, Cuttack-2.</li> <li>44a. Ekamra Vidyabhaban', Eastern Tower Room No. 3, Bhubaneswar-3, Orissa.</li> </ol> |
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## PUNJAB

45. The English Book Depot, 78, Jhoke Road, Ferozeshah Cantt.
46. The Krishna Book Depot, Publishers, Booksellers, Stationery and News Agents, Main Bazar, Pathankot.
47. Minerva Book Shop, The Mall, Simla-1.
48. The New Book Depot, 76, The Mall, Simla-1.
49. (Vacant)
- 6 Shalig Ram & Sons, Booksellers, Madar Gate, Aligarh.
63. Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad.

## WEST BENGAL

64. Firma K. L. Mukhopadhyay, 6/1A, Bancharam Akur Lane, Calcutta-12.
65. M. C. Sarkar & Sons (Private) Limited, 14, Bankim Chatterjee Street, Calcutta-12.
66. Thacker Spink & Company (1933) Private Ltd., 3, Esplanade East Calcutta-1.
67. W. Newman & Company Limited, 3, Old Court House Street, Calcutta.
79. The Imperial Publishing Company, 3, Faiz Bazar, Daryaganj, Delhi-6.
80. Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.
81. Jain Book Agency, Connaught Place, New Delhi.
82. J. M. Jaina & Brothers, Mori Gate, Delhi-6.
83. Lakshmi Book Stores, 42 M.M. Janpath, New Delhi.
84. Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
85. M. Gulab Singh & Sons Private Limited, Press Area, Mathura Road, New Delhi.
86. The New Book Depot, P. O. Box No. 96, Connaught Place, New Delhi.

## RAJASTHAN

50. "Bookland", 663, Madar Gate, Ajmer (Rajasthan).
51. K. M. Agarwal & Sons, Railway Book Stall, Udaipur.
- 51a. Information Centre, Govt. of Rajasthan, Tripolia, Jaipur City, Rajasthan.

## JAMMU AND KASHMIR

52. A.H. Wheeler & Company, Private Limited, 15, Elgin Road, Allahabad.
53. British Book Depot, 84, Hazaratganj, Lucknow.
54. B.S. Jain & Company, 71, Abupura, Muzaffarnagar.
55. Friends Book House, M.U., Aligarh.
56. Goel Traders, 100-C, New Mandi, Muzaffarnagar.
57. Kitabistan, 17-A, Kamla Nehru Road, Allahabad.
58. Law Book Company, Sardar Patel Marg, Allahabad.
59. Laxmi Narain Agarwal, Hospital Road, Agra.
60. The Loyal Book Depot, Chhipi Tank, Meerut.
61. Mittal & Company, 85-C, New Mandi, Muzaffarnagar.
68. The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.
69. Students Stores, Raghunath Bazar, Jammu-Tawi.

## DELHI

70. Atma Ram & Sons, Kashmere Gate, Delhi-6.
71. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
72. Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.
73. The Central News Agency, 23/90, Connaught Circus, New Delhi.
74. City Book Sellers, Sohanganj Street, Delhi.
75. Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
76. The English Book Shop, 7-L, Connaught Circus, New Delhi.
77. Freeland Publications Private Limited, II-A/16, Lajpat Nagar, New Delhi.
78. Hind Book House, 2, Jan Path, New Delhi.
87. Oxford Book & Stationery Company Scindia House, Connaught Place, New Delhi-1.
88. People's Publishing House, Rani Jhansi Road, New Delhi-1.
89. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
90. Sikh Publishing House Private Limited, 7-C, Connaught Place, New Delhi.
91. The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi.
- 91a. Kitab Mahal (W.D.) Private Ltd. 28, Faiz Bazar, Delhi.

## MANIPUR

92. Shri N. Chaoba Singh, Newspaper Agent, Ramlal Paul High School, Annexe, Imphal, Manipur.

## AGENTS IN FOREIGN COUNTRIES

### U.K.

93. The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C. 2.