

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

UNSTARRED QUESTION NO:2909  
ANSWERED ON:10.02.2014  
SCAM IN RICE EXPORTS  
Shekhar Shri Neeraj;Singh Shri Yashvir

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

- (a) whether the investigating agencies have sought permission to probe scam in export of rice to some African nationals allegedly involving certain officials of State Trade Corporation, Metal and Mineral Trading Corporation and Project and Equipment Corporation of India;
- (b) if so, the details thereof and the present position thereon;
- (c) whether the Government has granted permission to these agencies for conducting the probe into the matter;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

a) to e): i. In the matter of alleged irregularities pertaining to the export of non-basmati rice to some African countries in 2008-09 by the three Public Sector Undertakings (PSUs) viz. State Trading Corporation (STC), Metals and Minerals Trading Corporation (MMTC) and Project and Equipment Corporation of India (PEC) a Statement was given in the Parliament on 30th July, 2009 that these transactions pertaining to the period 2008-09 would be looked into and accountability will be fixed in case any omissions/commissions are established. Thereafter, the actionable points were identified and action, as discussed in the subsequent paragraphs, was taken.

ii. Department of Commerce (DoC) took action for blacklisting the three private sector firms, involved in these transactions. The debarment order was issued vide DoC Memorandum dated 10/11/2010. This was followed by an advisory issued by DoC to all Ministries and Departments of Government of India to abstain from conducting business with these firms. The above DoC Orders were challenged by the three firms by filing Writ Petitions in the Delhi High Court. The final arguments in the case were held on 7th Nov/2013. After hearing the arguments, the Hon'ble High Court upheld the debarment Orders and pronounced judgement that DoC's impugned debarment order dated 10.11.2010 will remain in force for a period of four years from the date of issue and will come to an end on 9.11.2014.

iii. With respect to the Officers concerned of STC, MMTC and PEC, Department of Commerce took action for conducting departmental proceedings and issued charge sheets to officers allegedly found complacent in these export transactions. The departmental inquiries were conducted at very senior levels i.e. by three separate Additional Secretary-level officers of the Department. The findings of the Inquiry Officers reported no serious wrong-doing on the part of the charged officers. On the basis of these inquiry reports that no criminal misconduct has taken place, in a DO letter from the then Commerce Secretary to Central Vigilance Commission (dated 11/05/2012) the Department affirmed that no prima facie criminal culpability or malafide could be established against the charged officers.

iv. CBI has also sought permission for initiating criminal investigation under Section 6A of DSPE Act, 1946 against 9 Board level Officers of PSUs viz. State Trading Corporation, Metal and Minerals Trading Corporation and Project and Equipment Corporation of India. CBI was requested to clarify, if it had any prima facie evidence to establish the need for a criminal investigation. CBI replied that no preliminary inquiry had been done by it.

v. Therefore, based upon all the department evidence that had already been garnered through the departmental inquiries, a well considered decision was taken in February 2013 that since no misconduct of criminal nature has been established in these inquiries, it would not be fit to give permission to CBI for initiating investigation against the concerned officers of PSUs viz. State Trading Corporation, Metal and Minerals Trading Corporation and Project and Equipment Corporation of India.