

**TWENTIETH REPORT**  
**COMMITTEE ON PUBLIC**  
**UNDERTAKINGS**

**(1986-87)**

**(EIGHTH LOK SABHA)**

**TRADE FAIR AUTHORITY OF INDIA**

**(MINISTRY OF COMMERCE)**



*Presented to Lok Sabha on 3 April, 1987*

*Laid in Rajya Sabha on 19 April, 1987*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*March, 1987/Chaitra, 1909 (Sizka)*

*Price Rs. 4.00*

4A

CORRIGENDA TO TWENTIETH REPORT OF THE  
COMMITTEE ON PUBLIC UNDERTAKINGS  
(EIGHTH LOK SABHA)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
Cover Page	-	9	19 April, 1987	15 April, 1987
2	1.5	18	maintaning	maintaining
3	1.5	9 from bottom	administartive	administrative
7	1.10	1	notice	noticed
8	1.15	4	apeaks	speak
9	1.16	3	performance	professional
10	1.21	3	exhibtion	exhibition
13	1.30	6	emphasis	emphasize
15	2.4	13	decreased	decrease
17	2.8	10	internatinal	international
18	2.13	4	Campaign	Campaign
	2.15	7	Chief Manager	Chief General Manager
21	2.23	11 & 21	targetes	targets
		30	information	information
22	2.23	3	costracts	contracts
27	2.37	2	help	held
	2.39	11	charges	changes
29	2.43	14	t:ansport	transact
32	2.50	8	as	has
33	2.52	2	the growing India's	for promoting India's trade
	2.53	9	cinsolidated	consolidated
34	2.56	14	he	be
	2.57	2	FPCs	EPCs
35	2.57	10	clear-out	clear-cut
40	3.1	3	or	at
44	3.21	Last line	<u>Add 'by' after</u>	'initiated'
45	3.21	2	for	far
		6	serted	sorted
	3.22	17	these	those
46	3.24	11	implement is	implement it
47	3.30	9	20,0000	20,000
		15	post	cost
48	3.31	2	be	the
50	3.39	4	Rs.21,90,000	Rs.2,19,000
57	4.5	3	as are	is
58	4.7	2	of Plained	explained
59	4.12	4	It	1
-		9 from bottom	<u>Add 4.13 before</u>	The Committee

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
60	4.17	6	Rs.9163 lakhs	Rs.91.63 lakhs
63	4.26	1	has	was
65	4.34	3	at	as
		8	extent	extant
66	4.37	3	judicature	judicious
69	4.46	8	if	of
	4.48	8	par-time	part-time
		9	part-time	part-time
72	4.61	4	cost	post
74	4.74	4	Committee	Commerce
			Ministry	Ministry
79	1.14	11	if	in
80	1.16	3	performance	professional
81	1.29	Last	emphasis	emphasize
	& 1.30	line		
84	2.25	12 &	riterial	criteria
		13		
90	2.57	17	clear-out	clear-cut
91	2.69	4-5	orgaside	outside
	& 2.70	from		
		bottom		
92	2.69	1	on	an
	& 2.70			
			TFAO	TFAI
	3.21	10	<u>Add</u> 'by' <u>after</u>	'initiated'
100	4.40	5	foreignr	foreign
	& 4.41			
		11	October	September
102	4.58	16	Board Directors	Board
	& 4.59		of	Directors
	4.69	2	th	the
	to 4.71			
103	4.69	6	costs	posts
	to 4.71	13	and	an
	4.72	last	shoud	should
	& 4.73	line		
104	-	8	4.74	4.74 & 4.75
	-	18	<u>Delete</u> 37 & 4.75	

## CONTENTS

	PAGE (iii) (v)
COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS	
INTRODUCTION	
<b>CHAPTER I</b>	<b>INTRODUCTORY</b>
	1
	2
	9
<b>CHAPTER II</b>	<b>PROGRAMME OF EXHIBITIONS/FAIRS—TARGETS AND ACHIEVEMENTS</b>
	14
	24
	35
<b>CHAPTER III</b>	<b>PRAGATI MAIDAN COMPLEX</b>
	40
	46
	51
<b>CHAPTER IV</b>	<b>FINANCIAL AND ORGANISATIONAL MATTERS</b>
	56
	56
	60
	64
	68
	72
<b>APPENDICES</b>	
I. Statement of Fairs organised abroad by TFAI during the years 1980-81 to 1984-85 alongwith shortfall in the revised targets and the reasons therefor	76
II. Statement of Expenditure/Income relating to activities in Pragati Maidan Complex for the years 1980-81 to 1984-85	78
III. Statement of Conclusions/Recommendations of the Committee on Public Undertakings contained in the Report	79

COMMITTEE ON PUBLIC UNDERTAKINGS  
(1986-87)

CHAIRMAN

Shri K. Ramamurthy

MEMBERS

*Lok Sabha*

2. Chowdhry Akhtar Hasan
3. Shri Narayan Choubey
4. Shri Dinesh Goswami
5. Shri Harpal Singh
6. Shrimati Sheila Kaul
7. Shri Haroobhai Mehta
8. Shri Satyagopal Misra
9. Shri Braja Mohan Mohanty
10. Shri K. R. Natrajan
11. Shri Ram Bhagat Paswan
12. Dr. Sankta Prasad
13. Shri K. Ramachandra Reddy
14. Shri Chiranji Lal Shrama
15. Shri V. S. Vijayaraghavan

*Rajya Sabha*

- \*16. Shri Jagesh Desai
17. Shri Krishna Nand Joshi
18. Prof. C. Lakshmana
19. Shrimati Ratan Kumari
20. Shri Santosh Kumar Sahu
21. Shri G. Varadaraj
22. Shri Jagdambi Prasad Yadav

SECRETARIAT

1. Shri N. N. Mehra — *Joint Secretary*
2. Shri Rup Chand *Senior Financial Committee Officer*

---

\*Elected w.e.f. 22-8-1986 in the vacancy caused by appointment of Miss Saroj Khaparde as Minister of State.

## INTRODUCTION

1. the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this Twentieth Report on Trade Fair Authority of India.

2. The Committee took evidence of the representatives of the Trade Fair Authority of India on 6 and 27 February, 1986 and also of the representatives of the Ministry of Commerce on 3 and 4 April, 4, 5 and 13 August, 1986.

3. The Committee considered and adopted the Report at their sitting held on 13th March, 1987.

4. The Committee wish to express their thanks to the Ministry of Commerce and Trade Fair Authority of India for placing before them the material and information they wanted in connection with the examination of the company. They also wish to thank in particular the representatives of the Ministry of Commerce and the Undertaking who appeared for evidence and assisted the Committee by placing their considered views before the Committee.

K. RAMAMURTHY,  
*Chairman,*  
*Committee on Public Undertakings.*

NEW DELHI ;  
March 31, 1987  

---

Chaitra 10, 1909 (Saka)

## CHAPTER I

### INTRODUCTORY

#### *A. Historical Background*

1.1 According to Trade Fair Authority of India (TFAI), after the importance of commercial publicity and the display of exportable goods to boost the country's export trade was accepted by Government of India, the Ministry of Commerce set up a Directorate of Exhibitions and a Directorate of Commercial Publicity. Both these Directorates were later merged into one i.e. the Directorate of Exhibitions and Commercial Publicity.

1.2 With the advancement of industrial production and expertise developed in handling turn-key projects, especially in the field of non-traditional goods and consultancy services, the necessity of projecting country's progress through publicity and display was felt all the more. To allow a wider application of the activities of the Directorate of Exhibitions and Commercial Publicity and, in pursuance of the recommendations made by the then Board of Trade, the Indian Council of Trade Fairs & Exhibitions, an autonomous organisation registered as a Society under the Societies Registration Act, 1960, was set up in 1964 with headquarters in Bombay. For organising the Third Asian International Trade Fair (Asia '72) hosted by India under the auspices of the then ECAFE (a U N. Organisation), a separate office was set up later in Pragati Maidan, New Delhi, called the Trade Fair Organisation which continued to function for the purpose of conducting national/international trade fairs. The Government of India later decided that a single, unified agency merging the three into one, should be constituted as an autonomous body.

1.3 The Trade Fair Authority of India was, therefore, set up as a single national unified agency for organising national/international trade fairs/exhibitions in India, participation in International Trade Fairs/Exhibitions and setting up wholly Indian Exhibitions abroad. It was registered on 30th December, 1976 as a company under Section 25 of the Companies Act, 1956 with an authorised capital of Rs. 50 lakhs. The paid-up capital of the Company is Rs. 25 lakhs. The Company started functioning from 1st March, 1977 with its headquarters in New Delhi and a nucleus branch office in Bombay.

### B. Objectives & Obligations

1.4 It has been stated that the Trade Fair Authority of India is a service organisation without any profit orientation. The Authority is devoted to projecting India's industrial image, its exports and technological capabilities, through the means of trade fairs|exhibitions and other media of publicity. It aims at inculcating a national awareness of the cost effectiveness of the trade fair medium to promote commercial and economic collaboration with other countries and also to propagate the concept of a "fair culture".

1.5 TFAI is stated to have set for itself the following objectives as are listed in the Memorandum of Association of the Trade Fair Authority :

#### (a) Main Objectives

- (i) To promote, organise and participate in industrial, trade and other fairs & exhibitions, show-rooms and depots in India and abroad and to take all measures incidental thereto for boosting the country's trade.
- (ii) To publicise in India and abroad International Trade Fairs and Exhibitions to be held in India and invite the foreign participants to participate in them.
- (iii) To organise and undertake trade in commodities connected with or relating to such fairs|Exhibitions, Show-rooms and depots in India and abroad and to undertake the purchase, sale, storing and transport of such commodities in India or anywhere else in the world.
- (iv) To undertake promotion of exports, and to explore new markets for traditional items of export and develop exports of new items with a view to maintaining, diversifying and expanding the export trade.

#### (b) Ancillary objects

1. To establish different categories of business associates of the Company by enrolling institutions, organisations, associations, Industrial Units, trading concerns and individuals to such membership.
2. To give grants-in-aid, to advance money or loans and to arrange for and provide other facilities to such business associates.



3. To accept subscriptions, grants, gifts, aids, donations, whether in cash or otherwise or of any property either movable or immovable in furtherance of the objectives of the Company on such terms as may be expedient.
4. To sell, lease, exchange and otherwise transfer all or any properties of the Company.
5. To carry on any other business, whether trading or otherwise, which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the Company.
6. To accept and undertake the management of any endowment or trust funds having objects similar to the objects of the Company.
7. To invest funds or moneys entrusted to the Company in such securities and in such manner as may from time to time be determined by it.
8. To borrow or raise money which may be required for the purposes of the Company in such manner as the Company may think fit and in particular by the issue of promissory notes, bonds, debentures, bills of exchange or other obligations or securities of the Company or by mortgage or charge of Company's property.
9. To draw, make, accept, endorse and discount, promissory notes or other negotiable instruments for the purposes of the Company.
10. To create administrative, technical, ministerial and other posts under the Company and to make appointments thereto in accordance with the Rules and Regulations of the Company.
11. To undertake, facilitate, provide for the publication of newsletters, journals and books for the exposition of the objects of the Company.
12. To establish and maintain libraries and information services to facilitate the study of the industrial growth of India and of similar features relating to the objects of the Company.

13. To constitute or cause to be constituted regional centres at convenient places in India and abroad to promote the objectives of the Company.
14. To subscribe to any International Organisation having objects altogether or in part similar to those of the Company on such terms and conditions as the Company may deem fit.
15. To establish a provident fund and other funds for the benefit of the employees of the Company.
16. To make Rules and Regulations and Bye-laws for the conduct of the affairs of the Company and to add, to amend, vary or rescind them from time to time.
17. To do all such other lawful things as are conducive or incidental to the attainment of the above objects.

(c) *Other objects*

1. To undertake at the instance of the Union Government any trade or other activity connected with the above objectives.

2. To acquire by purchase, or otherwise, or take on lease any land or building, or construct any building in India or abroad, which may be considered necessary or convenient for the objects of the Company :

Provided that the Company shall not support with its funds, or endeavour to impose on, or procure to be observed by, its members or others any regulation or restriction which, if an object of the Company, would make it a Trade Union.

1.6 According to TFAI, its present activities are as follows :—

1. Organisation of Fairs and Exhibitions abroad and in India including specialised fairs.
2. Recommending release of foreign exchange to the trade and industry participating in overseas fairs, either through the TFAI or directly.
3. Approving international expositions organised by other Indian agencies in India or abroad and recommending temporary import of machinery and equipment for demonstration at the fairs thus organised.
4. Undertaking of Commercial Publicity for export promotion in the country and abroad.

5. Providing consultancy services for handling exhibition projects on behalf of Indian Trade and Industry, Government Organisations etc.
6. Undertaking turnkey projects in setting-up exhibitions and fairs abroad and in India on behalf of Trade and Industry in India, Government Organisations in India and abroad.
7. Undertaking construction projects within the Pragati Maidan Complex on behalf of Central Government Ministries, State Governments and Public Sector Undertakings for their participation in fairs/exhibitions held in Pragati Maidan.
8. Keeping Pragati Maidan open to the Public throughout the year, the running of cinema houses, cultural and drama shows, amusement park in the form of Appu Ghar, shopping complexes, the running of restaurants and inexpensive eating places etc.
9. To keep open throughout the year the Village Complex and Crafts Museum in Pragati Maidan which portrays India's past heritage, culture and rural crafts etc.
10. Setting up and maintaining permanent exhibitions like 'The Jawaharlal Nehru Pavilion', 'The Energy Pavilion', 'Indira's Vision', 'The Defence Pavilion' etc.

1.7 Asked how far TFAI as a unified agency has been successful in achieving the objectives, TFAI in its written reply has, *inter-alia* stated :

"....In respect of organisation of fairs and exhibitions abroad, the progress of TFAI can be judged from the fact that in the year 1980-81, it participated in 9 International Fairs in addition to 4 exclusive Indian Exhibitions. Since then, the number of fairs and exhibitions, being organised by TFAI abroad has been on the increase. In 1984-85, its participation was in 34 fairs in addition to 4 exclusive Indian Exhibitions. The number of exhibitors also increased from 727 in 1980-81 to 1588 in 1984-85. The business booked increased from Rs. 27 crores in 1980-81 to Rs. 367 crores in 1984-85. Similarly, there was increase in the actual area covered for display. In 1980-81 the total area utilised was 14,828 sq. mtrs. In 1984-85 this increased to 56,647 sq. mtrs.

With a view to bridge this communication gap relating to Indian achievements in industrial, economic and commercial fields

and to publicise Indian products in regions where our capabilities are not fully known, the TFAI organised exhibitions in Caracas (Venezuela), Bogota (Columbia), Lima (Peru), Hanoi (Vietnam), Gasablanca (Morocco), Bulwayo (Zimbabwe), Male (Seychelles) and Abidjan (Ivory Coast). TFAI was also instrumental in introducing non-traditional products to traditional markets like computer peripherals in GDR in addition to developing exports of traditional and non-traditional products to existing markets. Items like machine tools, textile machinery, agricultural and farming equipments, tractors diesel engines, pump sets, readymade garments, sports goods and a wide range of other light and medium goods in the engineering sector have found a sustained market in countries like Italy, Zimbabwe, Poland, Iran, Iraq, Syria, Romania, Turkey, Gulf countries, GDR, Libya, Singapore, France, USA, Australia, FRG etc . . . . The Authority has been, by and large successful in achieving the objectives."

1.8 The Committee pointed out that one of the main objectives of the organisation is to organise and undertake trading in commodities connected with or relating to exhibitions. Asked as to what steps have been taken to fulfil this objective, the representative of TFAI stated :

"When we set up the Trade Fair Authority of India, one of the objectives in the Articles of Association was to undertake the trading in commodities. We are comparatively a young organisation and hence we don't want to spread ourselves too much. Our primary and immediate objective is to master the technique of organising trade fairs in India and abroad so that it could result in diversification and expansion of trade. If we tried to achieve all objectives at once, then obviously it would not have been possible for us to perfect our own techniques in the real area of interest to organise trade fairs in India and abroad."

1.9 The Committee also pointed out that amongst the ancillary objectives listed in the Memorandum of Association there are two objectives, namely, to constitute regional centres and to establish libraries and information centres. Not much action seems to have been taken in this regard so far. When enquired about the difficulties faced by the Organisation in the pursuit of these two objectives, the representative of TFAI stated :

"The main thing is that we are still trying to perfect trade fair techniques. This is an activity which is increasing and is occupying us full time. We feel we are short, both of manpower as of the resources. Our immediate objective is to try to

organise fairs as professionally as possible . . . . We are now trying to concentrate on the basic objectives of improving and expanding our participation in trade fairs."

1.10 The Committee have notice that the Administrative Reforms Commission had recommended in October, 1967 that the Government should make a comprehensive and clear statement on the objectives and obligations of public undertakings. The broad objectives for the public sector were also spelt out in the Industrial Policy Statement which was laid before Parliament in December, 1977. The Government accepted this recommendations of the Administrative Reforms Commission and the Bureau of Public Enterprises issued instructions in 1970, which was reiterated in 1979, requiring every public undertaking to have its own objectives and obligations, the corporate plan and a clear understanding about what they are going to achieve. The objectives were required to be formulated by the individual undertaking and after approval by its Board, were also required to be approved by the Ministry.

1.11 The Committee enquired from the representative of Ministry, during his oral evidence, whether TFAI has fallen in line with the guidelines of BPE and whether the Ministry have specifically approved the objectives which the Trade Fair Authority of India has stated to have set for itself. The representative of the Ministry then stated :

"In the case of TFAI it is not necessary because it has got the objects already set. The objects are Government approved objects. . . . It is there in the memorandum of association."

1.12 When pointed out that all the undertakings are required to have Articles of Association or Memorandum of Association. Still under the BPE guidelines they have to formulate their own objectives and obligations, which should be approved by their Board and also by the administrative Ministry. This was also spelt out in the Industrial Policy Statement in December 1977 details of which must have been circulated by the Commerce Ministry to the undertakings under its administrative control. Thereupon, the witness stated :

"Yes, in fact, in preparation of the Committee meeting today. We had asked for the Circular and looked into it and I agree with the views expressed in it."

1.13 The Committee are informed that after the objectives of TFAI were laid down in 1976 at the time of its formation, the scope of its activities has widened and TFAI has assumed the nodal role for trade fair and exhibitions in India and abroad. The Committee are also informed that

TFAI can consider taking up the role of setting up exhibitions in different States and for providing professional management of fairs organised by them if the Central Government gives such a mandate. According to the TFAI, this role was not directly specified in the objectives framed in 1976.

1.14 Although the Trade Fair Authority of India was set up in 1977, its specific objections and obligations-economic, social and financial have not yet been formulated in details nor these have been specifically approved by Government. The Committee were also informed by the Ministry during their oral evidence that "in the case of TFAI, it is not necessary because it has got the objectives set . . . it is there in the Memorandum of Association. The Objectives are Government approved objectives." The Committee are not convinced of the Ministry's contention and are of the firm view that in terms of BPE guidelines issued in 1970 and 1979, it is incumbent upon all public undertakings to make out a comprehensive and clear statement of their objectives and obligations. Further, the statements of objectives and obligations formulated by enterprises should be specifically approved by their Board and ratified by administrative Ministries. The Committee also see no logic in the argument that since the objectives are given in the Memorandum of Association, these should be taken as Government approved objectives and need not be brought out in a separate statement. On the other hand, the Committee feel since all the Government Companies registered under the Companies Act are required to have a Memorandum of Association containing broad objectives but they are not precluded from the requirement of formulating detailed objectives and obligations and to get the same approved by their Boards and also by the Administrative Ministries. Clearly spelt out objectives will not only enable the Undertaking to know the areas of operation but will also enable the Government to evaluate on a realistic basis the performance of the organisation with reference to the approved objectives. The Committee, therefore, recommend that immediate action to bring out a comprehensive and clear statement of objectives and obligations of TFAI and also getting the same approved by the Board and by the Commerce Ministry is taken without any further delay. The Committee would also like to be apprised of the action taken in this behalf within six months of the presentation of their report.

1.15 The Committee also find that even during nine years of its formation, the TFAI has not made any significant progress in regard to the achievement of even those objectives for which it claims to have set for itself not to speak of the ancillary objectives or other objectives, as contained in the Memorandum of Association. In this connection, during oral evidence, when the Committee enquired from TFAI about the pro-

gress made with regard to the trading in commodities connected with exhibitions, which was one of their main objectives, the representative of TFAI admitted "we are comparatively a young organisation and hence we do not want to spread ourselves too much . . . we are still trying to perfect trade fair techniques. This is an activity which is increasing and is occupying us full time". In the light of these comments and also keeping in view the experience gained during all these years, the Committee recommend that objectives and obligations of the Company should be re-defined and the policies and programme to be pursued by TFAI spelt out clearly especially when its activities are stated to have been widened after its formation in 1976 and it has assumed the nodal role for the trade fairs and exhibitions

1.16 The Committee have also been informed that TFAI can consider taking up the role of setting up exhibitions in different States and for providing performance management of fairs organised by them if the Government gives such a mandate. This role according to TFAI was not directly specified when that organisation was formed. The Committee desire that while redefining objectives and obligations this aspect should also be looked into and specifically provided in objectives so as to provide firm basis to TFAI, rather than giving them ad hoc mandate, for holding exhibitions in the remotest areas of different States for creating awareness of the progress achieved by the country in different fields.

1.17 The Committee also desire that the Ministry should bring out a paper on the actual performance of the Company during 1977 to 1986 in fulfilment of its objectives and obligations and place the same before Parliament to enable members to assess the growth and activities of the Company on a realistic basis.

### *C. Corporate Plan/Perspective Plan*

#### *(i) Corporate Plan*

1.18 According to the Ministry of Commerce, TFAI has got what is known as a Perspective Plan for fairs abroad. This Perspective Plan is somewhat different from what is generally known as Corporate Plan because it does not give details of activities, manpower needed, financial outlays, income and expenditure projections etc. The Government have however requested TFAI to prepare a more comprehensive medium term plan of its proposed operations on the basis of which timely decisions could be taken.

#### *(ii) Perspective Plan*

1.19 According to TFAI, pursuant to the recognition of TFAI in 1981, as the nodal agency for organising national level participations in fairs and exhibitions abroad, a perspective plan for its activities in India and

abroad for 5 year period from 1983-84 to 1987-88 was drawn up in consultation with the Ministries of Commerce, External Affairs, concerned Indian Missions abroad as well as various EPCs|Commodity Boards. This Perspective Plan envisage yearly review one year in advance taking into account the economic, commercial and political development in India and abroad. According to the Perspective Plan, the world has been grouped into five regions having geo-political and geo-commercial contiguity for the purpose of market promotion through our events. Each of these regions comprises subregions. The pattern of participation has been determined in such a manner that no area with business potential is neglected. This plan provides for the holding of 77 fairs on an annual basis by the end of 1987-88. Emphasis is laid on participation in specialised fairs in developed countries like USA, West Europe, Australia and Japan.

1.20 The five regions into which the world has been grouped are :

(1) *America*

USA; Canada; Central America and South America.

(2) *West Europe*

EEC Countries; Scandinavian countries and all other countries of West Europe including Yugoslavia and Turkey.

(3) *West Asia/North Africa and the Rest of Africa*

West Asia; North Africa; West and Central Africa and East Africa.

(4) *South Asia/Far East & Australia*

Neighbouring countries like Nepal, Sri Lanka, Burma, Bangladesh and Pakistan; ASEAN Countries; Far East countries; Hongkong, Japan, Koreas, Taiwan, China and Vietnam; and Australia, New Zealand, Fiji and other Pacific islands.

(5) *Socialist Countries*

USSR; and Socialist countries in Europe.

1.21 According to the Ministry, the Perspective Plan also provides for organising one major exclusive Indian Exhibition like the Expos in one region each year by rotation. This exhibition is designed for the entire region and to reach large masses of end customers and potential buyers, the impact lasting over a 5-year period.

1.22 The necessity for India's projection, covering suitable technology and commodities, both at the macro and the micro levels, is also reported



to have been kept in view in formulating the plan. The pattern of over-all market projecting for Indian products over 5-year period is broadly as under :

- (i) One major exclusive Indian Exhibition (ranging between 10,000 sq. metres to 20,000 sq. metres) in one region each year by rotation so that the impact lasts there over a 5-year period;
- (ii) Exclusive Indian Exhibition (about 2,000 sq. metres) in each of the regions catering to specific sub-regions/countries within the coverage of that location;
- (iii) Participation in the most important specialised Fairs (about 500 sq. metres); and
- (iv) Participation in general fairs (500 sq. metres to 1,000 sq. metres).

1.23 The Perspective Plan is also reported to include the development of exhibition infrastructure as is available in Pragati Maidan, in various parts of the country depending of course on the initiative and financial support of concerned State Governments.

1.24 An International Fair for a period of 14 days has also been planned to be held in Pragati Maidan in the month of November every year.

1.25 The Public Accounts Committee (5th Lok Sabha) in their 197th Report on the working of Trade Fair Authority of India had, *inter alia*, recommended that Government should undertake long term programme planning preferably to synchronise with the country's Five Year Plans so that fairs/exhibitions could be more purposeful and efficient. When asked as to what action was taken by TFAI on the above recommendation of PAC, the TFAI stated in its written reply :

“The first 5-year perspective plan of TFAI was drawn up in 1982-83 to be effective from 1983-84. This plan envisaged a yearly review, one year in advance, taking into account the economic commercial and political developments in India and abroad. Each year's plan is reviewed in consultation with the chambers of commerce, trade associations, export promotion organisations, economic institutions and Indian Missions abroad. The revised plan is finally considered by the Exhibition Advisory Committee of the Ministry of Commerce which consists of officials of Ministries of Commerce, Industry, Finance, External

Affairs etc. The final plan is drawn up by the Exhibition Advisory Committee taking into account the national priorities and the requirements of the Five Year Plan. The TFAI is also recasting its perspective plan in consonance with the priorities laid down in the Seventh Five Year Plan for export promotion."

1.26 During oral evidence of TFAI, the Committee enquired whether any Corporate Plan synchronising with the Sixth or Seventh Five Year Plans, as per the BPE guidelines, was formulated, the representative of TFAI then stated :

"We looked upon ourselves basically as a service rather than as a trading concern. Therefore, we did not think in terms of a Corporate Plan."

1.27 When pointed out that even some Public Sector Service and Consultancy organizations have also formulated their Corporate Plans, the representative of TFAI then stated :

"A decision has already been reached to have this kind of a plan for our activities in India and abroad."

1.28 When enquired from the Commerce Ministry whether any Corporate Plan has been formulated by TFAI and submitted to Government, the Ministry in their written reply have stated that "TFAI has got what is known as a Perspective Plan for fairs abroad. This perspective plan is some what different from what is generally known as Corporate Plan because it does not give details of activities, man power needed, financial outlays, income and expenditure projections etc. The Government have, however, requested TFAI to prepare a more comprehensive medium term plan of its proposed operations on the basis of which timely decisions could be taken." The representative of the Commerce Ministry also admitted in oral evidence that "the kind of long range Corporate Planning we have not done."

The witness also added :—

"A corporate plan, as it is understood normally, should contain quite a lot of material regarding actual activities to be carried out by the organization. Over a period of time, it should have a reflection on the personnel and funding requirements, a projected income and expenditure statement, a profit and loss projection—all these put together normally constitute what is known as the corporate plan. As we have said in our reply,

TFAI has not so far prepared this. The nearest approach to this they have so far been able to make is a perspective plan. It is somewhat more limited, compared to the corporate plan."

1.29 The Committee are informed that TFAI being a service concern has not prepared a Corporate Plan. Instead, it has drawn a perspective plan for a five year period from 1983-84 to 1986-87 for finalising fairs and exhibitions in India and abroad. For this purpose the world has been grouped into five regions having geo-political and geo-commercial contiguity for the purpose of market promotion. It also provides for holding of 77 fairs on an annual basis by the end of 1987-88 with special emphasis on participation in specialised fairs in developed countries like USA, West Europe, Australia and Japan. The Plan also provides for organising one major exclusive Indian Exhibition like EXPOS in one region each year by rotation. The Trade Fair Authority of India is also reported to be recasting its perspective plan in consonance with the priorities laid down in the Seventh Plan for export promotion.

1.30 When the Committee pointed out that even some of public sector service and Consultancy Organisations had also formulated their Corporate Plan, the representative of Trade Fair Authority of India stated during evidence that, "The decision has already been reached to have this kind of plan for our activities in India and abroad." The Committee therefore emphasis the urgent need for formulating Corporate Plan and getting approved by Government to provide a more definite basis for planning its future activities.

## CHAPTER II

### PROGRAMME OF EXHIBITIONS|FAIRS—TARGETS AND ACHIEVEMENTS

#### (i) Foreign Exhibitions

2.1 The following table shows the number of exhibitions planned and actually organised/participated by TFAI abroad during 1980-81 to 1984-85 and also the business booked in these fairs|exhibitions is indicated as under :—

Year	International Fairs/Exhibitions		Business Booked (Rs. in crores)
	Planned	Actually organised	
1980-81 . . . . .	15	13	26.94
1981-82 . . . . .	18	14	12.34
1982-83 . . . . .	38	38	90.50
1983-84 . . . . .	47	42	71.90
1984-85 . . . . .	39	38	357.61

2.2 TFAI has informed the Committee that it did not fix any target for organising fairs and exhibitions for the years 1981-82 and 1982-83. The number of fairs to be organised/participated by TFAI abroad during these two years was decided by the Exhibition Advisory Committee of the Ministry of Commerce taking into account the availability of foreign exchange. However, the TFAI drew up its first Perspective Plan in 1982-83 and indicated therein, a target of organising 55 fairs in 1983-84 and 75 fairs in 1984-85. These targets were modified to 47 in 1983-84 and 39 in 1984-85 by the Exhibition Advisory Committee keeping in view the national priorities. The details of shortfall in the revised targets and the reasons therefor are indicated in Appendix I.

2.3 TFAI have also informed the Committee that during the 5 year period starting from 1980-81 to 1984-85, the TFAI made notable progress in its work abroad. In 1980-81, the TFAI organised participation in 9 International Fairs|Exhibitions in addition to setting up 4 exclusive Indian Exhibitions. As against this, in 1983-84, the TFAI organised participation in 38 International Fairs|Exhibitions in addition to setting up 4 exclusive Indian Exhibitions. One of the special features of the TFAI's foreign activities was participation in a larger number of specialised fairs which was partly responsible for the increased business at the fair.

2.4 When asked about the reasons for the wide variations in the business booked and fairs held/participated by TFAI during 1980-81 to 1984-85, the Company have stated in their written reply that :—

“Though the TFAI was set up as a national organisation to organise fairs and exhibitions, yet many other export promotion organisations were organising fairs and exhibitions in addition to TFAI. In the middle of 1981, the Government of India declared TFAI as the nodal agency for organising fairs and exhibitions and decided that all fairs and exhibitions should be coordinated by TFAI only. As a result, the number of fairs organised by TFAI increased from 14 in 1981 to 38 in 1982-83 and rose to 42 to 1983-84. In 1984-85 there was marginal decrease in the number but in that year the TFAI organised 2 jumbo exhibitions at Hannover and Moscow. The variation in business booked reflects the market condition from year to year.”

2.5 The Committee pointed out that in 1983-84 the number of fairs held abroad by TFAI was more as compared to those held in the year 1984-85 i.e. 42 as against 38 held in 1983-84. But the business booked in 1983-84 was much less (Rs. 71.90 crores) as compared to that booked in 1984-85 (viz. 357.61 crores). On enquiry about the reasons for this sudden spurt in business booked in 1984-85, the TFAI have stated in their written reply that “In this year they organised two Jumbo Exhibitions one at Hannover and the other at Moscow wherein business booked amounted to Rs. 20 crores and Rs. 98 crores respectively. In addition, there was also an increase in the business booked at Tehran International Fair, Baghdad International Fair and Semine du-Cuir Fair, Paris.” In this connection, the Committee drew the attention of TFAI to the recommendations of Public Accounts Committee, contained in their 197th Report (1975-76) wherein that Committee had emphasised that “more important than the figures of the business negotiated in International Fairs are the figures of firm contracts actually entered and the export effected”. The Committee, therefore, enquired as to how much business actually materialised as against the business booked as a result of the holding foreign exhibitions during 1981-82 to 1984-85. The TFAI have stated in their written reply :

“The role of the Trade Fair Authority of India is that of a catalyst. It helps to bring buyers and sellers together at exhibitions and fairs, so that they can discuss and finalise business.

The TFAI has attempted in the past to collect information from participating companies on the business materialised as

against the firm business booked by them at the fairs. Despite repeated follow-up with the participating companies, it has not been possible to obtain this information."

2.6 The Committee enquired on what considerations TFAI organised/participated in Exhibitions/Fairs abroad. The Chairman, TFAI during evidence stated :

"Every time the Government decides on participation in the Fair in foreign countries. They decide this point on the basis of not only from trade angle but from political angle also. .... Sometimes the Government decides that we should go to certain countries and take part in the exhibitions. .... The entire programme is chalked out in consultation with the Commerce Ministry. We do not do anything on our own. Ministry of Commerce is in turn advised by the Ministry of External Affairs. Various suggestions emanating from our embassies, visiting foreign dignitaries and so on are kept in view while taking a decision. ...."

2.7 In this connection, the Ministry of Commerce have also informed the Committee that while selecting the fair/exhibition, national priorities and availability of resources are taken into account. Export Promotion Councils, FIBO, FICCI, IIFI, TDA and Indian Missions abroad are also consulted from time to time in deciding on fairs and exhibitions. The Committee desired to know the break up of 38 fairs/exhibitions, which the TFAI organised/participated abroad during 1984-85 into the fairs organised/participated or political considerations and economic considerations. In reply, the Chairman, TFAI stated during evidence :—

"In all the fairs that we go, the ultimate intention is only to make business. For example we went to Kathmandu. It was a political decision to go there and it was a political fair. But there also we did a lot of business. All the Nepalis realised our potentiality for the first time. When they come here, usually they pay visits to two or three places. But there they saw our wide ranging things and got impressed."

2.8 The Committee enquired on what basis the decision is made between fairs organised on political considerations and those held on economic considerations and who decided finally, the Chairman of TFAI stated :—

"These decisions are not taken by one individual. There are Embassies. They go on making recommendations that in such and such country if an exclusive Indian exhibition is held, it

would be profitable. Most of the participation during the last year were not exclusively Indian exhibitions. Out of 38 fairs, only four or five were exclusively Indian exhibitions. Indian exhibitions in the Gulf countries, in France, in Moscow and in Havana are very big fairs. We also organised in Kathalumpur, in Nairobi, in Nigeria and in Saudi Arabia on economic objectives. The political considerations is only to that extent that we should go in a big way. Normally we would have gone just like we go to Iran because they are having an International fair organised every year. The international fair organisations don't exist everywhere; so we have to organise an exclusive Indian exhibition like the one we did in Kathmandu. For this the decision is taken at a very high level in the External Affairs Ministry and in the Commerce Ministry."

The witness also added :

"All countries do not participate in a big way. Some of them come because of our invitation and we call them as symbolic participation. In the International Fairs that we organise in Delhi about forty countries participate. But out of that only four or five countries will be participating seriously others are just symbolic participation..... Their External Affairs Ministry directs them to participate because so many VIPs will be coming. We also did the same thing in 1972. But today that is not the case with us. Our participation in most of the countries is with the intention of making business."

2.9 The Committee enquired when the Commerce Ministry or the Indian Embassy proposed that India should participate in an international fair held abroad, did TFAI consult business houses before participation or it was decided by TFAI on their own. The witness stated :

"We have a meeting with them. They get the reports from the Commerce counsellor from different Ministries and the Ministry of External Affairs and in the Committee we decide on this. Some time this year, they decided that we should go to Japan and we did it."

2.10 The Committee then pointed that when TFAI fully examined and studied the matter, why were certain fairs (5 in 1983-84 and 4 in 1984-85) in which TFAI had decided to participate were dropped due to poor response. The witness then stated :

"We advertise these fairs and we write to all the participants, prospective participants and we get their reply. If we discover at

- the last minute that the participation is going to be very poor, then we have no option but to cancel our programme. Otherwise, there will be a lot of wastage by way of foreign exchange. Our participation in the fair in Phillipines was cancelled because of the political situation there."

2.11 When the Committee further pointed that in their opinion the participants' cooperation for participation in the fair was not sought before taking a decision to hold these fairs, the witness replied "You may take it that way."

2.12 The Committee are also informed that in 1983-84 against 47 events approved by the Commerce Ministry, the TFAI implemented 42 events. The regions where the short-fall had occurred in relation to the targets laid down by the Exhibition Advisory Committee are indicated below :—

1983-84	Events approved by Ministry of Commerce	Events implemented
American Region	4	3
West Europe	20	18
WANA	9	9
South-East Asia	10	8
East Europe	4	4
	47	42

2.13 It has been brought to the notice of Committee that TFAI has evolved the concept of 'Jumbo fair' to be held every year in selected centres abroad. Each of these Jumbo fairs which will cover the whole geographic region, is expected to be a Comprehensive Promotional Campaign to project India and its export potential.

2.14 The TFAI have also stated that although the shortfall in the foreign events in 1984-85 was to the extent of four fairs, it organised two Jumbo exhibitions, one at Hannover and the other at Moscow.

2.15 The Committee desired to know as to why certain important fairs were dropped viz : (1) events in 1983-84 Indian Exhibition in Manila, (2) Technology for the people of Manila, (3) International Furniture Fair in Cologne, (4) Software Expo, Chicago and (5) International Carpet Fair, UK. In Committee's view TFAI did not make sincere efforts to ensure effective participation of Indian business community in all these fairs. Thereupon, the Chief Manager General of TFAI stated :—

"The basic problem is this. Where people are ready to export very easily and the economic and social conditions are fairly



stable, then it is easier to get the participation. But where we try to go to new countries or sometimes to the same country for a new commodity because we want to diversify exports, then the response may be poor. In that particular year the participation was poor due to many reasons. For example, in Manila there were some disturbances which were very widely publicised in our country and many participants felt that it was too risky a business."

2.16 During evidence when the Committee enquired about the reasons for dropping participation in certain International Fairs (as mentioned in the Appendix I), the representative of TFAI stated :

"It happens actually when we are unable to take part in the Fair because space is not available. But even then in such cases we have a reserved list approved by our Ministry and we take the approval keeping in mind the reserved list. But in this case, the participation was dropped due to lack of space and other reasons. Participation in the Leipzig Fair was dropped because of shortage of time..... We could not participate in the Leipzig Fair though both politically and economically it has been important for us."

2.17 When asked as to when and at what level the delay had occurred in taking a decision for participation in the Leipzig Fair, the Chairman of TFAI stated :

"It was a delay on the part of the Commerce Ministry. There was change of officers at different levels and they gave us only a few months. They also agreed that there was a very little time."

2.18 In this connection, the Committee confronted the Ministry on the point that the participation in the Leipzig Fair was dropped due to delay on the part of the Ministry, as pointed out by the TFAI during their oral evidence, the Ministry of Commerce in their written reply stated :—

"The Exhibition Advisory Committee of Ministry of Commerce in its meeting held in April 1980 had approved TFAI's participation in Leipzig Fair in September, 1981. However, in another review meeting of the Exhibition Advisory Committee held in February, 1981, it was decided that TFAI need not participate in the Leipzig Fair as it had been participating in this fair regularly for several years. The TFAI had again approached the Ministry of Commerce in October, 1981 for

permission for participation in the Leipzig Fair, which was not agreed to by the Ministry of Commerce as there was no change in the circumstances. The decision of Ministry of Commerce was communicated to TFAI in November, 1981. . . . . It was decided by Government that in view of the competing demands on the funds available, it was not necessary to participate in the Leipzig Fair in that year."

2.19 Later, during oral evidence, the Committee again enquired from the Ministry as to which version Ministry's or TFAI's about reasons for not participating, should be accepted by the Committee. Thereupon, the Additional Secretary of the Ministry stated that "we will review the file and give additional explanation, if any." Subsequently, in their post evidence written reply the Ministry have stated :

"The reply given to the COPU by the Ministry of Commerce is based on facts contained in the relevant file of the Ministry."

2.20 The Ministry are also reported to have not analysed specifically the reasons for the shortfall in the achievement of approved targets but by and large the shortfall according to them is due to change in the local conditions and non-availability of sufficient space and inadequate response of Indian trade and industry.

2.21 Asked as to whether any guidelines have been issued by Government to TFAI for holding exhibitions abroad so as to step up export of both manufactured and non-traditional goods. The Ministry of Commerce in their written reply have stated :—

"There are no standing guidelines as such except for financial arrangements. The Exhibition Advisory Committee with the concerned Territorial and Commodity divisions in the Commerce Ministry collectively advise TFAI in selecting the markets, events, and the products for display. . . . . Such collective advice is based on knowledge and insight available in commodity and Territorial Division."

2.22 It has been suggested to the Committee that the International Trade Fair should emerge gradually as a medium not only for promoting India's trade but also to channelise the growing bulk of our import requirement. It is with this realisation that foreign participants should come to take part more seriously by displaying those items which are required by India. While the development of external commerce is an important component of industrial progress, trade fairs had come to be recognised as an effective catalyst. In this connection TFAI have also admitted in a

written reply that the forum of IITF is not only for seeking fresh opportunities for our exports but also to facilitate import of required materials. Display in the national sector at the Fair is aimed at facilitating the export trade while the foreign participation seeks to meet Indian demand of imports. Our long term objective is to promote the IITF in the manner that a significant share of our export and import trade is routed through the fair to the extent practicable.

2.23 The Committee have observed that the Trade Fair Authority of India organised/participated in 13 fairs abroad in 1980-81. In 1981-82, it participated in 14 fairs. The TFAI also claims to have made a notable progress in its works abroad as its participation in fairs increased progressively to 38, 42 and 38, respectively in 1982-83, 1983-84 and 1984-85. No targets were reported to have been laid down for participation in fairs abroad in the years 1981-82 and 1982-83. During these two years, the number of fairs to be organised/participated was decided by the Exhibition Advisory Committee of Commerce Ministry. However, in 1982-83 the TFAI drew its first perspective plan according to which it fixed the targets of organising 55 fairs in 1983-84 and 75 fairs in 1984-85. These targets were, however scaled down to 47 and 39 respectively, by the Exhibition Advisory Committee. Even these modified targets were not in fact achieved. The main reasons for shortfall in the achievement of the targets are stated to be the poor response from the trade, shortage of time, national priority and non-availability of space and resources. The TFAI has also tried to justify the holding of lesser number of fairs in 1983-84 by the fact that they organised two Jumbo Exhibitions, one at Hannover and the other at Moscow wherein the business booked amounted to Rs. 20 crores and Rs. 98 crores, respectively. The Committee are not convinced by the reasons advanced by the TFAI for not fulfilling the targets fixed. According to them, these difficulties are not such as could not be tackled by proper advance planning. Furthermore, the holding of the two Jumbo fairs might have resulted in the spurt of business booked but certainly the figure of business negotiated in international fairs cannot be accepted as being the figure of firm contracts entered. Unfortunately, the TFAI could not furnish information with regard to business actually materialised as against the business booked and have admitted in their written reply that, "despite repeated follow-up with the participating companies, it has not been possible to obtain this information." The Committee regret to point out that in the absence of this vital information it is not possible to assess the success of the trade fairs in a realistic and meaningful manner in so far as trade promotion is concerned. In this connection, the Committee would also like to draw the attention of the Commerce Ministry to the recommendations of Public Accounts Committee contained in their 197th

Report (1975-76) wherein it has been clearly emphasised that "more important than the figures of business negotiated in International Fairs are the figures of firm contracts entered and the export effected." The Committee are not able to appreciate that even after ten years nothing has been done by the Government in this regard to compile and publish this information to enable an objective assessment being made of the impact of these trade fairs on our export-import trade. The Committee, therefore, desire that information about the firm business contracts entered as against the business booked in the trade fairs held both in India and abroad during the last five years should be collected and placed before Parliaments, so as to enable the members to judge the achievement of TFAI in its true perspective. The Committee also desire that the Government should issue instructions to all participating companies to compile in future the data of business actually effected and not order booked in trade fairs so as to have a proper insight of export prospects generated for the country in the areas where the fairs are held. The data so collected should be placed before Parliament annually.

2.24 The Committee also feel that in order to get a clear picture of the achievements of TFAI in organising fairs to promote exports, it is necessary to have commodity-wise and country-wise details of orders claimed to have been received at the fair. The Committee have their own feeling that most of the countries with which India has been able to increase export are rupee payment countries who under the trade arrangements send their representatives to scout India's exportable products towards the end of each year. In view of this, the credit for obtaining orders can hardly be given to TFAI fairs. The Committee recommend that TFAI should make an appraisal of the achievement of fairs organised by it in terms of orders received from non-rupee payment countries vis-a-vis other countries. The Committee are sure that the result of such an appraisal would not only be an eye-opener but may provide the legitimate ground for reorientation of the policy of organising trade fairs by TFAI.

2.25 The Committee are also concerned about the proposal of TFAI to organise a 'Jumbo Fair' in one geographical region every year. If good chunk of the available limited resources are spent on the so called jumbo fairs, the corresponding reduction in the number of other fairs would then become inevitable. Further, in Committee's view there are no set guidelines for distinguishing between a normal fair and a jumbo fair. Even then, if jumbo fairs yield better results in Committee's view TFAI should arrange only such fairs more frequently instead of going in for them only once

in a year. If the results are considered as the main criteria for selecting regions for these jumbo fairs, then West and East Asian countries and Africa should receive prime attention of TFAI in this regard.

2.26 During oral evidence of TFAI, the Committee were also informed that in 1981-82, the participation of India in Leipzig Fair had to be cancelled due to shortage of time though politically and economically the fair was important for the country. The approval of the Ministry for participation in this fair is reported to have been conveyed to TFAI very late. In this connection, the Chairman of TFAI admitted that "participation in Leipzig Fair was dropped because of shortage of time. . . . Delay was on the part of the Commerce Ministry. There was change of officers at different levels and they gave us only a few months." However, the Commerce Ministry have given a totally different version of the reasons for the non-participation of the country in this fair. According to them, their Exhibition Advisory Committee approved in April, 1980 the participation of TFAI in Leipzig fair to be held in September, 1981. But in the review meeting held in February, 1981 the Exhibition Advisory Committee again decided that TFAI should not participate in this fair as it has been participating in this fair regularly for several years. The TFAI is reported to have again approached the Ministry in October, 1981 for participation in Leipzig Fair in March 1982 which was not agreed to by the Ministry on the ground that "there was no change in the circumstances." Although the statement made by the Chairman of the TFAI before the Committee that participation was dropped because of shortage of time is not corroborated by the testimony of the Ministry, even then the Committee are not convinced of the reasons advanced by the Ministry of not allowing TFAI to participate in such an important world fair. The Committee feel that participation of TFAI in Leipzig Fair was dropped because of the shortage of time and vacillation and delay on the part of the Ministry to decide the matter. The Committee, therefore, desire that the whole matter should be gone into thoroughly to assess whether the decision not to permit the TFAI to participate in the Leipzig Fair which was important for the country politically and economically, was really sound and if not, at what level responsibility should be fixed for such an erroneous decision.

2.27 It has also been brought to the notice of the Committee that the trade fairs are an important tool for export promotion in the world over. This promotional tool has a special significance for our country because of a vast information gap that exists between exporters and overseas buyers. India's export potential is hardly known outside the country, especially in manufactured products, turnkey projects and consultancy. The exporters who have participated in the foreign trade fairs and displayed their goods

are reported to have expressed common grievance that the fairs have rarely yielded any worthwhile export business. In Committee's view, this is a case of failure of publicity drive by TFAI. The Committee suggest that the plan for exhibitions should be coordinated with the country's export marketing strategy for the products because a trade fair is not a complete promotional instrument by itself. It has to be dovetailed into other marketing plans. The trade fair may be a flop unless it is accompanied by a systematic advertisement campaign in the mass media. In this connection, the Committee need hardly emphasize that a planned approach for organising the trade fairs abroad is the key to their success.

2.28 The Committee are, however, glad to note that TFAI has now drawn up a five year perspective plan for India's participation in commercial trade fairs abroad. This advance information on future fairs would certainly help the exporters to plan the display of their goods on a long term basis and choose the most advantageous events and make advance preparation for participation therein.

(ii) *India International Trade Fairs (IITFs)*

2.29 The Committee have been informed that the Trade Fair Authority of India have been organising an International Fair annually at Pragati Maidan in Delhi. TFAI is also reported to have organised 4 successive International Fairs from 1980-81 to 1984-85 at Pragati Maidan. The Committee have been informed that the success of these fairs can be judged from the fact that the business generated increased from Rs. 500 crores in 1980-81 to Rs. 1200 crores in 1984-85. Similarly, it is claimed that there has been an increase in the space rent received from the exhibitors. In 1981-82 the total rent was Rs. 2.05 crores. As against this, the rent in 1984-85 went upto Rs. 2.59 crores. The figures of participation and business generated in such International Fairs organised during 1981-82 to 1984-85 as furnished to the Committee are given in the following table :

Year	India International Trade Fair Participation		Business Generated (Rs. in crores)
	National Sector*	Foreign Sector**	
1981-82	103	64	500
1982-83	91	43	1300
1983-84	132	47	1100
1984-85	89	45	1200

\*In addition to the National Sector (State Pavilions) a large number of companies from the small scale sector were represented.

\*\*In addition in foreign pavilions of country level a large number of companies were represented (79 in 1983 and 297 in 1984).

2.20 During evidence, the Committee pointed out that in the India International Trade Fair held in 1982-83, there was a shortfall in the participation of foreign sector. When asked about the reasons therefor, the representative of TFAI stated :

“There were certain difficulties in between. They wanted more facilities. We had taken up this matter in the last couple of years with the Government and the Government had given us the increased facilities and the people are bringing more and more goods. This year the result is that there is an increase in the foreign sector. . . . . We have solved the problems about customs clearance etc. Now it is announced that further help will be available. This year, right now we have started getting the requests at a very high level.”

2.31 The number of participation in the foreign sector was 64 in 1981-82 but it came down to 43 in 1982-83 and 45 in 1984-85. When the Committee enquired about the reasons for the reduced participation in the foreign sector, the witness stated :

“In the beginning we had to visit many of these countries. In 1981-82 I had to go to 38 countries with letters addressed to their Presidents to give us business because it was not known to them at that time. In 1981 it had become a regular event. Now, without our writing we have already received responses from 22 countries. It is very very encouraging and we hope that in the coming years our fairs will become a very improved event. More and more countries will come and more and more business will be transacted.”

2.32 The Committee pointed out that in view of wide trade gap, as was also pointed out by our Prime Minister, accelerated efforts had to be made to bridge the gap. Thereupon, the witness stated :

“I hope you will emphasize one fact. We should attract more and more countries to come to our fairs. Many of the countries come only to please us. They reserve 50 sq. metres of space; but no business is transacted. In the exhibition in F.R.G. our goods attracted people from many countries and they were very effective. Whatever goods were taken there were all sold out. Now, in regard to electronics goods, they showed interest. I went there myself last year when our country took part in the exhibitions. I am convinced that we have to change the pattern. This year we have changed the pattern

of exhibition. For the first four days, the exhibition of various items of our products will be shown exclusively for the business parties and no visitors would be allowed these four days."

Continuing, the Chief General Manager of TFAI stated :

"In regard to the business, the real index of success of the fair is the number of participants from abroad, the business that was generated and the number of companies that are participating in the exhibition."

2.33 When pointed out that business instead of being increased could have in fact declined, the witness admitted "that is also true. The fact is that business has not been increasing in some cases."

2.34 Asked as to how much business was generated by the foreign countries participation, the Chairman of TFAI stated that "the number of countries that participated in the fair is not as per our expectation because of very inadequate kind of contracts with the foreign countries."

2.35 It has been brought to the notice of the Committee that foreign participation in trade fairs these days is not so widespread as one would desire it to be. The participation is mainly from EEC and East European Block. Participation from South-East Asia and Africa has been on a low key. Important countries like USA, UK, France, West Germany and China have been ignoring TFAI fairs. Asked as to what steps had been taken to ensure effective participation by those who were at present ignoring trade fairs, the TFAI have stated in written reply :

"While it is not basically true to say that any country is ignoring Trade Fairs of TFAI, the Authority is constantly in touch with our Missions abroad and foreign Missions in India to prevail upon the respective Governments and business circles to take part in our Fairs. TFAI also approaches foreign companies directly for participation in the Fair."

2.36 Explaining the wide variations in participation by National Sector and Foreign Sector in IITFs during 1981-82 to 1984-85, the TFAI have in a written note stated :—

"The National Sector of IITFs comprises State Governments| Union Territories, Central Ministries|Public Sector Undertakings and private enterprises whereas the foreign sector mainly constitutes participation at National level with some of the private foreign firms participating independently. This



explains the reason for variation in the number of participants in the national and foreign sectors. It is expected that with the passage of time, response in the foreign sector at the company level will increase apart from participation at the country level."

2.37 As regards participation of both National and Foreign Sectors in IITF held in November, 1985, the Committee have been informed that 32 foreign Governments and 21 foreign companies participated. The National Sector at the Fair was represented by 26 State Governments| Union Territories, 19 Ministries|Departments, 13 Public Sector Undertakings and 21 Private firms. In addition, in foreign pavilions at the country level a large number of foreign companies (373) were represented. Similarly in the National Sector also a large number of companies from the small scale sector were represented.

2.38 Asked whether TFAI approached the Ministries to ensure increased participation of Public Undertakings under them in the Trade Fairs to popularise the Indian products abroad, the Chairman of TFAI stated :

"Certainly, we have been approaching the various Ministries and as I said we request them to ask their public sector undertakings to participate in all these fairs. In the last three or four years we had even held some fairs exclusively for public undertakings for popularising Indian products abroad. We may take some little steps, but we are holding exhibitions to popularise our Indian exhibits, exclusively."

2.39 When asked about the difficulties, if any, faced by foreign participants the Commerce Secretary stated in evidence :

"We do receive suggestions from the participants, from those who come and participate here. Usually what happens is that the Chairman holds a meeting with the representatives of the Missions in Delhi inviting them to participate. If they have any suggestions, they put forward. It is not an one-time exercise. They have made suggestions from time to time about, for instance, the facilities to sell the machinery which they bring here and so many other things..... As a result of the feedback from the participants, changes in import and export policy and the customs procedure have been received from time to time. Suggestions have been received from time to time and in many cases have been implemented. There are some other suggestions which are still pending. So, this kind of inter-action has been going on."

2.40 The Committee suggested that before deciding the trade fairs programme for the next year, Government should consult Export Promotion Councils and leading business houses to make the fairs more effective and purposeful. In a written reply the Ministry of Commerce have informed the Committee that :—

“Such consultation is necessary and useful. Government does consult Export Promotion Councils while deciding on fairs and exhibitions to be organised by TFAI abroad. The Federation of Indian Chambers of Commerce and Industry, which represents the industrial and business houses and the Federation of Indian Export Organisations, which represents export houses, are consulted. It may not however be possible for Government to consult individual business houses but there should be no difficulty in consulting trade/business leaders collectively.”

2.41 It was brought to the notice of the Committee that industrial giants of the country such as Birlas, Tatas, Goenkas, etc. who have protected market at home were not interested in taking part in foreign trade fairs. They also exhibited only second and third rate goods and thereby it was not possible to show the best of India. When the Committee enquired the reasons for non-participation of industrial giants, the TFAI in a written note have stated :

“One of the reasons for non-participation by large industrial houses on an effective scale is the sheltered domestic market. These houses seem to feel that those of their products which are earmarked for export are either well-established in the foreign markets or do not require publicity through the medium of fairs and exhibitions.”

2.42 In this connection, the Ministry of Commerce in their written note have also admitted that :

“It is true that some of the leading industrial companies in India have not shown sufficient interest in participating in our fairs abroad. A display of India's export capabilities which is not complete has adverse effects from points of view of our business, image and impact.”

2.43 When asked as to what efforts were made by the Ministry to solicit increased participation of industrial houses in International Trade Fairs, the Additional Secretary of Commerce Ministry, during his oral evidence stated :

“Sometime back it came to our notice. There was a reference from TFAI to us saying that we should increase the participation. The Ministry of Commerce convened a meeting in which

several leading representatives of Industry and trade were invited. The Commerce Secretary himself took the meeting. During discussions we identified certain areas for increasing the participation. By and large they were saying the following points :

- I. There are procedural aspects of customs and transportation regulations etc. They need to be simplified, so that they can carry the goods abroad and bring them back easily.
- II. The fairs, when planned, if intimated well ahead of time and sufficient publicity is organised in foreign countries, then, it is worthwhile for the big industrial houses to spend money to go there. Because when they go, they will have to invest substantial amount, they will take heavy equipment. So they want to make name and also transport business, if possible immediately or a little later. The point that was made by the business representatives was that they wanted better and advance planning so that they can organise better.
- III. They emphasised the need for specialised fairs in relation to general fairs. As you know, the trade fairs particularly which are of general nature do not fetch them much business. They emphasised that in our country the specialised fairs will attract many of the specialised industries to come and promote their business.

We have taken note of all these points. In the Ministry we are trying to work out methods by which all these things are complied with as early as possible. In fact, we do feel in the Ministry that if we can keep this kind of dialogue going more number of times every year, we will know more about what the private industry wants and accordingly we can act. In the meeting we impressed upon the representatives that participation abroad should be seen as something which is good for the country as a whole."

2.44 On enquiry as to what steps have been taken to simplify the procedure for custom clearance etc. so as to make the participation of foreign exhibitors attractive, TFAI have stated in a written reply that :

"To facilitate and encourage foreign participants in the IITFs, it was proposed to provide special facilities such as temporary import of exhibits, free of customs duty, on the spot clearance of exhibits, procedural simplification regarding the sale of their products, enhancement of Fair Quota and waiving of

Bank Guarantee. Accordingly, the matter was taken up at appropriate levels with the concerned Ministries and it was decided to offer the following facilities—

The Fair Quota entitlement of country level participation which was subject to a maximum of Rs. 50 lakhs was raised to a maximum limit of Rs. 1.50 crores. Similarly for the Foreign Company level participation, the rates of Fair Quota were increased from Rs. 1500 per sq. mtr. to Rs. 3000 per sq. mtr. of space booked subject to a maximum limit of Rs. 25 lakhs as against Rs. 15 lakhs earlier.”

2.45 In this connection, the Commerce Secretary, during his oral evidence, also informed the Committee that :—

“These matters are still under discussion with the Department of Revenue, Customs Authorities and the Chief Controller. Some of them have been implemented. For example, instructions have been issued by the Central Board of Excise and Customs to the collectors of customs that they will undertake only random check of 10 per cent of the samples which they bring back after exhibiting them abroad. TFAI was given a special monogram which would facilitate easy recognition. Similarly the question whether the consignments which are to be air-freighted by TFAI can be cleared at Pragati Maidan itself, is under reference to the Central Board of Excise and Customs. So, various proposals are at different stages of implementation.”

The witness added :—

“The authority to decide the rules, and the one to implement the rules are different. One is the Customs, and the other CCI&E; then there is the Exchange Control function, in which the Department of Economic Affairs is involved. We have also decided this year that foreign participation will be in the form of foreign exchange only. But the facility of clearance in TFAI itself has not been decided upon.”

2.46 When again asked as to how long the matter was pending decision, the witness stated that this was discussed on 1st May in a meeting with the customs officials. Since then the matter has been examined. We expect a decision to be taken in the near future.

2.47 The Committee pointed out that big monopolists were not participating in international exhibition because of rigidity of rules and proce-

dural difficulties. If this deadlock cannot be resolved then what for TFAI was there, the witness then stated :—

“So far as our domestic terms are concerned, they are somewhat different as between the participants in fairs abroad and participants in the India International Trade Fair in the Pragati Maidan. While it is true that the response to the Indian International Trade Fair at Pragati Maidan from larger industrial establishments has not been what we would have liked it to be, but so far as trade fairs abroad are concerned, they may not be participating as a house; but if it is an engineering fair, then their engineering unit is participating and so on.”

The witness added :—

“But in an International Trade Fair which is held in Pragati Maidan Indian firms are associated. The Exporting community has been asked by us already why the participation of Indian firms and the response of the firms was not encouraging. They gave some suggestions. For example one of the suggestions given by them is that instead of having a general exhibition, it will be better if there is accent on some theme so that the manufacturers of those products could come forward and display their equipment because they are interested in getting sales orders and exporting their products to particular areas. This we have decided to implement in the India International Trade Fairs. . . . . Now, another suggestion which they have made was that we should try to evolve a long term plan. It is something which will help the firms in earmarking their goods for promotional activities. For this we already have a three-year programme. Then of course you refer to the problems of customs duties to be paid when the exhibits are brought back, of course they are engaging the attention of the Central Government and we are having customs authorities on the committees.”

2.48 Asked whether any guidelines in this regard were issued by the Ministry, the witness stated :

“We have not given any guidelines. But we have requested them. we are trying to simplify the procedures which are troubling them to the extent possible in consultation with the Finance Ministry and also the State Government., so that procedural aspects become a little better for them.”

**2.49 As regards simplification of procedures, the witness stated :**

"I have held a meeting with the representatives of the Federation of Indian Export Organisations, with Indian Engineering Association, Export Promotion Councils, FICCI and other representatives in February 1986 and they had given a number of suggestions as to what action could be taken in order to facilitate the participation by industrial houses and domestic industries.....These matters are still under discussion with the Department of Revenue, Customs Authorities and the Chief Controller. Some of them have been implemented. For example, instructions have been issued by the Central Board of Excise and Customs to the collectors of customs that they will undertake only random check of 10 per cent of the samples which they bring back after exhibiting them abroad. TFAI was given a special monogram which would facilitate easy recognition. Similarly the question whether the consignments which are to be air-freighted by TFAI can be cleared at Pragati Maidan itself, is under reference to the Central Board of Excise and Customs. So, various proposals are at different stages of implementation."

**2.50 The Committee note that TFAI is organising India International Trade Fair (IITF) annually at Pragati Maidan. It has organised four successive such fairs from 1980-81 to 1984-85. But the participation therein of both national and foreign sectors has been far from satisfactory. In fact, the participation of national sector declined from 103 in 1981-82 to 89 in 1984-85. The participation of foreign sector also came down from 64 in 1981-82 to 45 in 1984-85. The TFAI has, however, claimed success of these fairs, as according to it, the business generated as increased from Rs. 500 crores in 1981-82 to 1200 crores in 1984-85. The Committee have already given their comments earlier in this report that the success of the fairs organised can be judged only from the business materialised and not from the business booked as a good chunk of business booked may not actually materialise. Accordingly, the Committee have desired TFAI to collect and place before Parliament the information with regard to the value of the business actually materialised in the fairs organised by it both in India and abroad during the last five years.**

**2.51 The Committee note that the participation in the India International Trade Fair by some of the western countries like UK, France, USA etc. had been at a low key. In this connection, the Chairman of TFAI has also admitted that "USA and UK do not come to our fairs. Many of the countries come only to please us. The number of countries participated in**

India International Fair is not as per our expectation because of very inadequate contacts with the foreign countries." The Committee feel that IITF should provide a forum for business men all over the world to get together for exchange information about trade. The Committee recommend that in order to attract larger number of participants, TFAI should widely publicise these fairs among the business circles the world over so as to create a better understanding between buyers and sellers. The efforts in this regard should not be restricted to EEC and East European Block countries only such sustained efforts should also precede the actual fair by having a constant dialogue with our missions abroad and foreign missions in India so that the international fair proves more fruitful when it is actually held.

2.52 The Committee also feel that India International Fair should emerge as a medium not only the growing India's but also as a channel for the growing bulk of our import of requirements. With this realisation the foreign participants should be encouraged to display those items which are required in our country. Our long term objective should be to promote IITF in such a manner that a significant share of our export and import trade is routed through the trade fairs.

2.53 The Committee are sorry to note that the response of Indian private industry has not been adequate specially from the large industrial houses which did not feel the necessity of exposing their products in these fairs because of their sheltered domestic markets. The Committee recommend that to enlist the support and cooperation of business houses for their participation in these fairs, the Ministry should arrange regular meetings with the business houses at regular intervals with a view to identify their problems/difficulties and finding a solution thereto. The Committee also desire that a consolidated list of fairs to be held in the year in which Indian industries are expected to participate should also be placed and discussed in such meetings. The Committee feel that such an arrangement in future will provide the necessary democratic process of decision making and will also provide an opportunity to the participants to place their difficulties, if any, Government should also consider ways and means to make the participation by export promotion councils and business houses mandatory once they had agreed to the list of fairs to be organised in the year.

2.54 The Committee have also noticed that public sector undertakings are also not participating in the fairs in the effective manner as one would desire them to do. The Committee, therefore, desire that in order to increase participation of Public Sector Undertakings, the Government should issue instructions to all the Ministries directing them to instruct the public undertakings under their administrative control to participate in trade fairs

in an effective and meaningful way to project the industrial strides made by country in the various fields and thereby help in boosting the exports of Indian goods.

2.55 The Committee have observed that many developed countries like U.S.A. and the U.K. do not effectively participate in the fairs organised by TFAI. This, according to TFAI is due to the fact that many Government agencies and public sector organisations invariably send their purchasing delegations to developed countries even if they do not take part in the fairs. Furthermore, the lukewarm response in participation in the Indian fairs received from many European and developed countries is also reported to be due to the Governments policy of sending regularly purchase missions to these individual countries. The Committee apprehend that this not only narrows down the range of products choice to one country, but also may provide a scope for such delegations managing to get commission money when finalising the import deals. The Committee, therefore, recommend that the Government should issue instructions that the import needs by Government Departments and public sector undertakings should be met, as far as possible, from the annual trade exhibitions held in the country where a large number of leading world exporters participate and a wider choice of purchase can be exercised with less efforts.

2.56 The Committee are informed that Indian exhibitors participating in fairs held abroad are required to pay countervailing duties on re-import of exhibits after the fair is over. It has been pleaded that the participants should be allowed to bring back their goods to their factories and warehouses without the payment of any duties and when the goods are taken out for sale within the country only then such duties should be charged. In this connection, the Commerce Secretary has informed the Committee during his evidence that the matter was being discussed with the Revenue Authorities and also in the inter-Ministerial discussion. It was last discussed in May, 1986 but the Revenue Authorities were reported to be not in favour to change the existing regulations. The Committee recommend that the procedural aspect of the customs and transportation regulations should be sorted out without any further delay and the regulations be simplified so that participants can carry the goods abroad and bring them back without facing the present difficulties. While deciding this issue, the Government should also bear in mind the practice obtaining in this regard in other developing and developed countries.

2.57 The Committee are surprised to note that besides TFAI, Trade Development Authority and Export Promotion Councils (EPCs) are also engaged in promoting trade through the medium of fairs. According to the Ministry, the Trade Development Authority is meant for merely business



activities and to provide services at micro level. EPCs by virtue of their greater experience in particular commodities are allowed to participate, if the Government consider that their participation would be more effective. When asked as to why even after the setting up of TFAI we should continue to have EPCs, the representative of the Ministry inter alia stated that "our objective is to get the best returns in terms of that particular exhibition." When pointed out that there was no demarcation between the functions of TFAI and EPCs, the witness admitted that, "it was so in the sense that one is not excluded from the other. There is no rigidity and no clear-out demarcation." The Committee feel that the very purpose of setting up of TFAI as the nodal agency for organising trade fairs has not been achieved and the activities of TFAI, Trade Development Authority and Export Promotion Councils are not coordinated properly at present by any agency, resulting in the duplication of activities and wastage of resources in arranging the trade fairs. To avoid this, the Committee recommend that the Government should consider the feasibility of bringing Trade Development Authority and Export Promotion Councils within the framework of TFAI, so far as the organising of trade fairs activities are concerned.

(iii) *Specialised Fairs in India*

2.58 According to TFAI, specialised fairs are being organised at Pragati Maidan from 1980-81 onwards. In 1980-81, 5 such fairs were held at Pragati Maidan and the space rent with a package of facilities amounted to Rs. 33.35 lakhs. The total business generated at these fairs was Rs. 340.61 lakhs. The number of specialised fairs organised at Pragati Maidan since then has steadily increased. In 1984-85 there were 8 specialised fairs. The space rent increased to Rs. 63.00 lakhs and the business to Rs. 829.89 lakhs. The business figures indicated above do not include the business done at the fairs organised by various other organisations at Pragati Maidan for which only infrastructural facilities were provided by the TFAI. A year-wise picture of the specialised commodity fairs held in Pragati Maidan is as under :—

Year	No. of fairs organised by TFAI	No. of fairs organised by other agencies.	Total	Business generated
				Rs. (Lakhs)
1980-81 . . . . .	3	2	5	340.61
1981-82 . . . . .	4	3	7	142.67
1982-83 . . . . .	6	3	9	66.81
1983-84 . . . . .	4	3	7	26.17
1984-85 . . . . .	3	5	8	829.89

2.59 TFAI has also stated that the business reported from the above events related only to the fairs organised by them. As regards the business generated at fairs organised by other agencies, TFAI has had no information. Further, the business reported at the TFAI fairs was predominantly in relation to on-the-spot sales, the participants did not invariably report details of their business success in regard to orders booked/negotiated. Some of the events organised by TFAI (for example Helping the Handicapped Fair, Electronic Exhibition etc.) were essentially image promotional and educative in nature and there was not much of commercial angle. In view of these reasons, the figures of business generated during 1981-82 to 1983-84 witnessed a decrease.

2.60 When asked about the constraints in regard to holding of specialised fairs and steps taken to overcome them, the TFAI stated :

“The participation at the fairs in Pragati Maidan was mostly confined to the national sector that too in the small scale and medium industries. Encouraged by the initial experiments that were done to organise such fairs, TFAI has now plans to conduct commodity fairs on an international level. A beginning was made in January 1985 with the International Food Exhibition called “Ahara” with excellent business results. This fair was again organised in January 1986. Also an International Leather Fair was organised in February, 1986 in Madras. Certain constraints such as inadequate availability of funds to facilitate more effective publicity, visits of buying delegations and better facilities required by the participants from abroad are sought to be overcome by increasing income from various sources, since the intention is to organise these fairs on self-financing basis eventually.”

2.61 TFAI has informed the Committee that it has plans not only to increase the number of specialised fairs in Pragati Maidan but it is also considering to organise such specialised fairs in other parts of the country keeping in view the export potentials of specific products in the region concerned e.g. Spices Fair in Kerala, Jute Manufacturers Fair in West Bengal, Industrial Machinery Fair in Maharashtra and Carpet Fair in J&K. Already, TFAI has organised a Food Expo (Ahara), a Carpet Fair and a Leather Fair (Madras) and more such fairs with larger foreign participation will be held for specific products of export potential such as Electronics, Sports Goods, Books & Other Publications, Furniture and Furnishings, etc. In addition, TFAI is examining the possibility of enabling more and more outside agencies to organise their fairs in Pragati Maidan.

2.62 The Committee are informed that TFAI is organising specialised fairs from 1980-81 onwards both within and outside the country. The Committee find that much progress does not appear to have been made in this regard as the number of such fairs organised by TFAI has ranged only from 3 to 4 a year. The Committee need hardly emphasise the importance of organising specialised fairs as against the general fairs which normally do not fetch much business. The specialised fairs also help the local, small and medium scale industries to explore their products at an international level which otherwise, would not be possible for them due to various constraints. The Committee, therefore recommend that specialised fairs should be made a regular feature in the future plan of TFAI and these should be organised on an international scale in all parts of the country especially in the State capitals. Wide publicity to these fairs should also be given through the media like newspapers, TV, Radio, and also through the various publications brought out by TFAI.

2.63 It has been suggested that TFAI should reassess the impact of India's participation in trade fairs abroad so as to make an honest judgement about the value of fairs organised by TFAI. If necessary a market research agency like the Indian Institute of Foreign Trade should be asked to carry out a cost benefit study of the fairs in which India has participated during the last 10 years. On enquiry about the mechanism followed by TFAI to evaluate the impact of trade fairs organised by it in India and abroad, the TFAI have stated in a written note :—

“In order to assess the usefulness of participation in fairs and exhibitions, a system of evaluating the performance at fairs/exhibitions has been introduced in TFAI. Under this system, a detailed proforma seeking information on various aspects of exhibition, participation arrangements, business results, market potential and follow up action required is sought. Each Project Officer is required to furnish information in this proforma to the Marketing Research Unit. The information furnished by the Project Officers is analysed and exhibition discussions are held between the officers planning the exhibition and the Exhibition Team deputed abroad. Based on the analysis, a decision is taken within the organisation whether any improvements are required in future participation or the participation is to be dropped. This analysis is considered to be a continuous guiding factor.”

2.64 During evidence when the committee enquired whether any cost-benefit study of the fairs organised by TFAI has been undertaken by any market research agency, the representative of TFAI stated :—

“We had some discussions. Since we are not manufacturing any thing we cannot have cost-benefit study in its classic sense. We

are trying to ensure cost-effectiveness in several ways. I think it is much easier for us to keep on improving our cost effectiveness."

2.65 In this connection, the Ministry of Commerce in a written note stated that :—

"No cost benefit study had been made so far by a Market Research Agency. As a one time exercise this might be difficult and time consuming. Cost effectiveness should be continuously reviewed by professional group within the TFAI. ....The specialised nature of activities of TFAI and the international environment were such that good results can accrue if TFAI developed a strong internal performance audit system."

2.66 The Ministry of Commerce have also informed that a Committee headed by Shri Abid Hussain was set up in February, 1986 in pursuance of the Report of the Committee on Trade Policies, to review the growth, functions and work performance of these agencies with reference to the objectives assigned to them ; identify the weakness, suggest suitable measures etc. The Committee has not submitted its report as yet.\* The time was extended upto the end of September, 1986 but two of its officers got transferred. A considerable amount of work had been done already.

2.67 The Committee enquired whether the Government had made any appraisal of the achievement of trade fairs in terms of orders received so as to make an accurate judgement of the values and outcome of fairs organised by TFAI. The Commerce Ministry have informed the Committee that—

"The Government evaluates from time to time the effectiveness of participation in Trade Fairs. However, such appraisal cannot attempt or be based on a direct link between effectiveness of a fair and the enquiries generated and orders reported to have been booked. There are several other criteria such as the views of the Indian Missions concerned, the reports received from the participating companies and visitors to the fair, the interest on the part of the participants to go back to the same fair in the following year, the trend of export of commodities displayed in the fair etc."

---

\*At the time of factual verification Ministry of Commerce informed that the Committee has since submitted its report.

2.68 When pointed out that no meaningful evaluation of the activities of TFAI has taken place since its inception, the Commerce Secretary stated in his oral evidence :—

“I would say that TFAI has succeeded in establishing India and Indian products, and bringing them before the industry and trade in various parts of the world. But I cannot quantify it mathematically. Our participation in Fairs in various parts of the world has certainly made the business community and the consuming public in those areas conscious of our capabilities. In many cases it has led to direct business also.”

2.69 The Committee find that no cost-benefit study has been undertaken so far to assess the usefulness of fairs and exhibitions organised abroad by TFAI. However, according to TFAI, a proforma has been evolved wherein detailed information is sought on various aspects of exhibitions, participation arrangement, business results, market potentials and follow up action etc. Accordingly, each Project Officer in TFAI is required to furnish information to the Marketing Research Unit. Information is then analysed and discussions are held between officers planning the exhibition and the Exhibition Team deputed abroad. A decision is then taken within the organization whether any improvements are required in future or the participation is to be dropped. In this connection, the Commerce Ministry have also stated that by virtue of specialised nature of activities of TFAI and international environment, good results can accrue if TFAI developed a strong internal performance audit system.

2.70 The Committee are not satisfied with the internal evaluation system being followed at present in TFAI as a substitute to the cost benefit study. The Committee are of the view that TFAI cannot be the judge of its own performance. The performance of an organisation has to be evaluated by an independent outside agency free from any pulls and pressures so as to have an unbiased and realistic report on its achievements. The Committee recommend that Planning Commission should examine the feasibility of carrying out an economic cost-benefit analysis of the fairs organised by the TFAI. If found feasible such an analysis should be undertaken for the fairs organised by TFAI during the last 10 years and the outcome reported to the Committee. Incidentally, the Committee would like to be informed of the findings of the Abid Hussain Committee which inter alia, reviewed the growth and performance of TFAI

**CHAPTER III**  
**PRAGATI MAIDAN COMPLEX**

**A. Pragati Maidan Complex**

3.1 In order to facilitate the organisation of domestic fairs the Pragati Maidan Complex, covering an area of 128 acres, was leased out to the Authority on a nominal rent of Re. 1/- per annum with the provision that the Authority will bear all maintenance costs. It was also then stipulated that the leasing of the Complex at Re. 1 per annum would initially be for a period of 5 years and thereafter the matter would be reviewed. According to TFAI, the initial period of 5 years' lease expired on December 30, 1981. The review which was initiated in November 1980 was still in progress.

3.2 When the Committee wanted to know as to whether the lease of Pragati Maidan has since been extended or not, the TFAI in a written note stated that no formal extension has been given uptill now. The matter was being pursued with the concerned authorities. Since the terms and conditions of the lease had not been finalised, formal execution thereof has not taken place. Finalisation of the terms and conditions of the lease which involved several agencies, has taken some time. It was expected that the arrangement would be finalised soon.

3.3 During evidence, when the Committee enquired about the latest position with regard to the extension of lease and whether the Government have agreed to charge the nominal rent of Re. 1 the Chairman of TFAI stated :

"We had a meeting yesterday (26-2-1986) and we are having again a meeting on the 6th, (March, 1986)..... They should (Ministry of Urban Development) charge a nominal rent."

3.4 The Committee are informed that TFAI is charging rent from the participants at the following rates :—

(i) For IITF	
Covered space (AC)	Rs. 650 per sq. mtr.
Covered space (non-AC)	Rs. 600 per sq. mtr.
Open paved	Rs. 175    —do—
Open	Rs. 150    —do—
(ii) For International or National fairs organised by outside Indian agencies in Pragati Maidan.	Rs. 250 per sq. mtr. (for non AC) covered space. Rs. 300 per sq. mtr. (for AC) covered space.

- (iii) International Fairs organised by foreign agencies in Pragati Maidan. Rs. 600 per sq. mtr. (for non AC) covered space.  
Rs. 650 per sq. mtr. (for AC) covered space.

(iv) TFAI organised events :

- (a) With facilities such as covered space, floor covering, fascia writing and participation walls, (interior construction of stall is the responsibility of participants) Rs. 250 per sq. mtr.
- (b) With facilities such as covered space plus participation walls, fascia writing, floor covering including interior construction of the stall with prefab system. Rs. 400 per sq. mtr.

3.5 The Committee enquired about the rationale behind collecting high space rent from various participants in the fairs held at Pragati Maidan which has been leased out to the Company by the Government of India at a nominal rent of Re. 1 per annum, particularly when the Company was also getting grants from Government. The TFAI has explained in a written note that the rent charged by TFAI was only in the nature of a participation fee from the participants to cover the various expenses for organisational arrangements facilities.

3.6 Asked whether the Government had considered the feasibility of providing rent free space to participants in the fairs held at Pragati Maidan so as to ensure large participation by various organisations especially small scale sector in projecting the image of the country more effectively, the Ministry of Commerce have stated in a written note that Government did not consider it feasible or necessary to provide rent free space to participants particularly for the following reasons :—

(i) Participants have to be given and they partake various facilities; and

(ii) To maintain the quality of participation in our larger interests.

3.7 During oral evidence of the officials of Commerce Ministry, the Committee enquired whether TFAI has received any complaints with regard to its charging high space rent, the Secretary of the Ministry then stated :

“There are some representations that the rates are on the high side and these should be lowered.”

3.8 When further asked as to whether these complaints were received both from the Industrial Houses and State Governments, the representative of the Ministry stated :

“We are not aware of complaints from the State Governments as they have their own pavilions. We make sure that they take full advantage of those facilities. Considering the facilities which are given we feel that there is no possibility to reduce the rates.”

3.9 When further asked whether any scientific study has been made in this regard, the representative of the Ministry informed the Committee :

“We made a general assessment and no scientific study was done at the level of the Ministry. But looking at the overall revenue from the Pragati Maidan they found that they were not covering the whole cost. Therefore, it was not possible to reduce it.”

3.10 In the Directors' Report (1980-81) it has been stated that 'once the Pragati Maidan develops into an active place with full provision of basic infrastructure, a large number of private parties, associations and groups would come forward to hold fairs and exhibitions round the year. This would give the Authority commensurate return by way of rentals and gate money etc. so that the entire operation becomes commercially viable over a period of time'.

3.11 As regards activities at Pragati Maidan, the Committee enquired as to whether separate account of Income and Expenditure was being kept. The TFAI in a written reply has stated :

“Yes, accounts for activities in Pragati Maidan are being separately maintained so far as direct expenses and determinable element of indirect expenses is concerned. But, indirect expenses like Establishment cost and Office expenses etc. which cannot be properly allocated to different activities of TFAI because of integrated type of functioning, are not debited to activities in Pragati Maidan. It will not be possible to keep separate account of income and expenses in future, except to the extent indicated above.”

3.12 Asked as to why the indirect expenses like establishment cost and office expenses could not be identified exclusively for Pragati Maidan, the representative of TFAI explained during evidence :

“Our total establishment expenditure is known. While getting the grant for establishment expenses, we take it on a notional



basis of two-thirds of expenditure for foreign fairs and the balance of one-third towards the activities in Pragati Maidan. The reason for this is that the same set of officers are working for both."

3.13 In this connection, the Committee desired to have the complete Income & Expenditure details of activities at Pragati Maidan after incorporating therein the establishment expenses etc. calculated on notional basis. Subsequently, the TFAI furnished details of income and expenditure of its activities in Pragati Maidan and abroad for the five years 1980-81 to 1984-85 as indicated in the Appendix II. TFAI has stated in this connection that the expenditure on establishment has been bifurcated on a notional basis of 1/3rd expenditure pertaining to the activities in Pragati Maidan and 2/3rd expenditure pertaining to foreign fair activity.

3.14 The Committee also enquired about the steps taken by the Company with regard to the economic viability of Pragati Maidan Complex. In reply, the TFAI has informed the Committee that efforts were being made to make the Pragati Maidan Complex a commercially viable operation. As a result, it was steadily moving towards self-sufficiency by (i) organising the increased number of Commodity fairs; (ii) mobilising support of private parties, associations and group to hold more and more fairs in Pragati Maidan; (iii) setting up of an amusement corner equipped with electronically operated rides; and (iv) keeping State Government Pavilions open throughout the year.

3.15 Asked as to how soon the Pragati Maidan Complex would become self-sufficient in its activities, the Chairman TFAI stated during evidence :

"There are two sides of our activities. Our activity is Pragati Maidan in Delhi organised in India and the other is Fairs abroad. ....As far as Delhi is concerned, we have built up the resources and the capital in a year or two we will become self-sufficient. Today Government is paying us some money for maintenance. But we may not need it after a year or two."

3.16 In reply to another query as to whether the Company had any plans to increase its income, the witness stated "We have a plan. We will have more and more covered space in Pragati Maidan and increase our rentals". The Committee then enquired as to from which year TFAI would stop taking any grant from Government for its activities in the Pragati Maidan Complex. The witness stated :

"The Government has given us notice that from 2 years hence, we have to become self-sufficient. We are being asked to do more

and more. For instance, the Prime Minister made a statement that he wanted trade fairs to go to other parts of the country also."

3.17 It has been stated in the Director's Report (1982-83) that the Company had drawn up a Master Plan formulating land use pattern of the Pragati Maidan leading to optimum utilisation of the Property into the best service of the objectives for which the Company has been established. It was envisaged that the complex would house the National Trade Centre of India. The funding for this was being negotiated.

3.18 When the Committee enquired about the time frame for the implementation of the Master Plan, the TFAI in a written note has stated :

"The Master Plan in its original form was approved by the Board of Directors at their meeting held on 21-9-1982 and the revised Master Plan was approved by the Board of Directors at their sitting held on 22-2-85. No time frame had been built into the Master Plan at present then, but this will be done while formulating the corporate plan. The implementation of Master Plan is in progress."

3.19 Asked as to what were the main features of this Master Plan, the Ministry in Commerce in a written note have stated that the Master Plan earmarks on sectoral basis participation by different agencies as under:

- (i) Permanent Complex (International, Private & Public Sector Undertakings).
- (ii) State Governments.
- (iii) Central Ministries.
- (iv) Amusement Area.

3.20 The concerned Ministries are stated to have been consulted from time to time by TFAI in regard to specific matters arising out of the Master Plan and TFAI has been able to implement by and large the Master Plan.

3.21 The Committee have observed that the Pragati Maidan Complex was leased out to TFAI at a nominal rent of Re. 1/- per annum with the stipulation that the TFAI will bear all maintenance cost. It was also stipulated that the leasing of the Complex at Re. 1/- per annum would initially be for a period of five years and the matter would be reviewed thereafter. However, the initial lease period of five years expired on 30th December, 1981 and the review is reported to have been initiated TFAI in November,

1980 which is still in progress and no formal extension has been given so far. The matter is being pursued by TFAI with the concerned authorities. The Committee express their displeasure on this inordinate delay. They are surprised that the Commerce Ministry have not been able to finalise the matter with the concerned Government authorities even after more than five years of the expiry of the lease and as a result the uncertainties still continue. The Committee recommend that the matter should be sorted out without any further delay and fresh lease executed in favour of TFAI to enable it to plan its activities in Pragati Maidan on a firm footing.

3.22 The Committee note that the TFAI has received some complaints against the charging of high space rents from the participants in the trade fairs organised by TFAI at Pragati Maidan Complex. The Committee have also been informed that no scientific study has been conducted with regard to the reasonableness of the space rent charged by TFAI. This was also admitted by Commerce Secretary during his evidence that "we made a general assessment and no scientific study was done at the level of Ministry." The Committee are of the view that the space rent being charged by TFAI is on the high side especially when the Complex has been leased out to it at a nominal annual rent of Re. 1-/. In view of TFAI's claim that it is building its own assets with the rentals received by it. The Committee feel that the Government/TFAI should consider favourably the feasibility of reducing the space rent being charged at present to motivate Trade and Industry to participate in the trade fairs in a big way and project the country's industrial and export capabilities. Special attention in this regard should be paid to the small scale and cottage industries especially these engaged in the upliftment of handicapped and weaker sections of the society. The Committee would also recommend that the Government should arrange immediately to have a scientific study carried out by an independent agency with regard to the reasonableness of the space rent being charged at present by TFAI and the Committee be apprised of the results of that study.

3.23 The Committee also find that the activities of TFAI at Pragati Maidan Complex are yet to become self-sufficient and the TFAI continues to depend largely upon the Government, grants even after more than 9 years of its setting up. As much as one-third of the total grants given to TFAI are meant to meet its activities in Pragati Maidan. TFAI is reported to have built up some resources and capital and is steadily moving towards self-sufficiency. In fact, the Chairman of TFAI expressed the view before the Committee during his oral evidence that "today Government is paying up some money for maintenance but we will not need it after a year or two

.... we will become self-sufficient." Although the observations of the Committee in regard to achievement of self-sufficiency by TFAI as a whole are being dealt with in the subsequent Chapter, the Committee would only emphasize here that TFAI should make concerted efforts to make the Pragati Maidan Complex an economically viable unit and thereby reduce its burden of grants on the Government.

3.24 The Committee have also noticed that TFAI have drawn a Master Plan for the optimum utilisation of land in Pragati Maidan to fulfil its objectives. Under this Master Plan the Complex would house the National Trade Centre of India, the funding of which is being negotiated. The Master Plan is reported to have been approved by the Board of Directors in September, 1982. It was, however, revised and the revised plan was also approved by the Board in February 1985. The Committee are also informed by TFAI that "no time-frame has been built into the Master Plan at present but this will be done while formulating the Corporate Plan. According to the Ministry, the implementation of the Master Plan is in progress and TFAI has been able to implement it by and large. The Committee are not satisfied with the general remarks that "TFAI has been implementing the Plan by and large". The Committee recommend that Government should clearly specify the time frame for the implementation of the Plan so that the progress achieved in this regard could be assessed from time to time in a meaningful way. The Committee desire that alongwith the time frame, the progress actually achieved so far in the implementation of this Master Plan and the benefit accrued or likely to accrue therefrom may be furnished to the Committee within six months of the presentation of this report. As regards the formulation of Corporate Plan, the Committee have already given their comment in Chapter I of this Report.

#### *B. Trade-cum-Exhibition Centre at Pragati Maidan Complex*

3.25 According to TFAI, non-availability of open plots for setting up additional pavilions by the participants and the ever increasing demand for additional covered space from various public sector undertakings and the Trade and Industry during the International Fairs, has accelerated the need for the construction of additional covered space. To cope with this, it is proposed to construct a "Trade-cum-Exhibition Centre" with airconditioned covered space of 20,000 sq. metres, in a phased manner over a period of three years starting from 1985-86.

3.26 This complex, once ready, would meet the requirements of additional space for the participants, avoid construction (and subsequent demolition) of temporary pavilions every year, thereby saving the expenditure

incurred by various organisations, annually. In order to continue the export promotion activities round the year, it is proposed to air-condition the complex for its optimum utilisation by participating organisations. In this way, these organisations will be able to invite various buying delegations and conduct negotiations in their showrooms, by updating the technology & exhibits periodically.

3.27 The contribution for the permanent air-conditioned covered space round the year is stated to have been fixed at Rs. 7500 per square mtr. to be paid in five equal instalments at the rate of Rs. 1500 per square mtr.

3.28 The project has already been cleared by the Board of Directors, Trade Fair Authority of India and the necessary memorandum of the Expenditure Finance Committee (EFC) has been sent for obtaining Government approval through Ministry of Commerce.

3.29 The Committee desired to know as to when the project was cleared by the Board of Directors and when was it sent to Government for approval. The TFAI in a written note stated that the project was cleared by the Board of Directors in their meeting held on 22nd February, 1985. The EFC memo was forwarded to the Ministry of Commerce along with project report and estimates on 14-6-1985. Certain queries and comments have been received from the Ministry of Commerce, BPE, the replies to which were being processed for forwarding the same to Government.

3.30 The Ministry of Commerce have also informed the Committee that when the proposal for the complex was placed before the Board of Directors in the meeting held in February 1985, an indication was available from public sector undertakings like Steel Authority of India, Hindustan Machine Tools and the Association of Indian Engineering Industry in (the private sector and Department of Science & Technology of their willingness to participate by way of booking of space and making their contributions towards the cost of the capital investment of the complex. Out of the 20,000 sq m. of space which was proposed to be covered for putting up the complex, roughly 10,000 sq. m. were offered to be taken over by organisations/Departments whose willingness was made available to the TFAI. Construction was to be taken up in stages and it was indicated that if firm booking was not forthcoming to the extent of 10,000 sq. metres, the scope of the first stage could be proportionately reduced. On this basis, a detailed project report was drawn up and the project cost was proposed to be funded in the following manner :

	(Rs. in lakhs)
(a) Contribution by participants . . . . .	750.00
(b) Investment of TFAI from capital reserves . . . . .	150.00
(c) Investment of space rent generated by this project . . . . .	94.26
(d) Bridging temporary investment of TFAI funds . . . . .	125.39
	1119.85

3.31 The Committee have also been informed by the Ministry that the EFC memorandum, on receipt, was circulated to be concerned Departments, including those under whose purview the public undertakings, who had expressed their willingness to participate in the trade complex fall, for eliciting their views. The views received from the concerned Ministries/Departments are briefly stated as follows :—

### **Planning Commission**

#### *I & M Division*

No comments as plan funds were not involved.

#### *Project Appraisal Division*

The capital cost may be revised taking into account the current rates/prices. The area to be covered may be worked out with reference to its utilisation. The rentals may be refixed taking into account a minimum return on the capital investment of TFAI.

#### *Department of Science and Technology*

The Department of Science & Technology was not considering participation in the proposed complex. Firm commitments may be obtained from the intending participants.

#### *Department of Heavy Industry*

No comments.

#### *Bureau of Public Enterprises*

The BPE sought clarification on the basis on which various calculations have been made in connection with the amount proposed to be incurred on the project. They also suggested recasting of the proposal on various technicalities.

### **Department of Steel**

The Steel Authority of India Ltd. had since decided not to participate in the proposed project in view of financial constraints.

3.32 The comments were forwarded to the Trade Fair Authority of India in September, 1985, for re-casting the proposal in the light of the comments received. The TFAI was still engaged in correspondence with the concerned participants who had expressed their willingness earlier, but their commitment and payment for booking of the space were not forthcoming.

3.33 During oral evidence when asked by what time the TFAI would recast the proposal in the light of the comments received, the representative of TFAI stated :

"We are getting information from the participants.... Sir, it all depends on their response. They will have to give their proposals and further action will have to be taken."

3.34 In this connection, the Secretary of the Ministry also stated during his evidence :

"In this case you would appreciate that the ultimate users for this pavilion are going to be beneficiaries of the participation. If they themselves are lukewarm, then it raised the issue whether we should go ahead and construct such a pavilion with Government funds or should it be run on the basis of some self-financing scheme. The original parameters have undergone a change. TFAI is justified in having a total outlook on the whole thing to see how it can be operated in some other way. It is not that there is some query which they have not replied. There is a change in the earlier assumption on which the whole scheme was prepared. Now, they have to find alternate ways."

3.35 When asked, whether the project could not be funded by the Government themselves, the witness stated "No Sir, as for Government, we have not provided in the Plan."

3.36 When the Committee expressed their apprehensions that the project might fall through due to lack of any alternate sources for financing it, the witness added :

"It is rather premature to say that it has fallen through. A smaller version of the scheme may be found viable. Some members of the trade may lend their assistance."

3.37 Asked about the reasons for withdrawal from the participation in the proposed Trade-cum-Exhibition Centre at Pragati Maidan by some Industrial Houses/Companies etc., the witness stated "May be they did not see that this investment will be commercially attractive to them."

3.38 To another query as to whether the participants willingness to financial involvement in this project was ascertained before formulating it, the witness explained that "I understand that they had a general discussion and no specific commitment was made...."

3.39 The Committee then enquired about the expenditure incurred on this project so far from the date it was formulated. The Committee were informed that for carrying out soil investigations and payment of fee to the architect, a sum of Rs. 21,90,000 was incurred by the TFAI for this project, out of their own funds.

3.40 As regards the funding arrangements and the latest position with regard to the Government approval, the Ministry of Commerce have informed the Committee that "contributions by the participants are to the extent of Rs. 750 lakhs which was a major share in the total cost of the project. In the absence of any firm reply coming from the participants originally envisaged, the TFAI had no alternative but to explore alternative ways of implementing the project out of its own funds. . . . . The project has not yet been sanctioned nor has it been given a final shape."

3.41 In order to cope with the increased demand for additional covered space from Public Sector Undertakings, Trade and Industry during International Fairs, the TFAI is reported to have proposed to construct a 'Trade cum-Exhibition Centre' with air-conditioned covered space of 20,000 sq. metres in a phased manner over a period of three years starting from 1985-86. This project was cleared by the Board of Directors of TFAI on 22 February, 1985. The project on completion is expected to meet not only the additional space requirements but will result in saving the expenditure being incurred on the construction and subsequently demolitions of temporary pavilion every year. The Committee are also informed that Public Sector Undertakings like SAIL, HMT and the Association of Indian Engineering Industry in the private sector and Department of Science and Technology indicated their willingness to participate by way of booking of space and making their contributions towards the cost of the capital investment of the Complex. Out of total estimated expenditure of Rs. 1119.85 lakhs on the project, the estimates contributions by participants was as much as Rs. 750.00 lakh. The balance was to be met from TFAI's capital resources. TFAI, after clearance of the project by its Board forwarded the Expenditure Finance Committee Memorandum (FEC Memo.) to the Ministry of Commerce in June, 1985 for seeking Government approval. FEC Memo, on receipt, is reported to have been circulated to the concerned Departments, including those under whose purview the concerned Public Undertaking, who had expressed their willingness to participate in the new project, for eliciting their views.

3.42 The Departments of Steel, Science and Technology are reported to have dropped the idea of participation in the project. The Project Appraisal Division and BPE have suggested recasting of the proposal on technicalities. The Planning Commission and Department of Heavy Industries



have not offered any comments. According to TFAI, since no firm commitment was forthcoming from the participants originally envisaged, it thought of alternative way of implementing the project out of its own funds. The TFAI is also reported to have spent Rs. 2,19,000 from their own funds for carrying out soil investigation and payment of fee to architect. The project has not yet been sanctioned nor has it been given a final shape. In this connection, the Commerce Secretary in his oral evidence also stated that as this project has not been provided for in the Seventh Plan, it cannot be funded by the Government.

3.43 The Committee deplore the lackadaisical manner in which the whole scheme of Trade-cum-Exhibition centre at Pragati Maidan was conceived and handled. The TFAI is reported to have held general discussions with the participants but their firm commitment of financial involvement was not at all obtained. This was also admitted by Commerce Secretary during his evidence before the Committee. This, in committee's view is a clear case of lack of planning and foresight on the part of TFAI which resulted in the backing out of certain anticipated participants and falling through of the project considered desirable and important from the point of view of providing additional space for permanent display. The Committee recommend that Government should consider the feasibility of implementing the modified version of the Project with the funds of TFAI and also with the assistance of the remaining willing participants. Efforts should also be made to persuade the original participants in the scheme who have withdrawn their participation to reconsider and honour their commitment as the project will ultimately help them in boosting their export promotion activities throughout the year..

### *C. Exhibition Complexes in States*

3.44 Many State Governments are reported to have approached the Trade Fair Authority seeking advice for setting up Exhibition Complexes in their States as well as for professional management of the fairs already being held by them. It has been stated that the Authority could consider taking up such a role only if the Central Government gives such a mandate.

3.45 In this connection, the Committee desired to know as to whether this role was not envisaged for TFAI when it was formed in 1976 and has this role been laid down in specific terms so far in the objectives and obligations of the company with the approval of Government. The TFA in a written note has stated :

"Not directly..... The objectives of the TFAI were laid down in specific terms at the time of its formulation in 1976. As the

organisation has evolved, the scope of the activities has widened within the framework of the objectives. For example TFAI has assumed the nodal role for trade fairs and exhibitions in India and abroad."

3.46 When asked that in the absence of any mandate from the Government how could the TFAI play such a role, the Commerce Secretary, stated during evidence :

"To the best of my information no directions have been given. In their Memorandum (of Association) itself, it is provided to constitute business centres at convenient places to promote the objectives."

The witness added :

"No mandatory instructions were needed, when the communications have been sent at the Government level to the States advising them about the availability of such facility from the Trade Fair Authority of India."

3.47 The Committee have observed that TFAI's perspective plan also includes the development of exhibition infrastructure as is available in Pragati Maidan, in various parts of the country, depending on the initiative and financial support of concerned State Governments. The Committee therefore enquired as to whether it was not necessary for TFAI to play the role of an apex organisation and assist the State Governments in setting up the Exhibition Complexes and conducting the fairs. In a written reply, the TFAI has stated :

"It is necessary. The Board of Directors of the TFAI considered this very important question at various meetings and suggested that :

the principal initiative in this context should come from the State Governments as the basic infrastructure would have to be made available and administered by them. However, TFAI should help the State Governments with professional expertise.

Bombay should be the first centre to be set up because of its pre-eminence in industry and commerce and subsequently other centres could be taken up.

Accordingly discussions have been held with the Government of Maharashtra which is now examining the possibilities of setting up a permanent exhibition complex."

3.48 When the Committee enquired about the concrete steps taken to have permanent exhibition structures developed in other States, the Chairman, TFAI stated during evidence :

“The late Prime Minister wrote letters to the Chief Ministers that they should develop similar areas in their States so that community exhibition could be held.”

3.49 When asked as to which State Governments had approached for assistance, TFAI in a written note stated that “apart from the Governments of Maharashtra, interest had been shown by Tamilnadu, West Bengal, Jammu & Kashmir, Rajasthan and Karnataka. Further information from these States was awaited.”

3.50 During evidence of the Commerce Ministry, the Committee enquired as to what type of assistance was being offered for setting up Exhibition Complexes in States, the Commerce Secretary stated :

“The nature of assistance is by way of planning and development of such a complex without direct financial involvement, like what kind of facilities are required, what kind of display area to be developed etc.”

3.51 Asked as to whether the Government have since given the necessary 'go ahead' to TFAI, the witness stated :

“I would like to clarify that for advice or consultancy for technical exhibition complex the TFAI does not have to go to the Government. If they want to undertake professional management of these fairs, then two issues can arise. (1) Whether it will mean a diversion of their attention and their administrative resources from the exhibition effort. (2) When they require no resources from the government, they will not have to come to the government. So if they want to directly establish their centres, they approach the authority.”

The witness added :—

“I myself had a discussion with the Chairman and what he gave me to understand was that the proposals are not yet ripe in the sense that some of the Chief Ministers want some financial participation, etc. which is not envisaged at this moment. In that context, he mentioned that Maharashtra has made a more specific and more definite response. When things take a definite shape, the proposals will be taken up. He wanted in general the State Governments to be more aware about these exhibitions and to make better use of such things. These are the comments that were conveyed to the Chief Ministers.”

3.52 As regards the usefulness of opening new trade centres at various places in States, the Chairman, TFAI stated during evidence :—

“My feeling is that it would be very very useful for the whole country to develop as trade centres. You take small European countries. They have so many places as fair grounds.”

3.53 The Committee pointed out that even after 9 years of formation of TFAI, no tangible progress has been made by it for holding exhibitions in States or to establish trade centres at various places, the Commerce Secretary then stated during evidence :—

“The point is that the TFAI has gone ahead. It is in touch with the State Government. The response is there. It had a dialogue with the Central Government also. We have not given any direction. Where the direction was necessary, I think it is tackled effectively. I go on to say that if it is flouted in any stage, there is a legal difficulty, and we would be prepared to make amends. So far no such legal difficulty has come to our notice.

The second point is, as regards to lack of attention to fairs in States, the focus of attention initially has been on promotion of exports abroad and on development of the Trade Fair grounds in Delhi. One can say that this might have started earlier. But earlier, the attention was mostly given to the Trade Fair held abroad and whatever has been held in Pragati Maidan—here after all Trade Fair has been in existence for about nine years—was given somewhat less attention. This activity started a couple of years ago. So it was a period of stabilisation. It was a period of development of Pragati Maidan. It is now in the international map. It is recognised by the Unions of Trade Fairs. It has now been recognised for the purpose of various international fairs. It is time to spread this activity within the country. . . . . If there is any handicap or lacuna with regard to TFAI, we will enlarge its scope, and make it more explicit. Secondly, as a policy, we will give them clearance, and would like them to organise themselves for the purpose of giving such assistance to State Governments. The only question I would not be able to answer would be : what will happen if they come in for resources. This will require an examination involving Planning Commission, Ministry of Finance and others. But we will certainly like them to organize international fairs in various parts of the country, Indian fairs

abroad, and help develop models in various states. They are also now working on a programme to start training people in exhibiting and display, which is now quite a skill, in collaboration with Indian Institute of Foreign Trade."

3.54 The Committee find that State Governments of Maharashtra, Tamil Nadu, West Bengal, Jammu & Kashmir, Rajasthan and Karnataka have approached the TFAI for seeking its assistance and advice for setting up Exhibition Complexes in their States on the lines of Pragati Maidan Complex, New Delhi. According to the company this role of setting up exhibition complexes in States had not been directly envisaged in their objectives and obligations but such a role can be taken up only if the Government gives such a mandate. However, in the Ministry's view, no such mandate is necessary as such a role is already contemplated in the Memorandum of Association of the Company itself. Furthermore, the Perspective Plan of TFAI also provides for the development of exhibition infrastructures, as is available in Pragati Maidan, in the various parts of the country depending upon the initiative and financial support of the concerned State Governments. The Board of Directors of TFAI is also reported to have agreed in its various meetings that Bombay should be the first centre to be set up because of its pre-eminence in industry and commerce and subsequently other centres could be taken up.

3.55 The Committee are constrained to comment that not much initiative has been taken by the TFAI for establishing Trade Fair complexes in the States. The Committee recommend that in view of the paramount importance of holding Trade Fairs in other parts of the country, as emphasised by the late Prime Minister, the TFAI should take positive steps to set up Exhibition Centres at least in those States who have shown positive interest and have offered to make available the basis infrastructure TFAI should immediately take up the setting up of first such centre in Bombay and subsequently to other State complexes as has been suggested by its Board of Directors. The Committee need hardly emphasise that the setting up of such complexes would enable local trade and industry to hold community exhibitions and to expose their products to the international buyers in the Trade Fairs to be held in the State Capitals.

## CHAPTER IV

### FINANCIAL AND ORGANISATIONAL MATTERS

#### A. FINANCIAL MATTERS

##### (i) Government Grants

4.1 According to TFAI, the Government of India entrust them every year with the organisation of India's participation in International Fairs and Indian National Exhibitions abroad on agency basis. These activities are either fully or partly funded by the Government. National and International Trade Fairs and other activities organised in Pragati Maidan are by and large on a self-financing basis.

4.2 Under the earlier accounting arrangement, the grant given by Government was adjusted in the Authority's accounts as capital grant ab-initio. The accounting pattern has since been revised from the financial year 1980-81. According to the revised arrangements, the Government grant is being treated as a revenue grant except for the grant equivalent to space rent income from foreign fairs which is treated as capital grant and the Authority is allowed to retain this income.

4.3 The Committee were informed that the revenue and capital grants received by TFAI from 1980-81 to 1984-85 were as under :—

Year	(Rs. in lakhs)		
	Revenue Grant	Capital Grant	Capital Grant equivalent to space rent income taken to Capital Reserve
1980-81 . . . . .	369.42	..	53.46
1981-82 . . . . .	354.46	227.89	44.82
1982-83 . . . . .	572.49	132.29	153.66
1983-84 . . . . .	478.41	..	78.63
1984-85 . . . . .	814.72	..	189.54

4.4 When the Committee desired to know the basis on which the grants were decided by Government for financing the various activities of TFAI in India and abroad, the Ministry of Commerce, in a written note, have stated :

- “Grants were provided to TFAI for organising exhibitions in India and abroad in accordance with the agreed financial arrangements between Government and TFAI. In respect of participation in general fairs abroad and for organisation of exclusive Indian Exhibitions abroad, full grant was given by Government to cover the expenditure involved. As regards specialised Commodity Fairs held abroad, TFAI was allowed grant at 60 per cent of the expenditure after excluding no grant items of expenditure like entertainment, presentations, etc. As regards jumbo Fairs consisting more than Rs. 2 crores each to be held abroad from the year 1985-86 onwards, TFAI was to be funded to the extent of expenditure minus 75 per cent of the income. No grant is given for India International Trade Fairs and other fairs held in Pragati Maidan Complex. Two-third of the total establishment expenditure of the Authority is treated as attributable to TFAI's agency functions namely holding of fairs and exhibitions abroad on behalf of the Government and this is given as grant-in-aid. The balance one-third of the establishment expenditure is treated as attributable to TFAI's other activities and no grant is given for this expenditure.”

4.5 In this connection the representative of Ministry of Commerce also stated during evidence :—

“financial pattern of assistance as are made for a period of three years. Such arrangements are with the approval of Ministry of Finance. First such arrangement was made in 1977 and it was for a period of 3 years.....Discussion takes place and with the approval of Ministry of Finance we decide as to how much grant is to be given every three years. We decide the norms as to how much grant is to be given for each activity .....

4.6 When asked about the mechanism followed in the Ministry to scrutinize the revenue budget estimates submitted by TFAI with regard to its various activities, the witness stated :

“We have a unit headed by the Joint Secretary. When the proposals come, we review them and then they go to our Associate

Internal Finance. They review it. If necessary, there is a long discussion between Finance Officers ourselves and the TFAI, and then a final decision is taken."

4.7 To another query as to who scrutinised the construction as well as the engineering part of the estimates, the witness of Plained :—

"In respect of projects which are submitted to the Ministry, the technical and engineering part is checked up by the Bureau of Public Enterprises.....If technically they say that the proposal is all right, then we give the grant for that project... BPE does not come in the picture so far as organisation of affairs is concerned."

4.8 The Committee enquired as to how the control is exercised by the Ministry over the implementation of projects in respect of which capital grants were given by them. The witness replied :—

"Ministry's representatives are there in the Standing Committee. Our representatives are there in the Board. We get reports on implementation of various projects. The Ministry also gets the reports from the TFAI."

4.9 Asked whether there was any physical control exercised by the Ministry over the implementation of the projects, the witness stated that "there was none and they monitor expenditure only". The witness also added :—

"I do not think any Ministry has a physical verification cell. We get progress reports and various statements. There is no independent source to cross-check whether the information they give us is right or wrong. The Additional Secretary and the Financial Adviser of the Commerce Ministry are members. In addition to their being a formal member of the Board of Directors, there is a variety of ways by which we get this information, monitor them, cross-check them, question them in meetings and discuss them and this kind of thing goes on right around the year."

4.10 Asked whether TFAI was required to seek the approval of Government when some deviations or modifications were to be made in the projects already approved by the Ministry. The Ministry of Commerce in a written note have stated that "whenever TFAI has to make any change in the approved project, it has to obtain approval of the Government. During the last three years, there was one instance i.e. construction of the Hall



of States in Pragati Maidan where there was increase in original cost estimates and change in the scope of the project. Trade Fair Authority of India could not wait for the revised sanction although proposals were made in time to the Government, as there was tight time schedule to complete the work during the time of the Asiad. The revised sanction was, however, issued subsequently by the Government in consultation with all concerned departments."

4.11 The Grants received by TFAI during the years 1980-81 to 1984-85 for funding various fairs/exhibitions in India and abroad were as under :—

Year	(Rs. in lakhs)	
	Grant for Fairs Abroad	Grant for Fairs in India
1980-81 . . . . .	292.69	..
1981-82 . . . . .	202.92	57.98
1982-83 . . . . .	563.52	
1983-84 . . . . .	366.47	..
1984-85 . . . . .	795.19	..

4.12 During evidence the Committee enquired whether no discrepancy was pointed out by the Ministry in the accounts furnished by TFAI in regard to grants given by them. The representatives of the Ministry stated:—

"It will not say that. There is a constant discussion with them..... The annual accounts are audited also by Government audit, their progress is also scrutinised by members of the Board. I was doing also. Suppose in some cases we find that some adjustment has to take place, that is carried out; there is no difficulty."

The Committee desired to know the control exercised by the Ministry over the expenditure incurred on fairs organised in foreign countries. The witness stated :

"According to the instructions issued by the TFAI the expenditure in respect of the exhibitions conducted abroad, the team leader maintains separate accounts of each item of expenditure. They are checked in the usual course, incorporated and subjected to same audit as of other expenditure.....The Ministry has no means of physical checking Sir. We cannot check it."

## (ii) Working Results

4.14 According to information furnished to the Committee, the working results of the TFAI for the last five years are as follows :—

(Rs. in lakhs)			
Year	Expenditure	Income	Excess of income over expenditure
1980-81	587.00	560.87 (369.42)	(—)26.13
1981-82	739.41	753.54 (354.46)	(+)14.13
1982-83	1183.23	1292.84 (572.50)	(+)109.61
1983-84	1055.65	1061.16 (478.41)	(+)5.51
1984-85	1697.01	1738.35 (814.72)	(+)41.34

(Figures within brackets indicate revenue grant from Government included in total income).

4.15 According to TFAI, the working results as indicated above are on account of treatment of grant, adoption of the principles of commercial accounting and the provisions of the Companies Act, in preparing the Income and Expenditure Account, and are by and large not distributable to surplus/deficit from any major activity.

4.16 It would be seen from the above statement that since 1980-81 the Company has been receiving substantial revenue grants year after year. The increase in grants is stated to be due to increased exhibition activity abroad.

4.17 The Company is reported to have made a profit of Rs. 109.61 lakhs in 1982-83 which came down to Rs. 5.51 lakhs in 1983-84 and Rs. 41.34 lakhs in 1984-85. The main factors which had led TFAI to make a profit of Rs. 109.61 lakhs in 1982-83 are stated to be as under :—

- (i) This was the first year of purchase of the Octanorm prefab System for Rs. 9163 lakhs out of a revenue grant from the Government. As the system could be utilised repeatedly, it was decided to treat this expenditure as deferred revenue expenditure, over a period of three years. Accordingly, only 1/3rd of the cost of the system was debited in the accounts of 1982-83 resulting in appreciation of profit by Rs. 61.08 lakhs.

- (ii) Space rent income from exhibitions organised by other agencies for the year 1980-81, 1981-82 and 1983-84 on an average worked out to Rs. 23.24 lakhs per year. As against this the space rent income in 1982-83 was Rs. 66.93 lakhs, thus, accounting for a difference of Rs. 43.69 lakhs.

4.18 The Committee desired to know whether the profits shown were after tax. The representative of TFAI during evidence stated that TFAI had accumulated losses of Rs. 4.56 crores at the end of the year 1984-85, as such they were not required to pay any taxes.

4.19 The Committee were also informed during oral evidence that total grant given to TFAI during 1985-86 both for domestic and overseas operations was Rs. 8.41 crores. The total expenditure during this year was Rs. 13.26 crores. The balance expenditure was met by them from their own resources. The total income including Government grants amounted to Rs. 14.56 crores resulting in a net profit of Rs. 1.30 crores in 1985-86.

4.20 The Committee were also informed that TFAI had an excess of income over expenditure during the last 3 years. It was Rs. 5.51 lakhs in 1983-84, Rs. 41.34 lakhs in 1984-85 and Rs. 130.97 lakhs in 1985-86 and as a matter of deliberate policy, TFAI is allowed to retain a part of the income that they generate from the fairs so that they could build up certain composite funds. The internal resources (operating income) generated by Trade Fair Authority of India during the last five years are as under :—

Year	(Rs. in lakhs) Amount
1980-81	137.09
1981-82	347.42
1982-83	679.04
1983-84	493.65
1984-85	800.85

4.21 The Committee enquired as to what were the sources of generating internal resources of TFAI, the Company stated in their written note that :

“The main sources of generating internal revenue are :

- (i) Space rent from Pragati Maidan including rentals for Restaurants, Shops and Kiosks.

- (ii) Space rent from foreign fairs held abroad excluding specialised commodity fairs.
- (iii) Commercial Publicity including rental of hoarding sites.
- (iv) Gate money by way of entry tickets to Pragati Maidan Complex."

4.22 The Committee enquired as to when TFAI would become a commercially viable organisation, the Chairman of TFAI stated in his oral evidence that :

"I have been connected with this organisation for a number of years and I have on my part felt that a time will come when there would be no need for Government assistance. Earlier, a lot of assistance has been given to us. In the past there was no fixed programme of holding fairs, but now our international fair has become an annual affair, and there without much effort, we get foreign participation. All this means money to us..... We have also increased our rentals. This will mean more money to the TFAI.... We have got the ground in Pragati Maidan,..... This ground is there for the last 8 or 10 years, their utility and their usefulness is certainly very high..... My own feeling is that this organisation will become self-sufficient in a year or two because some of these assets which we have put up have come as part of our activity and the capital has increased from anything to Rs. 4.24 crores."

4.23 In this connection, the Commerce Ministry in their written note have also stated :

"The TFAI is a promotional organisation engaged in promotion of trade through the medium of fairs and exhibitions. As it is not a commercial organisation, it is not possible to say as to when the TFAI will become self-sufficient in funding its activities from its own internal sources. However, the pattern of financial assistance to TFAI is reviewed every three years and the pattern of funding is decided after keeping in view its resources position and the kind of functions performed by it. Government would very much like TFAI to become largely self-sufficient."

4.24 The Committee have also observed that the grants given to the Company for holding fairs abroad increased from Rs. 292.69 lakhs in

1980-81 to Rs. 795.19 lakhs in 1984-85. The Committee, therefore, enquired as to when the Government would discontinue giving grants to the Company. The representative of Commerce Ministry stated during evidence :

“In absolute terms, the number has increased from Rs. 2 crores to Rs. 7 crores, I would request you to see the percentage of total TFAI outlay. The cake is becoming larger and larger and the share of Government budgeting is becoming not larger..... It is difficult to say, how long it will go on getting the grants, at what particular point of time, the grants will be stopped. Our intention is—we have executed it—the share of support we are giving should go on reducing. This is our objective.”

4.25 When the Committee drew the attention of the Ministry to the statement made by the Chairman of TFAI before the Committee that TFAI would become self-sufficient in a year or two, the witness then stated :

“This is for the first time I have or anybody in the Ministry has come across that such a statement has been made on behalf of TFAI. Therefore, it is difficult for me to react..... We have to find out the position..... The Ministry’s reaction will be only that we are very glad to know about this statement. We will ask them to implement it.”

4.26 The attention of Ministry has drawn to the statement made by Chairman, TFAI that the Company would become self-sufficient within two years. Asked whether such a statement was made by Chairman of TFAI after consulting the Ministry, the witness stated :

“All that I can say is that the concept of TFAI becoming totally self-sufficient in two years time has not been discussed between the Ministry and the TFAI. I don’t know why and how he made this statement.”

4.27 The Committee pointed out that Chairman of TFAI has also informed them during his oral evidence that the Government has given us notice that from two years hence we have to become self-sufficient. The Committee, therefore, enquired whether any directive or notice written or oral was given by Ministry to TFAI in this regard. The witness then added :

“We have to find out whether any such directive has been given. We will verify from the files..... Neither I myself am, nor any of us present here are aware of such a notice to have been issued.”

4.28 Subsequently, in their written note the Ministry informed the Committee that "there is no such notice from the Ministry."

(iii) *Commercial Budgeting*

4.29 TFAI's annual budget is prepared on cash basis, classified under different activity-wise budgetary heads without any profit motive, whereas in commercial budgeting the Income and Expenditure account is prepared in accordance with the principles of commercial accounting and the requirements of the Companies Act, which takes into consideration various factors i.e. depreciation, deferred revenue expenditure, accrued income, outstanding liabilities for the year as a whole and excludes capital expenditure etc. In addition, the budgetary heads and the financial heads vary in nature and treatment. In financial accounts expenditure|income is classified according to its tenure and not on activity|project basis. Since a profit motive is not involved, the need for comparison of profit|loss with the original|revised budget estimates has not been felt. TFAI being a service Company, and its programme and activities being finalised by the Ministry of Commerce based on various considerations on a year to year basis, no forecast of estimates of profit|loss for successive years is made.

4.30 The Committee desired to know the difficulties in preparing the budget on the principles of commercial basis, when the number of events to be held in a year were known to the Company in advance. In a written note, the TFAI have stated :—

"A major portion of the budget relates to foreign fairs. The programme of foreign fairs is finalised by the Exhibition Advisory Committee in the last quarter of the year preceding that to which the budget relates, after considering the latest economic trends. As the number of events to be held in a year are not known to TFAI sufficiently in advance, it would not be possible to prepare the budget on a commercial basis."

4.31 In this connection, the representative of TFAI also stated during his oral evidence :

"With reference to commercial budgeting, we have to be aware of the activities well in advance, which at the moment, we are not, because the budget is prepared earlier and the programmes are formulated later. The estimates which we send to the Ministry undergo a change after the real activity is finalised..... It will not be possible for us (to prepare such a budget on commercial principles) because foreign activities are known to us by January. But the budget is to be forwarded by September end."

4.32 The Committee observed that TFAI was attempting a scientific approach towards planning its activities in future by preparing a near approach to Corporate Plan. In that context, the Committee desired to know as to whether the Company would take some positive steps towards preparation of budget on commercial principles. The witness then stated :

“We are aware of the need of moving towards commercial budgeting. We had a discussion with the Commerce Ministry. It has been decided that there will be a programme of activities for the next three years or so. We have already prepared the ground for discussion with the Commerce Ministry and the intention is that it will be a perspective plan for three years. This will be a programme which will be approved by the Exhibition Advisory Committee itself so it will be a firm programme for three years. When we have that kind of certainty for the next three years, it would be easier for us to consider on commercial basis. But it will not be easier for us to have a different year than the Government's financial year. But now that the Government has accepted the need for a three-year plan of action we think it should be possible for us to formulate our budget proposals more in advance.”

4.33 The Committee are informed that every year Government of India entrust TFAI with the organisation of India's participation in International Fairs and Indian National Exhibitions abroad on agency basis. These activities are either fully or partially funded by Government on agreed financial arrangement between Government and TFAI. According to this arrangement, two-third of the total establishment expenditure of the Company is treated as attributable to TFAI's agency functions, namely, holding of fairs and exhibitions abroad on behalf of Government and this is treated as Grant-in-aid. The balance one-third of the establishment expenditure is treated as attributable to other activities of TFAI and no grant is given for this expenditure. The fairs and other activities organised by TFAI in Pragati Maidan are by and large on self-financing basis.

4.34 The Committee are also informed that according to earlier accounting arrangement the grants given to TFAI by Government were adjusted in the Company's account at capital grant ad-initio. However, since 1981, the accounting pattern has been revised and according to the revised procedure the Government grant is treated as a revenue grant except for the grant equivalent to space rent income from foreign fairs which is treated as capital grant and the Company is allowed to retain this income. According to the extant financial arrangement, payments are made to TFAI every 3 years. For this purpose, discussions take place and after

approval by Finance Ministry, the Commerce Ministry decides as to how much grant is to be given for each activity.

4.35 The Committee also note that revenue budget estimates of TFAI are scrutinised by Associate Internal Finance and if necessary, long discussions take place between Finance Officers, Commerce Secretary and TFAI and then a final decision is taken. The technical and engineering part of the budget estimates, however, is scrutinised by BPE and after the proposal is found feasible by them, the Ministry gives grants for that project.

4.36 During evidence, the representative of the Commerce Ministry admitted that they do not exercise any physical control over the implementation of the project for which capital grants are given. The Ministry gets progress reports from the Ministry's representatives in the Board and also from TFAI but there is no independent source to cross check whether the information provided is right or wrong. Likewise, the Ministry has no means of conducting physical checks of the expenditure incurred by TFAI on fairs organised abroad. The team leaders maintain separate account of each item of expenditure and this is checked in the usual course and is subject to audit the same way as of other expenditure.

4.37 The Committee are constrained to note that there is no proper system in the Ministry of getting feed back enabling them to keep a check to ensure judicature utilisation of the grants made available to TFAI for the approved programmes. They have no independent source of cross checking the information provided to them by TFAI in that regard. There is also no system of physical verification of any item of expenditure by the Commerce Ministry. This is not a happy situation. The Committee, therefore, suggest that the Commerce Ministry should devise a fool proof system to exercise an effective surveillance over the implementation of various projects and also on the expenditure incurred by TFAI on fairs organised abroad. In this connection, the Ministry may also consider the feasibility of opening a special monitoring or physical verification cell to watch the financial operations of TFAI.

4.38 After perusing the working results of TFAI for the year 1980-81 to 1984-85, the Committee have observed that the Company has been receiving substantial revenue grants year after year. The Company is also reported to have made a profit of Rs. 109.61 lakhs in 1982-83 which came down considerably during the subsequent years. Despite earning of profits, increasing grants were given by Government during the years 1980-81 to 1984-85. The quantum of grants for holding fair abroad also increased from Rs. 292 lakhs in 1980-81 to 795 lakhs in 1984-85. In spite of these grants and earning of profit by the TFAI, the Company has accumulated a loss of Rs. 4.56 crores at the end of 1984-85.



4.39 No doubt, the Company is a service organisation and is not intended to make any profit but at the same time it is not expected to depend on the huge Government grants year after year for all time to come. It is surprising that even after more than ten years of its setting up, the Company is still largely dependent on Government grants for organising fairs and exhibitions etc. While expressing their unhappiness over this state of affairs, the Committee desire that the Government should take effective measures to ensure that the affairs of the Company are managed in accordance with the prudent commercial practices and Company should become self-sufficient in minimum possible time. In this connection, the Chairman of TFAI has also expressed the hope before the Committee that the organisation would become self-sufficient in a year or two because of some of the assets that have been put up as a part of their activities. While agreeing with this principle, the Ministry have also informed the Committee that TFAI would become self-sufficient and the share of the Government support would go on reducing. The Committee trust that the optimism expressed by the Chairman, TFAI to make the organisation self-sufficient in a year or two would be a reality and not merely a pious wish.

4.40 The TFAI is not preparing at present its annual budget on commercial accounting basis as its programmes and activities are not known well in advance and are finalised by Ministry, year to year basis. Further, the major part of the company's budget, according to TFAI, relates to foreign fairs and it is finalised by the Exhibition Advisory Committee of the Commerce Ministry only in the last quarter of the financial year i.e. in January, whereas the budget proposals are to be forwarded to Government much before i.e. by September end. Therefore, their annual budget is prepared on cash basis classified under activity-wise budgetary heads without any profit motive. However, during evidence, the Chairman of TFAI has admitted that "We are aware of the need of moving towards commercial budgeting. . . . now the Government has accepted the need for a 3-year plan of action. It would be easier for us to consider on commercial basis."

4.41 The Committee, therefore, recommend that in order to have a more definite basis to assess the performance of the organisation, the Government may consider the feasibility of making it obligatory for TFAI to prepare their annual budget on the principles of commercial accounting as per the requirements of Companies Act. The commercial budgeting, in Committee's view, would help in identifying the areas of weaknesses and to bring about improvements, if any, by taking timely corrective measures, where required.

## B. Organisational Matters

### (i) Board of Directors

4.42 The procedure for appointment of Chairman and members of the Board of Directors (including the Managing Director) has been prescribed in Article 59 of the Articles of Association of Trade Fair Authority of India. Under this Article, the President determines from time to time, the number of Directors of the Company which shall not be more than 12 and less than 4. The Chairman is appointed by the President and other Directors (including the Managing Director) are appointed by him in consultation with the Chairman. No such consultation is necessary in the case of appointment of part-time Directors from Government Departments. The present Board of Directors consists of the Chairman and eight other members. The Board of Directors has delegated powers to Standing Committee consisting of three members (the Chairman, who heads this Committee, the Managing Director and Additional Secretary and Financial Adviser of Commerce Ministry) to deal with matters arising from time to time.

4.43 When the Committee enquired as to who were the present members of the Board of Directors of TFAI, the Additional Secretary of the Commerce Ministry, during his oral evidence stated :

“We have now 9 members on the Board of Directors. They are (1) Leut. Governor of Delhi, Shri Kapur, (2) Begum Ali Yaver Jung, Social Worker, (3) Shri Romesh Bhandari, the former Foreign Secretary, (4) Shri Venkitaramanian, Finance Secretary, (5) Shri Prem Kumar, Commerce Secretary, (6) Shri S. D. Srivastava, Secretary, Industrial Development, (7) Shri R. R. Gupta, Financial Adviser and Additional Secretary, (8) Shri Ramesh Chander, Secretary, Urban Development and (9) Chairman, TFAI, Shri Mohd. Yunus. There are three vacancies.”

4.44 The Committee enquired whether the Ministry had considered the feasibility of involving FICCI and other associations of trade organisations, reputed businessmen or representatives of top business houses to enlist their co-operation and active participation in the Fairs and to make the Board more professionally oriented. The Ministry of Commerce in a written note informed the Committee that they had considered the question of giving representation to Trade and Industry on the Board of Directors of TFAI. For instance, Dr. Bharat Ram of the DCM Group of industries served on the Board of Directors of TFAI during 1981 to 1984. The Ministry would continue to keep in mind the need to give appropriate representation to Trade and Industry.

4.45 During evidence, the Committee enquired as to why no other eminent person from private sector was appointed on the Board of TFAI after the expiry of tenure of Dr. Bharat Ram in 1984. The representative of Ministry of Commerce stated :—

“Our view is that the Board of Directors will benefit if experts from private industry also participate in it. We seemed to have done it in 1981-84. I do not know why after 1984, it is not done. Making the base of the Board of Directors broader with private industry and trade and its professional expertise will definitely help the TFAI. .... It will have to be gone into legally..... When we have the opportunity to review the Board Membership, we will try to broad-base its activities.”

4.46 Subsequently in their written note the Commerce Ministry informed the Committee that Dr. Bharat Ram served on the Board of Directors of TFAI for a period of 3 years (normal tenure as per Articles of Association) during 1981 to 1984. He could not be re-appointed after the completion of tenure as he was overage. In his place, the possibility of appointing Shri K. G. Khosla, Industrialist was explored. However, this was not found possible as Shri Khosla was also overage. The possibilities of having representatives from trade and industry on the Board if TFAI is again under consideration.

4.47 As most of the members of the Board were the Secretaries of various Ministries|Departments of Government of India, the Committee enquired as to at what level the decision was taken to have them on the Board. The representative of the Commerce Ministry then stated during evidence :—

“Whether a discussion took place or not, I cannot say. But I can say that these are the Secretaries who are involved, directly or indirectly, in the functioning of the TFAI.”

4.48 The Committee have also observed that except the Chairman all other members of the Board of Directors of TFAI were part-time Directors. When asked whether Board consisting of all the part-time Directors except the Chairman could be considered a duly-constituted Board, the representative of Ministry stated during evidence :—

“There are regulations under which Members of the Board of Directors are appointed. There are regulations which say that so many members should be full time, part-time etc. If that is so, part-time Directors are there under the rules. In the TFAI articles of association there is no specific mention of the number of part-time directors. Under the rules, it is duly constituted.”

4.49 When asked about the reasons for appointing only part-time Directors on the Board, the witness stated that "Speaking for myself I am unable to give any reason as to why full-time Directors were not appointed."

4.50 To another query as to whether there was any demarcation between the duties and responsibilities of full-time and part-time Directors in the Articles of Association of the Company, the witness stated that, At least in this Memorandum of Association there is no mention of it."

4.51 As regards the proportion of part-time Directors to the total strength of the Board of Directors of a Public Undertaking, the Committee drew attention of the Ministry to the guidelines of Bureau of Public Enterprises (October, 1972), which *inter alia* provided as follows :—

"The number of part-time non-official Directors on the Board of multi-unit and multi-regional Public Enterprises may be about 1/3rd of the total strength, which may be of the order of 12 to 15. In relatively smaller enterprises, the Board strength should be between 8 and 12, including official and non-official part-time Directors, the number of latter being about 1/3rd of the total."

Thereupon the representative of the Ministry stated :—

"As you read out, it is clear that the Board of Directors nominated here does not conform to that part."

4.52 When further asked whether the Ministry would take steps to implement the above guidelines of the BPE, the witness stated, "We shall do it."

4.53 As regards filling up the existing three vacancies in the Board of Directors, the Committee enquired as to what efforts were made by the Ministry to fill up those vacancies, the witness replied :—

"Recently the Ministry received proposals from the TFAI about filling up the posts of three vacancies.....some government officials have been suggested. On one or two occasions we have started thinking on this. The matter has not been decided and we are keeping it under consideration."

4.54 Asked as to when the proposal was received by the Ministry from TFAI in this regard, the Commerce Ministry in the written note furnished after evidence have stated that "proposals for filling up the existing vacancies on the Board of Directors were sent by TFAI in April, 1986."

4.55 According to the Articles of Association of TFAI, the President of India shall determine from time to time the number of Directors of the Company which shall not be more than 12 and less than 4. The present Board of Directors of TFAI consists of Chairman and 8 other part-time Directors. Most of them are Secretaries of Government Departments and who by virtue of their pre-occupation with normal official duties cannot be expected to devote sufficient time and attention that their duties as Board Members demand. There are three vacancies on the Board of Directors which have not been filled up so far.

4.56 The Committee find that Dr. Bharat Ram of DCM Group of Industries served on the Board of Directors of TFAI from 1981 to 1984 but thereafter no eminent person representing Trade and Industry has been appointed on the Board. In this connection, the Commerce Secretary during evidence has expressed his views that "the Board of Directors will benefit if experts from Private Industry also participate in it. I do not know why after 1984 it is not done." The representative of the Ministry also could not explain satisfactorily as to why full time Directors have not been appointed on the present Board of TFAI.

4.57 The Committee have gathered an inevitable impression that in the matter of appointment of Directors on the Board of TFAI, the Commerce Ministry has not played the role expected of it. Not only, no Director represents Trade & Industry but three posts of Directors have also not been filled up for the reasons best known to the Government.

4.58 The appointment of the part-time Directors is also not in conformity with the guidelines issued by BPE in October, 1972 wherein it is specifically laid down that part-time non-official Directors should be only one-third of the total strength. In this connection, Committee would also like to draw the attention of the Ministry to the recommendation contained in their Twentieth Report (6th Lok Sabha) wherein it has been clearly emphasised that there is no need to nominate on the Board representatives of all the Departments/Ministries connected with the activities of a particular enterprise and only a minimum number should represent the Government interest for real active participation.

4.59 The Committee cannot but express their concern at this state of affairs. They recommend that the procedure for appointment of Board Directors should be streamlined by prescribing qualifications, experience etc. of the directors. In this connection, the Committee would also like to emphasize that preference in regard to appointment of Directors should be given to persons coming up from within the Organisation so that persons in the Organisation should have a reasonable expectation that if they work hard and well they will have the opportunity to rise to the highest position.

4.60 The Committee also find that the proposals for the filling up the existing vacancies on the Board were sent to the Ministry by TFAI in April 1986, but the matter has not been decided by the Ministry so far. The Committee desire that the Government should take immediate action to fill up the vacancies and make the Board broad-based by appointing more executives from the Trade and Industry with professional expertise.

(ii) *Top Management*

4.61 According to TFAI, their present Chairman has served in that capacity from 30-12-1976 to 29-3-1977, when he resigned. He was again appointed Chairman w.e.f. 23-4-1980. In the intervening period the cost of Chairman was held by Shri P. C. Alexander, Shri R. D. Thapar, Shri C. R. Krishnaswami Rao Saheb, Shri A. S. Gill, Commerce Secretaries in ex-officio capacity and Shri P. K. Kaul, Additional Secretary, Ministry of Commerce also in ex-officio capacity.

4.62 As regards the pre-requisites for appointment to the post of Chairman of the Company, the Committee desired to know the prescribed qualifications, experience etc. if any, laid down for the purpose in the Articles of Association of TFAI. The Secretary, Ministry of Commerce stated during evidence :—

“Not in the article, but the Bureau of Public Enterprise generally guide us.”

4.63 The Committee enquired as to what were the guidelines of the BPE in regard to appointment of Chairman and other members of the Board and whether these were being followed by the TFAI, the witness stated that “generally about tenure it is followed—it is for three years”. The witness also informed the Committee that “the tenure of the present Chairman normally is for three years but the current extension of the Chairman is for two years”.

4.64 Dwelling upon age-limit for the post of Chairman, the Committee enquired about the guidelines laid down for the purpose. The Secretary, Ministry of Commerce during evidence informed the Committee that as per the guidelines of BPE, the age limit was 65 years but in special cases exemptions could be given.

4.65 In this connection when the Committee enquired as to whether the guidelines of the BPE were followed with exception also, the witness admitted during evidence that “exceptions can be made”. When asked whether any specific decision was taken in this regard, the witness replied in the negative.

4.66 The Committee were informed that from 30-12-1976 to 31-10-1983, the post of Managing Director was held by Shri B. Ramadorai, Shri A. C. Banerjee, Shri N. K. Bhardwaj, Shri Prem Nath, Shri Surendra Singh, Shri R. Ramakrishna, Shri Zafar Saifullah. Except Shri A. C. Banerjee who resigned, all other officers relinquished their posts on transfer. The Committee enquired about the reasons for not filling up the post of Managing Director. The representative of Commerce Ministry stated during evidence :—

“Till recently, there was a post of Managing Director who was on the Board of Directors. But this post is kept in abeyance and one Chief General Manager is appointed.”

4.67 In this connection, the Commerce Secretary also added :

“The post of Managing Director is vacant since November, 1983...  
.....We have a whole time Chairman. We have kept the M.D. in abeyance.”

4.68 The decision of the Public Enterprises Selection Board on the question of keeping the top posts in abeyance as circulated by BPE vide their letter No. 5(30)/75 BPE (PESB) dated 27-5-1975 is given below:—

“The Board took the view that if there was no intention to fill a post, it should be abolished. Unless it is abolished, the Board will have to treat the post as vacant and take action to fill it up. If, at a later date, it becomes necessary to operate the post, it could be re-created. It was desired that the Ministries concerned should be advised accordingly.”

4.69 The Committee were informed during evidence that the qualifications, age, experience etc. for the appointment of Chairman are not laid down in the Articles of Association but as per BPE's guidelines, the age limit is 65 years but in special cases exemptions can be given. The tenure is for 3 years but the present incumbent has been given extensions and the current extension is for 2 years. When asked whether BPE's guidelines were followed with exception, the Commerce Secretary stated during evidence “exceptions can be made”.

4.70 BPE guidelines on top posts in Public Enterprises point out that the practice of giving extensions beyond the normal age of retirement may prevent a healthy second level of management being built up and that the Public Enterprises Selection Board would enforce strictly the retirement age except in very exceptional cases where developments which could not

have been foreseen, make it necessary to recommend an extension. It is not known whether the approval of PESB was obtained prior to giving extensions and it is also not known what the unforeseen developments were that necessitated grant of extension to the present incumbent.

4.71 The Committee desire that the norms and procedures for selection, appointment and for granting extensions in TFAI should be reviewed by Government in all its ramifications so as to bring in the desired changes in the Articles of Association, where required so that no office bearer of TFAI could be placed in a situation which is apparently distinct as compared to other public sector undertakings.

4.72 The Committee are also informed that from 30-12-1982 to 31-10-1983 the post of Managing Director was held by as many as 7 persons. The post is reported to have been held in abeyance since November 1983 and instead a Chief General Manager has been appointed. The Chief General Manager is not a member of the Board of Director. While explaining the reasons for keeping the post of Managing Director in abeyance, the Commerce Secretary stated during evidence that "we have a whole time Chairman and kept the post of Managing Director in abeyance."

4.73 The Committee observe from PESB's decision on the question of keeping top posts in abeyance that if there was no intention to fill a post it should be abolished and if, at a later date, it becomes necessary to operate the post, it could be created. The Committee wonder why this procedure has not been followed in the matter of keeping the M.D.'s post in abeyance. It is not clear whether PESB was informed of this position and if so with what reaction. The Committee would like to be apprised of the factual position.

4.74 According to the information made available to the Committee, the post of the Managing Director in the Company has been kept vacant for over 3 years. The Committee do not appreciate, in particular in view of the fact that the Managing Director is important, link between the Board and the management and he is the actual executor of Programmes and Policies of the Company. Surely, the Chief General Manager who is not a Member of the Board of Directors cannot be a substitute for the Managing Director.

4.75 The Committee have also noticed that the Board of Directors has delegated powers as reported by TFAI in 1985 to a three member Standing Committee consisting of Chairman, Managing Director and Additional Secretary & Financial Adviser of Committee Ministry to deal with day-to-day matters. But the Managing Director's post is lying vacant from 1983



onwards. The Committee feels that this is not a workable proposition. The Committee are, therefore, of the firm opinion that the post of Managing Director should be revived and a full time Managing Director appointed immediately for the efficient, effective and coordinated functioning of the Organisation.

**NEW DELHI**

**March 31, 1987**

**Chaitra 10, 1909 (Saka)**

**K. RAMAMURTHY,**  
Chairman,  
Committee on Public Undertaking.

APPENDIX—I

Trade Fair Authority of India

Year	Fairs Name	Planned	Actually organised	Events dropped	Details of events dropped	Reasons
1980-81	1. General Fairs	11	10	1	1. Khartoum Intl. Fair	Due to poor responses from trade for participation
	2. Indian Exhs.	4	3	1	2. Indian Exh. Kuala-Lumpur	
	3. Specialised Commodity Fairs	—	—	—	—	
		15	13	2		
1981-82	1. General Fairs	12	8	4	1. Tehran Intl. Fair	1. Due to war conditions 2. Non-availability of proper of space 3. On the advice of Embassy India 4. Due to shortage of time.
	2. Indian Exhs	4	4	—	2. Cairo Intl. Fair	
	3. Specialised Commodity Fairs	2	2	—	3. New Zealand Intl. Fair	
		18	14	4	4. Leipzig Intl. Fair	
1982-83	1. General Fairs	20	20	—	—	
	2. Indian Exhs.	4	4	—	—	
	3. Specialised Commodity Fairs	14	14	—	—	
		38	38	—	—	

1983-84	1. General Fairs	19	19	1	1. Indian Exh. Manila 2. Technology for the people Manila. 3. Intl. Furniture Fair Cologne. 4. Software Expo, Chicago 5. Intl. Carpet Fair, UK	Due to extremely poor response.
	2. Indian Exhs.	5	4	1		
	3. Specialised Commodity Fairs	23	19	4		
		47	42	5		
1984-85	1. General Fairs	19	19	1	1. BIAS, Milan	Due to lack of adequate response from trade.
	2. Indian Exhs.	4	4	1		
	3. Specialised Commodity Fairs	16	15	1		
		39	38	1		

## APPENDIX—II

## Expenditure/Income Relating to activities in Pragati Maidan Complex

(Rs. in lakhs)

	1980-81	1982-83	1982-83	1983-84	1984-85
<b>A. Expenditure</b>					
1. Fairs organised in Pragati Maidan by TFAI	46.99	109.08	126.91	136.13	95.53
2. Activities other than 1 above	27.44	28.87	31.06	42.03	49.74
3. Maintenance of Pragati Maidan & Payment of taxes	90.02	216.75	198.03	194.18	177.89
4. Establishment expenses	38.09	37.01	46.61	54.85	60.54
5. Depreciation/DRE	19.54	43.06	59.96	57.39	61.59
6. Deficit as a result of provision for doubtful debts written off etc.	4.73	7.58	0.32	0.45	2.05
<b>Total (A)</b>	<b>226.81</b>	<b>442.35</b>	<b>462.89</b>	<b>485.03</b>	<b>447.34</b>
<b>B. Income</b>					
1. Fairs organised in Pragati Maidan by TFAI	32.92	243.00	262.21	274.25	260.59
2. Activities other than 1 above	38.62	43.61	182.45	69.59	122.06
3. Surplus relating to Misc. income and liabilities not required etc.	3.37	7.21	3.88	27.10	20.65
<b>Total :</b>	<b>74.91</b>	<b>293.82</b>	<b>448.54</b>	<b>370.94</b>	<b>403.30</b>
4. Govt. Grant	71.69	129.62	25.62	111.16	96.93
<b>Total (B) :</b>	<b>146.60</b>	<b>423.44</b>	<b>474.16</b>	<b>482.10</b>	<b>500.23</b>
<b>Surplus/Deficit (B—A)</b>	<b>-80.21</b>	<b>-18.91</b>	<b>11.27</b>	<b>-2.93</b>	<b>52.89</b>

### APPENDIX III

#### Statement of Conclusions/Recommendations of the Committee on Public Undertakings contained in the Report

Sl. No.	Reference to Para No. in the Report	Conclusions/Recommendations
1	2	3
1.	1.14	<p>Although the Trade Fair Authority of India was set up in 1977, its specific objectives and obligations—economic, social and financial have not yet been formulated in details nor these have been specifically approved by Government. The Committee were also informed by the Ministry during their oral evidence that “in the case of TFAI, it is not necessary because it has got the objectives set...it is there in the Memorandum of Association. The Objectives are Government approved objectives.” The Committee are not convinced of the Ministry’s contention and are of the firm view that if terms of BPE guidelines issued in 1970 and 1979, it is incumbent upon all public undertakings to make out a comprehensive and clear statement of their objectives and obligations. Further, the statements of objectives and obligations formulated by enterprises should be specifically approved by their Board and ratified by administrative Ministries. The Committee also see no logic in the argument that since the objectives are given in the Memorandum of Association, these should be taken as Government approved objectives and need not be brought out in a separate statement. On the Other hand, the Committee feel since all the Government Companies registered under the Companies Act are required to have a Memorandum of Association containing broad objectives but they are not precluded from the requirement of formulating detailed objectives and obligations and to get the same approved by their Boards and also by the Administrative Ministries. Clearly spelt out objectives will not only enable</p>

1

2

3

the Undertaking to know the areas of operation but will also enable the Government to evaluate on a realistic basis the performance of the organisation with reference to the approved objectives. The Committee, therefore, recommend that immediate action to bring out a comprehensive and clear statement of objectives and obligations of TFAI and also getting the same approved by the Board and by the Commerce Ministry is taken without any further delay. The Committee would also like to be apprised of the action taken in this behalf within six months of the presentation of their report.

2. 1.15

The Committee also find that even during nine years of its formation, the TFAI has not made any significant progress in regard to the achievement of even those objectives for which it claims to have set for itself not to speak of the ancillary objectives or other objectives, as contained in the Memorandum of Association. In this connection, during oral evidence, when the Committee enquired from TFAI about the progress made with regard to the trading in commodities connected with exhibitions, which was one of their main objectives, the representative of TFAI admitted "we are comparatively a young organisation and hence we do not want to spread ourselves to much...we are still trying to perfect trade fair techniques. This is an activity which is increasing and is occupying us full time". In the light of these comments and also keeping in view the experience gained during all these years, the Committee recommend that objectives and obligations of the Company should be re-defined and the policies and programme to be pursued by TFAI spelt out clearly especially when its activities are stated to have been widened after its formation in 1976 and it has assumed the nodal role for the trade fairs and exhibitions.

3. 1.16

The Committee have also been informed that TFAI can consider taking up the role of setting up exhibitions in different States and for providing performance management of fairs organised by them if the Government

---

1

2

3

---

gives such a mandate. This role according to TFAI was not directly specified when that organisation was formed. The Committee desire that while redefining objectives, and obligations this aspect should also be looked into and specifically provided in objectives so as to provide firm basis to TFAI, rather than giving them *ad hoc* mandate, for holding exhibitions in the remotest areas of different States for creating awareness of the progress achieved by the country in different fields.

4 1.17

The Committee also desire that the Ministry should bring out a paper on the actual performance of the Company during 1977 to 1986 in fulfilment of its objectives and obligations and place the same before Parliament to enable members to assess the growth and activities of the Company on a realistic basis.

5 1.29 & 1.30

The Committee are informed that TFAI being a service concern has not prepared a Corporate Plan. Instead, it has drawn a perspective plan for a five years period from 1983-84 to 1986-87 for finalising fairs and exhibitions in India and abroad. For this purpose the world has been grouped into five regions having geo-political and geo-commercial contiguity for the purpose of market promotion. It also provides for holding of 77 fairs on an annual basis by the end of 1987-88 with special emphasis on participation in specialised fairs in developed countries like USA, West Europe, Australia and Japan. The Plan also provides for organising one major exclusive Indian Exhibition like EXPOS in one region each year by rotation. The Trade Fair Authority of India is also reported to be recasting its perspective plan in consonance with the priorities laid down in the Seventh Plan for export promotion.

When the Committee pointed out that even some of public sector service and Consultancy Organisations had also formulated their Corporate Plan, the representative of Trade Fair Authority of India stated during evidence that, "The decision has already been reached to have this kind of plan for our activities in India and abroad." The Committee therefore emphasis the

---

---

urgent need for formulating Corporate Plan and getting approved by Government to provide a more definite basis for planning its future activities.

6. 2.23

The Committee have observed that the Trade Fair Authority of India organised/participated in 13 fairs abroad in 1980-81. In 1981-82, it participated in 14 fairs. The TFAI also claims to have made a notable progress in its works abroad as its participation in fairs increased progressively to 38, 42 and 38, respectively in 1982-83, 1983-84 and 1984-85. Not targets were reported to have been laid down for participation in fairs abroad in the years 1981-82 and 1982-83. During these two years, the number of fairs to be organised/participated was decided by the Exhibition Advisory Committee of Commerce Ministry. However, in 1982-83 the TFAI drew its first perspective plan according to which it fixed the targets of organising 55 fairs in 1983-84 and 75 fairs in 1984-85. These targets were, however scaled down to 47 and 39 respectively, by the Exhibition Advisory Committee. Even these modified targets were not in fact achieved. The main reasons for shortfall in the achievement of the targets are stated to be the poor response from the trade, shortage of time, national priority and non-availability of space and resources. The TFAI has also tried to justify the holding of lesser number of fairs in 1983-84 by the fact that they organised two Jumbo Exhibitions, one at Hannover and the other at Moscow wherein the business booked amounted to Rs. 20 crores and Rs. 98 crores, respectively. The Committee are not convinced by the reasons advanced by the TFAI for not fulfilling the targets fixed. According to them, these difficulties are not such as could not be tackled by proper advance planning. Furthermore, the holding of the two Jumbo fairs might have resulted in the spurt of business booked but certainly the figure of business negotiated in International fairs cannot be accepted as being the figure of firm contracts entered. Unfortunately, the TFAI could not furnish information with regard to business actually materialised as against the business booked and have admitted in their written

---



reply that, "despite repeated follow-up with the participating companies, it has not been possible to obtain this information." The Committee regret to point out that in the absence of this vital information it is not possible to assess the success of the trade fairs in a realistic and meaningful manner in so far as trade promotion is concerned. In this connection, the Committee would also like to draw the attention of the Commerce Ministry to the recommendation of Public Accounts Committee contained in their 197th Report (1975-76) wherein it has been clearly emphasised that "more important than the figures of business negotiated in International Fairs are the figures of firm contracts entered and the export effected." The Committee are not able to appreciate that even after ten years nothing has been done by the Government in this regard to compile and publish this information to enable an objective assessment being made of the impact of these trade fairs on our export-import trade. The Committee, therefore, desire that information about the firm business contracts entered as against the business booked in the trade fairs held both in India and abroad during the last five years should be collected and placed before Parliament so as to enable the members to judge the achievement of TFAI in its true perspective. The Committee also desire that the Government should issue instructions to all participating companies to compile in future the data of business actually effected and not order booked in trade fairs so as to have a proper insight of export prospects generated for the country in the areas where the fairs are held. The data so collected should be placed before Parliament annually.

7 2.24

The Committee also feel that in order to get a clear picture of the achievements of TFAI in organising fairs to promote exports, it is necessary to have commodity-wise and country-wise details of orders claimed to have been received at the fair. The Committee have their own feeling that most of the countries with which India has been able to increase export are rupee payment countries

---

who under the trade arrangements send their representatives to scout India's exportable products towards the end of year. In view of this, the credit for obtaining orders can hardly be given to TFAI fairs. The Committee recommend that TFAI should make an appraisal of the achievement of fairs organised by in terms of orders received from non-rupee, payment countries vis-a-vis other countries. The Committee are sure that the result of such an appraisal would not only be an eye-opener but may provide the legitimate ground for reorientation of the policy of organising trade fairs by TFAI.

8 2.25

The Committee are also concerned about the proposal of TFAI to organise a 'Jumbo Fair' in one geographical region every year. If good chunk of the available limited resources are spent on the so called jumbo fairs, the corresponding reduction in the number of other fairs would then become inevitable. Further in Committee's view there are no set guidelines for distinguishing between a normal fair and a jumbo fair. Even then, if jumbo fairs yield better results in Committee's view TFAI should arrange only such fairs more frequently instead of going in for them only once in a year. If the results are considered as the main criterial for selecting regions for these jumbo fairs, then West and East Asian countries and Africa should receive prime attention of TFAI in this regard.

9 2.26

During oral evidence of TFAI, the Committee were also informed that in 1981-82, the participation of India in Leipzig Fair had to be cancelled due to shortage of time though politically and economically the fair was important for the country. The approval of the Ministry for participation in this fair is reported to have been conveyed to TFAI very late. In this connection, the Chairman of TFAI admitted that "participation in Leipzig Fair was dropped because of shortage of time. . . . Delay was on the part of the Commerce Ministry. There was change of officers at different levels and they gave us only a few months." However, the Commerce Ministry have given a totally different version of the reasons for the non-participation of

---

the country in this fair. According to them, their Exhibition Advisory Committee approved in April, 1980 the participation of TFAI in Leipzig fair to be held in September, 1981. But in the review meeting held in February, 1981 the Exhibition Advisory Committee again decided that TFAI should not participate in this fair as it has been participating in this fair regularly for several years. The TFAI is reported to have again approached the Ministry in October, 1981 for participation in Leipzig Fair in March 1982 which was not agreed to by the Ministry on the ground that "there was no change in the circumstances. Although the statement made by the Chairman of the TFAI before the Committee that participation was dropped because of shortage of time is not corroborated by the testimony of the Ministry, even then the Committee are not convinced of the reasons advanced by the Ministry of not allowing TFAI to participate in such an important world fair. The Committee feel that participation of TFAI in Leipzig Fair was dropped because of the shortage of time and vacillation and delay on the part of the Ministry to decide the matter. The Committee, therefore, desire that the whole matter should be gone into thoroughly to assess whether the decision not to permit the TFAI to participate in the Leipzig Fair which was important for the country politically and economically, was really sound and if not, at what level responsibility should be fixed for such an erroneous decision.

10 2.27

It has also been brought to the notice of the Committee that the trade fairs are an important tool for export promotion in the world over. This promotional tool has a special significance for our country because of a vast information gap that exists between exporters and overseas buyers. India's export potential is hardly known outside the country, especially in manufactured products, turnkey projects and consultancy. The exporters who have participated in the foreign trade fairs and displayed their goods are reported to have expressed common grievance that the

---

fairs have rarely yielded any worthwhile export business. In Committee's view, this is a case of failure of publicity drive by TFAI. The Committee suggest that the plan for exhibitions should be coordinated with the country's export marketing strategy for the products because a trade fair is not a complete promotional instrument by itself. It has to be dovetailed into other marketing plans. The trade fair may be a flop unless it is accompanied by a systematic advertisement campaign in the mass media. In this connection, the Committee need hardly emphasize that a planned approach for organising the trade fairs abroad is the key to their success.

11 2.28

The Committee are, however, glad to note that TFAI has now drawn up a five year perspective plan for India's participation in commercial trade fairs abroad. This advance information on future fairs would certainly help the exporters to plan the display of their goods on a long term basis and choose the most advantageous events and make advance preparation for participation therein.

12 2.50

The Committee note that TFAI is organising India International Trade Fair (IITF) annually at Pragati Maidan. It has organised four successive such fairs from 1980-81 to 1984-85. But the participation therein of both national and foreign sectors has been far from satisfactory. In fact, the participation of national sector declined from 103 in 1981-82 to 89 in 1984-85. The participation of foreign sector also came down from 64 in 1981-82 to 45 in 1984-85. The TFAI has, however, claimed success of these fairs, as according to it, the business generated has increased from Rs. 500 crores in 1981-82 to 1200 crores in 1984-85. The Committee have already given their comments earlier in this report that the success of the fairs organised can be judged only from the business materialised and not from the business booked as a good chunk of business booked may not actually materialise. Accordingly, the Committee have desired TFAI to Collect and place before Parliament the information

---

---

with regard to the value of the business actually materialised in the fairs organised by it both in India and abroad during the last five years.

13 2.51

The Committee note that the participation in the India International Trade Fair by some of the western countries like UK, France, USA etc. had been at a low key. In this connection, the Chairman of TFAI has also admitted that "USA and UK do not come to our fairs. Many of the countries come only to please us... The number of countries participated in India International Fair is not as per our expectation because of very inadequate contacts with the foreign countries." The Committee feel that IITF should provide a forum for business men all over the world to get together for exchange of information about trade. The Committee recommend that in order to attract larger number of participants, TFAI should widely publicise these fairs among the business circles the world over so as to create a better understanding between buyers and sellers. The efforts in this regard should not be restricted to EEC and East European Block countries only such sustained efforts should also precede the actual fair by having a constant dialogue with our missions abroad and foreign missions in India so that the international fair proves more fruitful when it is actually held.

14 2.52

The Committee also feel that India International Fair should emerge as a medium not only for promoting India's trade but also as a channel for the growing bulk of our import of requirements. With this realisation the foreign participants should be encouraged to display those items which are required in our country. Our long term objective should be to promote IITF in such a manner that a significant share of our export and import trade is routed through the trade fairs.

15 2.53

The Committee are sorry to note that the response of Indian private industry has not been adequate specially from the large industrial houses which did not feel the necessity of exposing their products in these

---

1

2

3

fairs because of their sheltered domestic markets. The Committee recommend that to enlist the support and cooperation of business houses for their participation in these fairs, the Ministry should arrange regular meetings with the business houses at regular intervals with a view to identify their problems/difficulties and finding a solution thereto. The Committee also desire that a consolidated list of fairs to be held in the year in which Indian industries are expected to participate should also be placed and discussed in such meetings. The Committee feel that such an arrangement in future will provide the necessary democratic process of decision making and will also provide an opportunity to the participants to place their difficulties, if any. Government should also consider ways and means to make the participation by export promotion councils and business houses mandatory once they had agreed to the list of fairs to be organised in the year.

16 2.54

The Committee have also noticed that public sector undertakings are also not participating in the fairs in the effective manner as one would desire them to do. The Committee, therefore, desire that in order to increase participation of Public Sector Undertakings, the Government should issue instructions to all the Ministries directing them to instruct the public undertakings under their administrative control to participate in trade fairs in an effective and meaningful way to project the industrial strides made by country in the various fields and thereby help in boosting the exports of Indian goods.

17 2.55

The Committee have observed that many developed countries like U.S.A. and the U.K. do not effectively participate in the fairs organised by TFAI. This, according to TFAI is due to the fact that many Government agencies and public sector organisations invariably send their purchasing delegations to developed countries even if they do not take part in the fairs. Furthermore, the lukewarm response in participation in the Indian fairs received from many European and developed countries is also reported to be.

---

due to the Government's policy of sending regularly purchase missions to these individual countries. The Committee apprehend that this not only narrows down the range of products choice to one country, but also may provide a scope for such delegations managing to get commission money when finalising the import deals. The Committee, therefore, recommend that the Government should issue instructions that the import needs by Government Departments and public sector undertakings should be met, as far as possible, from the annual trade exhibitions held in the country where a large number of leading world exporters participate and a wider choice of purchase can be exercised with less efforts.

18 2.56

The Committee are informed that Indian exhibitors participating in fairs held abroad are required to pay countervailing duties on re-import of exhibits after the fair is over. It has been pleaded that the participants should be allowed to bring back their goods to their factories and warehouses without the payment of any duties and when the goods are taken out for sale within the country only then such duties should be charged. In this connection, the Commerce Secretary has informed the Committee during his evidence that the matter was being discussed with the Revenue Authorities and also in the inter-Ministerial discussion. It was last discussed in May, 1986 but the Revenue Authorities were reported to be not in favour to change the existing regulations. The Committee recommend that the procedural aspect of the customs and transportation regulations should be sorted out without any further delay and the regulations be simplified so that participants can carry the goods abroad and bring them back without facing the present difficulties. While deciding this issue, the Government should also bear in mind the practice obtaining in this regard in other developing and developed countries.

19 2.57

The Committee are surprised to note that besides TFAL, Trade Development Authority and Export

---

Promotion Councils (EPCs) are also engaged in promoting trade through the medium of fairs. According to the Ministry, the Trade Development Authority is meant for merely business activities and to provide services at micro level. EPCs by virtue of their greater experience in particular commodities are allowed to participate, if the Government consider that their participation would be more effective. When asked as to why even after the setting up of TFAI we should continue to have EPCs, the representative of the Ministry *inter alia* stated that "our objective is to get the best returns in terms of that particular exhibition." When pointed out that there was no demarcation between the functions of TFAI and EPCs, the witness admitted that, "it was so in the sense that one is not excluded from the other. There is no rigidity and no clear-out demarcation." The Committee feel that the very purpose of setting up of TFAI as the nodal agency for organising trade fairs has not been achieved and the activities of TFAI, Trade Development Authority and Export Promotion Councils are not coordinated properly at present by any agency, resulting in the duplication of activities and wastage of resources in arranging the trade fairs. To avoid this, the Committee recommend that the Government should consider the feasibility of bringing Trade Development Authority and Export Promotion Councils within the framework of TFAI, so far as the organising of trade fairs activities are concerned.

20 2.62

The Committee are informed that TFAI is organising specialised fairs from 1980-81 onwards both within and outside the country, The Committee find that much progress does not appear to have been made in this regard as the number of such fairs organised by TFAI has ranged only from 3 to 4 year. The Committee need hardly emphasise the importance of organising specialised fairs as against the general fairs which normally do not fetch much business. The specialised fairs also help the local, small and medium scale industries to explore their products at an international level which otherwise, would not be



1

2

3

possible for them due to various constraints. The Committee, therefore recommend that specialised fairs should be made a regular feature in the future plan of TFAI and these should be organised on an international scale in all parts of the country especially in the State capitals. Wide publicity to these fairs should also be given through the media like newspapers, TV, Radio, and also through the various publications brought out by TFAI.

21 2.69 &amp; 2.70

The Committee find that no cost benefit study has been undertaken so far to assess the usefulness of fairs and exhibitions organised abroad by TFAI. However, according to TFAI, a proforma has been evolved wherein detailed information is sought on various aspects of exhibitions, participation arrangement, business results, market potentials and follow up action etc. Accordingly, each Project Officer in TFAI is required to furnish information to the Marketing Research Unit. Information is then analysed and discussions are held between officers planning the exhibition and the Exhibition Team deputed abroad. A decision is then taken within the organization whether any improvements are required in future or the participation is to be dropped. In this connection, the Commerce Ministry have also stated that by virtue of specialised nature of activities of TFAI and international environment, good results can accrue if TFAI developed a strong internal performance audit system.

The Committee are not satisfied with the internal evaluation system being followed at present in TFAI as a substitute to the cost benefit study. The Committee are of the view that TFAI cannot be the judge of its own performance. The performance of an organisation has to be evaluated by an independent outside agency free from any pulls and pressures so as to have an unbiased and realistic report on its achievements. The Committee recommend that Planning Commission should examine the feasibility of carrying

---

out on economic cost benefit analysis of the fairs organised by the TFAI. If found feasible, such an analysis should be undertaken for the fairs organised by TFAI during the last 10 years and the outcome reported to the committee. Incidentally the Committee would like to be informed of the finding of the Abid Hussain Committee which, *inter-alia*, reviewed the growth and performance of TFAO.

22 3.21

The Committee have observed that the Pragati Maidan Complex was leased out to TFAI at a nominal rent of Re. 1/- per annum with the stipulation that the TFAI will bear all maintenance cost. It was also stipulated that the leasing of the Complex at Re. 1/- per annum would initially be for a period of five years and the matter would be reviewed thereafter. However, the initial lease period of five years expired on 30th December, 1981 and the review is reported to have been initiated TFAI in November, 1980 which is still in progress and no formal extension has been given so far. The matter is being pursued by TFAI with the concerned authorities. The Committee express their displeasure on this inordinate delay. They are surprised that the Commerce Ministry have not been able to finalise the matter with the concerned Government authorities even after more than five years of the expiry of the lease and as a result the uncertainties still continue. The Committee recommend that the matter should be sorted out without any further delay and fresh lease executed in favour of TFAI to enable it to plan its activities in Pragati Maidan on a firm footing.

23 3.22

The Committee note that the TFAI has received some complaints against the charging of high space rents from the participants in the trade fairs organised by TFAI at Pragati Maidan Complex. The Committee have also been informed that no scientific study has been conducted with regard to the reasonableness of the space rent charged by TFAI. This was also admitted by Commerce Secretary during his evidence that "we made a general assessment and no scientific

---

1

2

3

study was done at the level of Ministry." The Committee are of the view that the space rent being charged by TFAI is on the high side especially when the Complex has been leased out to it at a nominal annual rent of Re. 1/-. Even though TFAI has claimed that it is building its own assets with the rentals received by it. The Committee feel that the Government/TFAI should consider favourably the feasibility of reducing the space rent being charged at present to motivate Trade and Industry to participate in the trade fairs in a big way and project the country's industrial and export capabilities. Special attention in this regard should be paid to the small scale and cottage industries especially those engaged in the upliftment of handicapped and weaker sections of the society. The Committee would also recommend that the Government should arrange immediately to have a scientific study carried out by an independent agency with regard to the reasonableness of the space rent being charged at present by TFAI and the Committee be apprised of the results of that study.

24 3.23

The Committee also find that the activities of TFAI at Pragati Maidan Complex are yet to become self-sufficient and the TFAI continues to depend largely upon the Government, grants even after more than 9 years of its setting up. As much as one-third of the total grants even to TFAI are meant to meet its activities in Pragati Maidan. TFAI is reported to have built up some resources and capital and is steadily moving towards self-sufficiency. In fact, the Chairman of TFAI expressed the view before the Committee during his oral evidence that "today Government is paying up some money for maintenance but we will not need it after a year or two. . . . we will become self-sufficient." Although the observations of the Committee in regard to achievement of self-sufficiency by TFAI as a whole are being dealt with in the subsequent Chapter, the Committee would only emphasize here that TFAI should make concerted efforts to make the Pragati Maidan Complex an economically viable unit and thereby reduce its burden of grants on the Government.

1

2

3

25 3.24

The Committee have also noticed that TFAI have drawn a Master Plan for the optimum utilisation of land in Pragati Maidan to fulfil its objectives. Under this Master Plan the Complex would house the National Trade Centre of India, the funding of which is being negotiated. The Master Plan is reported to have been approved by the Board of Directors in September, 1982. It was, however, revised and the revised plan was also approved by the Board in February, 1985. The Committee are also informed by TFAI that "no time-frame has been built into the Master Plan at present but this will be done while formulating the Corporate Plan. According to the Ministry, the implementation of the Master Plan is in progress and TFAI has been able to implement it by and large. The Committee are not satisfied with the general remarks that "TFAI has been implementing the Plan by and large". The Committee recommend that Government should clearly specify the time frame for the implementation of the Plan so that the progress achieved in this regard could be assessed from time to time in a meaningful way. The Committee desire that along with the time frame, the progress actually achieved so far in the implementation of this Master Plan and the benefit accrued or likely to accrue therefrom may be furnished to the Committee within six months of the presentation of this report. As regards the formulation of Corporate Plan, the Committee have already given their comment in Chapter I of this Report.

26 3.41 to 3.43

In order to cope with the increased demand for additional covered space from Public Sector Undertakings, Trade and Industry during International Fairs, the TFAI is reported to have proposed to construct a 'Trade-cum-Exhibition Centre' with air-conditioned covered space of 20,000 sq. metres in a phased manner over a period of three years starting from 1985-86. This project was cleared by the Board of Directors of TFAI on 22 February, 1985. The project on completion is expected to meet not only the additional space requirements but will result in saving

the expenditure being incurred on the construction and subsequently demolition of temporary pavilion every year. The Committee are also informed that Public Sector Undertakings like SAIL, HMT and the Association of Indian Engineering Industry in the private sector and Department of Science and Technology indicated their willingness to participate by way of booking of space and making their contributions towards the cost of the capital investment of the Complex. Out of total estimated expenditure of Rs. 1119.85 lakhs on the project, the estimates contributions by participants was as much as Rs. 750.00 lakhs. The balance was to be met from TFAI's capital resources. TFAI, after clearance of the project by its Board forwarded the Expenditure Finance Committee Memorandum (EFC Memo.) to the Ministry of Commerce in June, 1985 for seeking Government approval. EFC Memo, on receipt, is reported to have been circulated to the concerned Departments, including those under whose purview the concerned Public Undertakings, who had expressed their willingness to participate in the new project, for eliciting their views.

The Departments of Steel, Science and Technology are reported to have dropped the idea of participation in the project. The project Appraisal Division and BPE have suggested recasting of the proposal on technicalities. The Planning Commission and Department of Heavy Industries have not offered any comments. According to TFAI, since no firm commitment was forthcoming from the participants originally envisaged, it thought of alternative way of implementing the project out of its own funds. The TFAI is also reported to have spent Rs. 2,19,000 from their own funds for carrying out soil investigation and payment of fee to architect. The project has not yet been sanctioned nor has it been given a final shape. In this connection, the Commerce Secretary in his oral evidence also stated that as this project has not been provided for in the Seventh Plan, it cannot be funded by the Government.

The Committee deplore the lackadaisical manner in which the whole scheme of Trade-cum-Exhibition centre at Pragati Maidan was conceived and handled. The TFAI is reported to have held general discussions with the participants but their firm commitment of financial involvement was not at all obtained. This was also admitted by Commerce Secretary during his evidence before the Committee. This, in Committee's view is a clear case of lack of planning and foresight on the part of TFAI which resulted in the backing out of certain anticipated participants and falling through of the project considered desirable and important from the point of view of providing additional space for permanent display. The Committee recommend that Government should consider the feasibility of implementing the modified version of the Project with the funds of TFAI and also with the assistance of the remaining willing participants. Efforts should also be made to persuade the original participants in the scheme who have withdrawn their participation to reconsider and honour their commitment as the project will ultimately help them in boosting their export promotion activities throughout the year.

27 3.54 & 3.55

The Committee find that State Governments of Maharashtra, Tamil Nadu, West Bengal, Jammu & Kashmir, Rajasthan and Karnataka have approached the TFAI for seeking its assistance and advice for setting up Exhibition Complexes in their States on the lines of Pragati Maidan Complex, New Delhi. According to the company this role of setting up exhibition complexes in States has not been directly envisaged in their objectives and obligations but such a role can be taken up only if the Government gives such a mandate. However, in the Ministry's view, no such mandate is necessary as such a role is already contemplated in the Memorandum of Association of the Company itself. Furthermore, the Perspective Plan of TFAI also provides for the development of exhibition infrastructures, as is available in Pragati Maidan, in various parts of the country depending upon the initiative and

1

2

3

financial support of the concerned State Governments. The Board of Directors of TFAI is also reported to have agreed in its various meetings that Bombay should be the first centre to be set up because of its pre-eminence in industry and commerce and subsequently other centres could be taken up.

The Committee are constrained to comment that not much initiative has been taken by the TFAI for establishing Trade Fair complexes in the States. The Committee recommend that in view of the paramount importance of holding Trade Fairs in other parts of the country, as emphasised by the late Prime Minister, the TFAI should take positive steps to set up Exhibition Centres at least in those States who have shown positive interest and have offered to make available the basic infrastructure. TFAI should immediately take up the setting up of first such centre in Bombay and subsequently to other State complexes as has been suggested by its Board of Directors. The Committee need hardly emphasise that the setting up of such complexes would enable local trade and industry to hold community exhibitions and to expose their products to the international buyers in the Trade Fairs to be held in the State Capitals.

28 4.33 to 4.37

The Committee are informed that every year Government of India entrust TFAI with the organisation of India's participation in International Fairs and Indian National Exhibitions abroad on agency basis. These activities are either fully or partially funded by Government on agreed financial arrangement between Government and TFAI. According to this arrangement, two-third of the total establishment expenditure of the Company is treated as attributable to TFAI's agency functions, namely, holding of fairs and exhibitions abroad on behalf of Government and this is treated as Grant-in-aid. The balance one-third of the establishment expenditure is treated as attributable to other activities of TFAI and no grant is given for this expenditure. The fairs and other activities organised by TFAI in Pragati Maidan are by and large on self-financing basis.

The Committee are also informed that according to earlier accounting arrangement the grants given to TFAI by Government were adjusted in the Company's account as capital grant *ab initio*. However, since 1981, the accounting pattern has been revised and according to the revised procedure the Government grant is treated as a revenue grant except for the grant equivalent to space rent income from foreign fairs which is treated as capital grant and the Company is allowed to retain this income. According to the extant financial arrangements, payments are made to TFAI every 3 years. For this purpose, discussions take place and after approval by Finance Ministry, the Commerce Ministry decides as to how much grant is to be given for each activity.

The Committee also note that revenue budget estimates of TFAI are scrutinised by Associate Internal Finance and if necessary, long discussions take place between Finance Officers, Commerce Secretary and TFAI and then a final decision is taken. The technical and engineering part of the budget estimates, however, is scrutinised by BPE and after the proposal is found feasible by them, the Ministry gives grant for that project.

During evidence, the representative of the Commerce Ministry admitted that they do not exercise any physical control over the implementation of the project for which capital grants are given. The Ministry gets progress reports from the Ministry's representatives in the Board and also from TFAI but there is no independent source to cross check whether the information provided is right or wrong. Likewise, the Ministry has no means of conducting physical checks of the expenditure incurred by TFAI on fairs organised abroad. The team leaders maintain separate account of each item of expenditure and this is checked in the usual course and is subject to audit the same way as of other expenditure.



The Committee are constrained to note that there is no proper system in the Ministry of getting feed back enabling them to keep a check to ensure judicious utilisation of the grants made available to TFAI for the approved programmes. They have no independent source of cross checking the information provided to them by TFAI in that regard. There is also no system of physical verification of any item of expenditure by the Commerce Ministry. This is not a happy situation. The Committee, therefore, suggest that the Commerce Ministry should devise a fool proof system to exercise an effective surveillance over the implementation of various projects and also on the expenditure incurred by TFAI on fairs organised abroad. In this connection, the Ministry may also consider the feasibility of opening a special monitoring or physical verification cell to watch the financial operations of TFAI.

29 4.38 to 4.39

After perusing the working results of TFAI for the years 1980-81 to 1984-85, the Committee have observed that the Company has been receiving substantial revenue grants year after year. The Company is also reported to have made a profit of Rs. 109.61 lakhs in 1982-83 which came down considerably during the subsequent years. Despite earning of profits, increasing grants were given by Government during the years 1980-81 to 1984-85. The quantum of grants for holding fair abroad also increased from Rs. 292 lakhs in 1980-81 to Rs. 790 lakhs in 1984-85. In spite of these grants and earning of profit by the TFAI, the Company has accumulated a loss of Rs. 4.56 crores at the end of 1984-85.

No doubt, the Company is a service organisation and is not intended to make any profit but at the same time it is not expected to depend on the huge Government grants year after year for all time to come. It is surprising that even after more than ten years of its setting up, the Company is still largely dependent on Government grants for organizing fairs

and exhibitions etc. While expressing their unhappiness over this state of affairs, the Committee desire that the Government should take effective measures to ensure that the affairs of the Company are managed in accordance with the prudent commercial practices and Company should become self-sufficient in minimum possible time. In this connection, the Chairman of TFAI has also expressed the hope before the Committee that the organisation would become self-sufficient in a year or two because of some of the assets that have been put up as a part of their activities. While agreeing with this principle, the Ministry have also informed the Committee that TFAI would become self-sufficient and the share of the Government support would go on reducing. The Committee trust that the optimism expressed by the Chairman, TFAI to make the organisation self-sufficient in a year or two would be a reality and not merely a pious wish.

30 4.40 & 4.41

The TFAI is not preparing at present its annual budget on commercial accounting basis as its programmes and activities are not known well in advance and are finalised by Ministry, year to year basis. Further, the major part of the company's budget according to TFAI, relates to foreign fairs and it is finalised by the Exhibition Advisory Committee of the Commerce Ministry only in the last quarter of the financial year i.e. in January, whereas the budget proposals are to be forwarded to Government much before i.e. by October end. Therefore, their annual budget is prepared on cash basis classified under activity-wise budgetary heads without any profit motive. However, during evidence, the Chairman of TFAI has admitted that "We are aware of the need of moving towards commercial budgeting.....now the Government has accepted the need for a 3 year plan of action. It would be easier for us to consider on commercial basis."

The Committee, therefore, recommend that in order to have a more definite basis to assess the performance of the organisation, the Government may

1	2	3
		consider the feasibility of making it obligatory for TFAI to prepare their annual budget on the principles of commercial accounting as per the requirements of Companies Act. The commercial budgeting, in Committee's view, would help in identifying the area of weaknesses and to bring about improvements, if any, by taking timely corrective measures, where required.
31	4.55 to 4.57	<p>According to the Articles of Association of TFAI, the President of India shall determine from time to time the number of Directors of the Company which shall not be more than 12 and less than 4. The present Board of Directors of TFAI consists of Chairman and 8 other part-time Directors. Most of them are Secretaries of government Departments and who by virtue of their pre-occupation with normal official duties cannot be expected to devote sufficient time and attention that their duties as Board Members demand. There are three vacancies on the Board of Directors which have not been filled up so far.</p> <p>The Committee find that Dr. Bharat Ram of DCM Group of Industries served on the Board of Directors of TFAI from 1981 to 1984 but thereafter no eminent person representing trade and Industry has been appointed on the Board. In this connection, the Commerce Secretary during evidence has expressed his view that "the Board of Directors will benefit if experts from Private Industry also participate in it. I do not know why after 1984 it is not done." The representative of the Ministry also could not explain satisfactorily as to why full time Directors have not been appointed on the present Board of TFAI.</p> <p>The Committee have gathered an inevitable impression that in the matter of appointment of Directors on the Board of TFAI, the Commerce Ministry has not played the role expected of it. Not only, no Director represents Trade &amp; Industry but three posts of Directors have also not been filled up for the reasons best known to the Government.</p>

1

2

3

32 4.58  
to  
4.59

The appointment of the part-time Directors is also not in conformity with the guidelines issued by BPE in October, 1972 where in it is specifically laid down that part-time non-official Directors should be only one-third of the total strength. In this connection, Committee would also like to draw the attention of the Ministry to the recommendation contained in their Twentieth Report (6th Lok Sabha) wherein it has been clearly emphasised that there is no need to nominate on the Board representatives of all the Departments/Ministries connected with the activities of a particular enterprise and only a minimum number should represent the Government interest for real active participation.

The Committee cannot but express their concern at this state of affairs. They recommend that the procedure for appointment of Board Directors should be streamlined by prescribing qualifications, experience etc. of the directors. In this connection, the Committee would also like to emphasize that preference in regard to appointment of Directors should be given to persons coming up from within the Organisation so that persons in the Organisation should have a reasonable expectation that if they work hard and well they will have the opportunity to rise to the highest position.

33 4.60

The Committee also find that the proposals for the filling up the existing vacancies on the Board were sent to the Ministry by TFAI in April, 1986, but the matter has not been decided by the Ministry so far. The Committee desire that the Government should take immediate action to fill up the vacancies and make the Board broad-based by appointing more executives from the trade and Industry with professional expertise.

34 4.69  
to  
4.71

The Committee were informed during evidence that the qualifications, age, experience etc. for the appointment of Chairman are not laid down in the Articles of Association but as per BPE's guidelines, the age limit is 65 years but in special cases exemptions

can be given. The tenure is for 3 years but the present incumbent has been given extensions and the current extension is for 2 years. When asked whether BPE's guidelines were followed with exceptions, the Commerce Secretary stated during evidence "exceptions can be made". BPE guidelines on top costs in Public Enterprises point out that the practice of giving extensions beyond the normal age of retirement may prevent a healthy second level of management being built up and that the Public enterprises Selection Board would enforce strictly the retirement age except in very exceptional cases where developments which could not have been foreseen, make it necessary to recommend an extension. It is not known whether the approval of PESB was obtained prior to giving extensions and it is also not known what the unforeseen developments were that necessitated grant of extensions to the present incumbent.

The Committee desire that the norms and procedures for selection, appointment and for granting extensions in TFAI should be reviewed by Government in all its ramifications so as to bring in the desired changes in the Articles of Association, where required so that no office bearer of TFAI could be placed in a situation which is apparently distinct as compared to other public sector undertakings.

35 4.72  
&  
4.73

The Committee are also informed that from 30-12-1982 to 31-10-1983 the post of Managing Director was held by as many as 7 persons. The post is reported to have been held in abeyance since November, 1983 and instead a Chief General Manager has been appointed. The Chief General Manager is not a member of the Board of Directors. While explaining the reasons for keeping the post of Managing Director in abeyance, the Commerce Secretary stated during evidence that "we have a whole time Chairman and kept the post of Managing Director in abeyance."

The Committee observe from PESB's decision on the question of keeping top posts in abeyance that if there was no intention to fill a post it should be abolished

1

2

3

and if, at a later date, it becomes necessary to operate the post, it could be created. the Committee wonder why this procedure has not been followed in the matter of keeping the M.D.'s post in abeyance. It is not clear whether PESB was informed of this position and if so with what reaction. The Committee would like to be apprised of the factual position.

36 4.74

According to the information made available to the Committee, the post of the Managing Director in the Company has been kept vacant for over 3 years. The Committee do not appreciate it particularly in view of the fact that the Manaing Director is important link between the Board and the management and he is the actual executor of Programmes and Policies of the Company. Surely, the Chief General Manager who is not a Member of the Board of Directors cannot be a substitute for the Managing Director.

37 4.75

The Committee have also noticed that the Board of Directors has delegated powers as reported by TFAI in 1985, to a three member standing Committee consisting of Chairman, Managing Director and Additional Secretary & Financial Advisor of Commerce Ministry to deal with day to day matters. But the Managing Director's post is lying vacant from 1983 onwards. The committee feel that this is not a workable proposition. The Committee are, therefore, of the firm opinion that the post of Managing Director should be revived and a full time Managing Director appointed immediately for the efficient, effective and coordinated functioning of the Organisation.

© 1987 BY LOK SABHA SECRETARIAT  
PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND  
CONDUCT OF BUSINESS IN LOK SABHA (SIXTH EDITION) AND  
PRINTED BY THE MANAGER, GOVT. OF INDIA PRESS, RING ROAD,  
NEW DELHI—110064.