

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

UNSTARRED QUESTION NO:1291  
ANSWERED ON:08.08.2011  
BUSINESS ACTIVITIES OF STCL  
Patel Shri Bal Kumar

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

- (a) whether State Trading Corporation Limited (STCL) Company has entered into new business activities under third country exports of metal scrap;
- (b) if so, the details thereof;
- (c) whether annual marketing/business plan for 2004-05 and 2005-06 did specify the modalities of operation of metal scrap trade;
- (d) whether the company insisted for back to back LC to safeguard the financial interest of the company from the Overseas Business Associates;
- (e) if not, the reasons therefor; and
- (f) the total loss incurred by the company on third country exports of metal scrap?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

- (a) Yes, Madam.
- (b) STCL Limited entered into third country trading of metal scrap during October 2005, which was stopped from October 2008 due to devolvement of LCs. The transaction was carried out at the costs & risks of the Business Associate in India and STCL was only a Facilitator in the transaction.
- (c) There was no third country trading of metal scrap for the year 2004-05. The Market Plan of 2005-06 did not specify the modalities of operation of third country trading of metal scrap.
- (d)&(e) The Company as well as the Bankers considered the stocks as primary security and the goods were being released only after receipt of the amount due. Since the Bankers had accepted the business model, back to back LC was not insisted upon. The Original shipping documents were held by the Company and were released to the Overseas Buyer only upon receipt of the export sale proceeds.
- (f) The total loss incurred by the Company on account of third country trading of metal scrap was Rs.1,167.48 crore excluding interest thereon.