

**THIRTY-SEVENTH REPORT
COMMITTEE ON PUBLIC
UNDERTAKINGS
(1987-88)**

(EIGHTH LOK SABHA)

**TRADE FAIR AUTHORITY OF INDIA
(MINISTRY OF COMMERCE)**

[Action taken by Government on the recommendations
contained in the 20th Report of the Committee on
Public Undertakings (Eighth Lok Sabha)]



सत्यमेव जयते

Presented to Lok Sabha on . . . 19 AUG 1988

Laid in Rajya Sabha on . . . 17 AUG 1988

**LOK SABHA SECRETARIAT
NEW DELHI**

May, 1988 Jyaistha, 1910 (Saka)

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~~COMMITTEE~~ TO THIRTY-SEVENTH REPORT OF
COMMITTEE ON PUBLIC UNDERTAKINGS
(EIGHTH LOK SABHA)

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COMMITTEE ON PUBLIC UNDERTAKINGS

(1987-88)

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2. Shri R. D. Sharma—*Director*
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*Ceased to be member of the Committee consequent on his/her retirement from Rajya Sabha on 2-4-1988.

**ACTION TAKEN SUB-COMMITTEE OF THE COMMITTEE ON
PUBLIC UNDERTAKINGS
(1987-88)**

1. Shri Vakkom Purushothaman — *Chairman*
2. Shri K. H. Ranganath — *Convener*
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4. Shri Dinesh Goswami
5. Shri Zainul Basher
6. Prof. P. J. Kurien
7. Prof. Saif-ud-din Soz

INTRODUCTION

1. The Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this 37th Report on Action Taken by Government on the recommendations contained in the 20th Report of the Committee on Public Undertakings (Eighth Lok Sabha) on Trade Fair Authority of India.

2. The 20th Report of the Committee on Public Undertakings was presented to Lok Sabha on 3 April, 1987. Replies of Government to all the recommendations contained in the Report were received on 8 February, 1988. The replies of Government were considered by the Action taken Sub-Committee of Committee on Public Undertakings on 16 March, 1988. The Committee also considered and adopted this Report at their sitting held on 16 March, 1988.

3. An analysis of the action taken by Government on the recommendations contained in the 20th Report (1986-87) of the Committee is given in Appendix-II

NEW DELHI:
25 May, 1988
4 Jyaistha, 1910(S).

VAKKOM PURUSHOTHAMAN,
Committee on Public Undertakings.
Chairman,

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Twentieth Report (Eighteenth Lok Sabha) of the Committee on Public Undertakings on Trade Fair Authority of India which was presented to Lok Sabha on 3 April, 1987.

2. Action Taken notes have been received from Government in respect of all the 36 recommendations contained in the Report. These have been categorised as follows :—

- (i) Recommendations|observations that have been accepted by Government.
S. Nos. 3, 5-7, 10-13, 16, 20, 22-27 and 29-33.
- (ii) Recommendations|observations which the Committee do not desire to pursue in view of Government's reply.
S. Nos. 1, 2, 8, 9, 14, 15, 17 and 28.
- (iii) Recommendations|observations in respect of which final reply of Government have not been accepted by the Committee.
S. Nos. 19 and 34-36.
- (iv) Recommendations|observations in respect of which final reply of Government is still awaited.
S. Nos. 4, 18 and 21.

3. The Committee desire that the final replies in respect of recommendations for which only interim replies have been given by Government should be furnished to the Committee expeditiously.

The Committee will now deal with the action taken by Government on some of their recommendations.

A. Delay in finalisation of Objectives and Obligations

Recommendations Sl. Nos. 1 and 2 (Paras 1.14 and 1.15)

4. In para 1.14 of their 20th Report, the Committee on Public Undertakings had recommended that immediate action should be taken by Government to bring out a comprehensive and clear statement of social, economic & financial objectives and obligations of TFAI and these should also be got approved by the Board and by the Ministry without any further delay.

5. In para 1.15 of the said 20th Report, the Committee had also commented that objectives and obligations of the Company should be re-defined and the policies and programmes to be pursued by TFAI spelt out clearly especially when its activities have been widened after its formation in 1976, as nodal agency for the trade fairs and exhibitions.

6. In their reply, the Government have stated that the Trade Fair Authority of India has formulated its objectives and obligations in terms

of guidelines issued by Bureau of Public Enterprises. Further action in this regard to obtain approval of the Board of Directors is being taken by TFAI. As regards the recommendation of the Committee to redecline objectives and obligations in view of widening of the activities of TFAI after its formation in 1976, the Government have stated that the recommendations of the Committee are being placed before the Board of Directors of TFAI.

7. The Committee are surprised to note that although a period of 10 months have elapsed since the presentation of their Report to Parliament, the objectives and obligations of TFAI formulated in terms of BPE guidelines are yet to be approved by the Board as well as the Ministry of Commerce. The recommendation of the Committee with regard to redefining the objectives and obligations also does not appear to have been considered by the Board as yet. While deprecating this lackadaisical manner, the recommendations of the Committee have been treated both by the Undertaking and also by the Ministry, the Committee urge that immediate action should be taken with regard to the approval of objectives by the Board and by the Government and also for re-defining the policies & programmes of TFAI so that the performance of TFAI could be evaluated on realistic basis. The Committee would also like to be apprised in this regard within 3 months of the presentation of this Report.

B. Delay in formulation of Corporate Plan

Recommendation Sl. No. 5 (Paras 1.29 and 1.30)

8. The Committee had noted that TFAI being a service concern had not yet prepared a Corporate Plan. Instead, it had drawn a perspective plan for a five year period from 1983-84 to 1986-87 for finalising fairs and exhibitions in India and abroad. When 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 then stated during evidence that, "The decision has already been reached to have this kind of plan for our activities in India and abroad." Accordingly, the Committee had recommended that TFAI should formulate the Corporate Plan immediately and get it approved by Government so as to provide a more definite basis for planning its future activities.

9. The Government in their reply have stated that the Trade Fair Authority of India is in the process of formulating a Corporate Plan.

10. The Committee hope that the formulation of Corporate plan for TFAI would be expedited and Committee apprised thereof within 3 months of the presentation of this report.

C. Simplification of Customs and Transportation Regulations

Recommendation Sl. No. 18 (Para 2.56)

11. The Committee had observed that Indian exhibitors participating in fairs held abroad were required to pay countervailing duties on re-import of exhibits after the fairs were over. The Committee felt that the participants should be allowed to bring back their goods to their factories and warehouses without payment of any duties and when the goods are

taken out for sale within the country only then such duties should be charged. Accordingly, the Committee recommended 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 could carry the goods abroad and bring them back without facing the present difficulties.

12. In their reply the Government have stated that the matter regarding levy of countervailing duty on exhibits brought back to India after fairs/exhibitions abroad was considered by an Empowered Inter-Ministerial Committee of Secretaries and certain proposals emerging from the Committee's discussion are at present under consideration of the Ministry of Finance.

13. The Committee urge that objections, if any, emerging out of the discussions held in the Empowered Inter-Ministerial Committee of Secretaries regarding levy of countervailing duty on exhibits brought back to India after fairs/exhibitions abroad, should immediately be sorted out and proposals adopted for implementation without any further delay. The Committee would also like to be apprised of the final outcome in this regard.

D. Lack of Co-ordination among TFAI, TDA and EPCs

Recommendation Sl. No. 19 (Paragraph No. 2.57)

14. The Committee had expressed their surprise over the fact that besides TFAI, Trade Development Authority and Export Promotion Councils (EPCs) were also engaged in promoting trade through the medium of fairs. When enquired whether there was demarcation between the functions of TFAI and EPCs, the Ministry admitted that, "it was so in the sense that one is not excluded from the other. There is no rigidity and no clear-cut demarcation". The Committee felt that the very purpose of setting up of TFAI as the nodal agency for organising trade fairs had not been achieved and the activities of TFAI, Trade Development Authority and Export Promotion Councils were not coordinated properly at present by any agency, resulting in the duplication of activities and wastage of resources in arranging trade fairs. The Committee, therefore, recommended that the Government should consider the feasibility of bringing Trade Development Authority and Export Promotion Councils within the frame-work of TFAI in so far as the organising of trade fairs activities were concerned.

15. The Government in their reply have stated that the Trade Fair Authority of India is a nodal agency for organising and participation in fairs abroad and by and large organisations like Export Promotion Councils participate in fairs only through TFAI. However, there are certain special commodities fairs where specialised participation is necessary. In such cases the Commodity Boards and Export Promotion Councils are allowed to participate directly. In fact the demand from the industry is for enlargement of scope of such participation. As regards TDA, its activities are largely client-oriented and it provides a package of services of which participation in fairs and buyers' and sellers' meet is one. Besides there are financial and other constraints of TFAI alone participation in all the fairs.

16. The Committee are not satisfied with the reply of the Government. No new arguments have been advanced. All the points mentioned in Government reply were brought to the notice of the Committee at the time of oral evidence and after careful consideration of all the points, the Committee had recommended that Trade Development Authority & Export Promotion Councils be brought within the frame-work of the TFAI in so far as organising of trade fairs is concerned, so as to avoid duplication of activities and waste of scarce resources. The Committee, therefore, re-iterate its original recommendation.

E. High Space rent charged in Pragati Maidan Complex

Recommendation Sl. No. 23 (Paragraph No. 3.22)

17. The Committee noted that the TFAI 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 also observed that no scientific study had been conducted with regard to the reasonableness of the space rent being 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 felt that the space rent being charged by TFAI was on the high side especially when the Complex had been leased out to it at a nominal annual rent of Rs. 1/- . The Committee recommended that the Government should immediately arrange 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.

18. In the reply, the Government have *inter alia* stated that as desired by the Committee it is proposed to have a study conducted in the matter by the Indian Institute of Foreign Trade.

19. The Committee desire that the proposed study by the Indian Institute of Foreign Trade be conducted at the earliest and the Committee apprised of the outcome of this study.

F. Setting up of Trade-cum-Exhibition centre at Pragati Maidan

Recommendation Sl. No. 26 (Paras 3.41 to 3.43)

20. The Committee were informed that in order to meet the increased demand for additional covered space from Public Sector Undertakings, Trade and Industry during international fairs, the TFAI proposed to construct a 'Trade-cum-Exhibition Centre' with air-conditioned covered space of 20,000 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 was expected to meet not only the additional space requirements but would have resulted in saving the expenditure being incurred on the construction and subsequently demolition of temporary pavilion every year. The Committee were 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 estimated contributions by participants was as much as Rs. 750.00 lakhs and the balance was to be met from TFAI's capital resources.

21. The Committee had also observed that the project "Trade-cum-Exhibition Centre" after being cleared by the Board of TFAI was sent for the approval of the Expenditure Finance Committee in June, 1985. The Commerce Ministry is also reported to have circulated EFC Memorandum to all the concerned Departments for eliciting their views on the subject. The Department of Steel, Science and Technology are reported to have dropped the idea of participation in the Project. The Project Appraisal Division and RPE suggested recasting of the proposal on technicalities. The Planning Commission and Department of Heavy Industries had 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. Accordingly, the Committee recommended 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. The Committee also recommended that efforts should also be made to persuade the original participants in the scheme who had withdrawn their participation to reconsider and honour their commitment as the project would ultimately help them in boosting their export promotion activities throughout the year.

22. In their reply, the Government have stated that the modified concept of proposed Exhibition Centre at Pragati Maidan has been finalised for a reduced covered space of 14000 sq. mtrs. which is to be funded from TFAI's own resources. The present status of the project is as under :—

- (i) The agreement with the architects for consultancy services has been finalised.
- (ii) The preliminary estimate amounting to Rs. 499.50 lakhs has been finalised.
- (iii) The consultant Architects have supplied the details for inviting pile foundation tenders which are being floated to take up the foundation work.
- (iv) The detailed architectural drawings and estimates for the project are under preparation for obtaining Technical sanction.

23. The Committee urge that all the necessary formalities with regard to the modified concept of Trade-cum-Exhibition Centre at Pragati Maidan which is reported to have been finalised be completed and project implemented at the earliest.

G. Top Management

(i) Appointment of Chairman

Recommendations Sl. Nos. 34, 35 and 36 (Paras 4.69 to 4.75)

24. The Committee were informed that the qualifications, age, experience etc. for the appointment of Chairman were not laid down in the Articles of Association but as per BPE's guidelines, the age limit was 65 years but in special cases exemptions could be given. The tenure is for 3 years, but the present incumbent had been given extensions and the current extension was for 2 years. When asked whether BPE's guidelines were followed with exception, the Commerce Secretary admitted in evidence "exceptions can be made." The Committee had also noted that 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 should 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. The Committee, therefore, recommended that the norms and procedures for selection, appointment and for granting extensions in TFAI should be reviewed by Government in all its ramifications and desired changes in the Articles of Association, where required, be brought about so that no office bearer of TFAI could be placed in a situation which was apparently distinct as compared to other public sector undertakings.

26. In reply the Government have stated that the tenure of the present Chairman of TFAI has been extended from time to time after obtaining the approval of the Appointments Committee of the Cabinet. According to Government, the main justification for extending the tenure of the present Chairman has been that the TFAI under his leadership had made commendable progress in various directions, including projecting our image on the basis of our achievements and capabilities through fairs and exhibitions. It is not considered necessary to make any changes in the Articles of Association in this regard as Public Sector Undertakings are governed by instructions issued by BPE from time to time.

26. The Committee are not satisfied with the reply of the Government. The Committee do not dispute the commendable progress made by TFAI under the leadership of the present Chairman of TFAI, but they are of the firm opinion that the norms and procedure for selection, appointment and for granting extension should be reviewed by Government in all its ramifications and suitable changes as per BPE guidelines be made in the Articles of Association so that no office bearer of TFAI could be placed in a situation which is apparently distinct as compared to other Public Sector Undertakings. Furthermore, the present Chairman of TFAI would not continue with TFAI for all time to come. The Committee, therefore, reiterate their original recommendation and would like to be apprised of the final reaction of the Government in this regard.

(ii) Appointment of Managing Director

27. The Committee had observed that from 30-12-1982 to 30-10-1983 the post of Managing Director was held by as many as 7 persons. The

post was reported to have been held in abeyance since November 1983 and instead a Chief General Manager has been appointed who is not a member of the Board of Directors. The Commerce Secretary also admitted in evidence that "we have a whole time Chairman and kept the post of Managing Director in abeyance".

28. The Committee had also observed from Public Enterprises Selection Board's decision on the question of keeping top posts in abeyance, which clearly states that "if there is 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." Therefore, the Committee felt that the prescribed procedure had not been followed in the matter of keeping the M.D.'s post in abeyance.

29. In their reply, the Government have stated that the post of Managing Director in TFAI fell vacant with effect from 1st November, 1983. It was decided that as the TFAI had a full-time Chairman, the post of Managing Director may be kept vacant for the time being. The Public Enterprises Selection Board were aware that the Ministry of Commerce did not wish to fill up this post in the near future. In May, 1985, the TFAI requested for creation of a post of Chief General Manager to coordinate the work of General Managers and also proposed that the post of Managing Director may be kept in abeyance. This proposal was examined in the Ministry of Commerce and it was decided in August, 1985 to create a post of Chief General Manager by upgrading one of the then vacant posts of General Manager. It was also decided to keep the post of Managing Director in abeyance during the operation of the post of Chief General Manager.

30. The Committee are not satisfied with the reply of the Government in as much as the proper procedure as per BPE's guidelines with regard to keeping M.D.'s post in abeyance have not been followed. Since the post of the Chief General Manager who is not even a Member of the Board was created in May, 1985 and has been in operation for the last 3 years, it shows that TFAI has no intention of filling up of the post. That being so, the post of the Managing Director should have been abolished as per BPE guidelines and revived later if considered necessary. The argument that the Public Enterprises Selection Board were aware that the Ministry did not wish to fill the vacancy in the near future is of a casual nature and not acceptable to the Committee. The Committee, therefore, reiterate their original recommendations.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation Sl. No. 3 (Paragraph No. 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 professional 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 locked into and specifically provided in objectives so as to provide firm basis to TFAI, rather than giving them adhoc mandate, for holding exhibitions in the remotest areas of different States of creating awareness of the progress achieved by the country in different fields.

Reply of Government

Specific provision is being made in the objectives of the TFAI to assist State Governments in holding trade exhibitions and to set up exhibitions Centres in their States for holding such exhibitions.

[Ministry of Commerce O.M. No. 9(2)87-TF dated 8-2-88]

Recommendation Sl. No. 5 (Paragraph No. 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 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.

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

Reply of Government

The Trade Fair Authority of India is in the process of formulating a Corporate Plan.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Comments of the Committee

(Please see paragraph 10 of Chapter I of the Report)

Recommendation Sl. No. 6 (Paragraph No. 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 the 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. The 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 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 to 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) where in it has been clearly emphasised that "more important than the figures of the 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.

Reply of Government

The observations of the Committee in regard to need for advance planning and achievements of targets in respect of fairs abroad have been noted for guidance. A medium term plan for participation by TFAI in fairs abroad for the period 1987-88 to 1989-90 has already been drawn-up.

As regards information required by the Committee relating to firm business contracts entered into as distinct from date on business booked in trade fairs held in India and abroad during the last five years, it may be stated that TFAI had been collecting information regarding orders booked in fairs. Although some participants do report on firm orders booked, TFAI had not sought information about orders booked in any particular fair which fructified into firm contracts and therefore such information is not available with it. Under the new evaluation system now devised by TFAI for fairs abroad and in India, TFAI will conduct an evaluation of a fair or exhibition spread over a period of ten months from the time it comes to an end. Although some difficulties are anticipated, TFAI has been asked to monitor specifically and independent of the evaluation system, firm contracts entered into by participants in each fair for a period of six months. This information will be also included in the Annual Report of TFAI laid before Parliament every year.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 7 (Paragraph No. 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 commoditywise 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.

Reply of Government

As desired by the Committee, the terms and conditions of the participation in TFAI's fairs will include a clause that participants will be required to furnish to TFAI information on commoditywise and country-wise details of firm orders booked by them at the fair within a period of six months.

On the basis of the information, furnished to the Committee earlier an appraisal of the orders booked by participants in fairs organised by TFAI abroad in non-rupee payment countries vis-a-vis other countries during the last three years is given below :—

	Business booked (Rs. in lakhs)	
	Non-rupee payment countries	Rupee payment countries
1984-85	25,290.38	10,471.00 .
1985-86	39,694.73	1,218.00
1986-87	15,195.39	6,445.20

[Ministry of Commerce O.M. No. 9(2)/87-TF dt. 8-2-88]

Recommendation Sl. No. 10 (Paragraph No. 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.

Reply of Government

Various export promotion organisation and apex bodies of Chambers of Commerce, trade associations are consulted by TFAI while drawing up the programme of participation in fairs abroad. This programme is finalised by the Exhibition Advisory Committee in the Ministry of Commerce which also includes representatives from the Export Promotion Councils, keeping in view the export prospects, market potential offered by various countries, national priorities and thrust areas and thrust commodities identified by the Ministry of Commerce.

The final plan approved by the Ministry of Commerce actually forms part of the over all marketing strategy for export promotion evolved by the Ministry. The TFAI organises, advertising campaigns to provide national coverage to the plan in India through circulars, issued by them to various business houses, Chambers of Commerce, trade associations and export promotion Councils. It also arranges for the publication of the programme in the news bulletins and journals brought by Chambers of Commerce and trade associations, Export Promotion Organisations and through advertisements brought out by them in leading news papers in India. The three year plan drawn up has already been given extensive coverage by TFAI through the media.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 11 (Paragraph No. 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.

Reply of Government

The Ministry of Commerce has drawn-up a three-year plan for TFAI's participation in fairs abroad covering the period 1987-88 to 1989-90 after taking into account the thrust markets and commodities identified by the Ministry. The advance information thus made available enables both the EPCs and exporters make plans for display on a long-term basis.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 12 (Paragraph No. 2.50)

The Committee note that TFAI is organising India international Trade Fair (IIPF) 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.

Reply of Government

Under the new evaluation system devised by TFAI for fairs abroad and in India, TFAI will conduct an evaluation of a fair or exhibition spread over a period of ten months from the time it comes to an end. Although some difficulties are anticipated, TFAI has been asked in future to monitor specifically and independent of the evaluation system firm contracts entered into by participants in each fair for a period of six months. This information will be also included in the Annual Report of TFAI laid before Parliament every year. (Kindly see the reply to Recommendation Sl. No. 6 also).

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 13 (Paragraph No. 2.51)

The Committee note that the participation in the India International Trade Fair by some of the western countries like U.K., 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.

Reply of Government

TFAI has been making increasing use of all the media despite the limited financial resources available. The Authority has been successful

in projecting its image as an efficient trade fair organisation in India. The media sources normally utilised by TFAI are : an annual meeting on IITF by Chairman of TFAI with Ambassadors/Head of Missions of Foreign countries, special letters to foreign trade organisations, supply of fair publicity literature to foreign missions/trade fair organisations overseas, supply of publicity literature to Indian missions abroad, publishing advertisements in foreign newspapers/journals, visits of high ranking officials of TFAI abroad, arranging visits of foreign Journalists and business delegations from abroad to IITF, inviting heads of foreign countries and ministers visiting India during the fair to see the IITF, printing and distribution of IITF publicity literature by TFAI officials, going for fairs abroad, presentation of certificates of merit after the IITF to foreign participants, etc. Since TFAI has been recognised by Union De Faires and Exhibitions, Paris, IITF is also given wide publicity by this organisation through their publicity literature which has world-wide circulation.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 16 (Paragraph No. 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 undertaking 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 held in boosting the exports of Indian goods.

Reply of Government

The recommendations of the Committee are being brought to the notice of all the public sector undertakings.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Recommendation Sl. No. 20 (Paragraph No. 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.

Reply of Government

The TFAI has initiated necessary steps for organisation of international specialised-commodity fairs in various State Capitals. The steps taken include identification of infrastructural facilities, site etc. At present the TFAI holds the annual India International Leather Fair at Madras.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Recommendation Sl. No. 22 (Paragraph No. 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 by 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.

Reply of Government

The revised lease arrangements of the Pragati Maidan Complex have since been finalised as detailed below :—

- (i) The permanent buildings in Pragati Maidan which were existing on 30th December, 1976 may be sold to TFAI at a cost of Rs. 638.52 lakhs i.e. on the basis of replacement cost minus depreciation.
- (ii) The land under permanent buildings measuring about 40 acres may be allotted to TFAI on a 99 years lease on payment of premium @ Rs. 6 lakhs per acre and annual ground rent at 2-1/2% of the said premium. Any land which may come under permanent construction in future may be allotted to TFAI at a premium worked out on the basis of no profit no loss rate in force on the date of allotment plus 2-1/2% thereof as annual ground rent.
- (iii) The area of approximately 80 acres under horticulture/open land in Pragati Maidan shall be allotted on payment of a nominal ground rent of Re. 1/- per annum.
- (iv) For the area of about 16 acres licenced out by TFAI to International Amusement Limited for setting up Amusement Park (Appu Ghar) the annual licence fee payable by TFAI will be

Rs. 400/- per acre. This rate will be subject to review from the year 1989-90.

The lease deed, in this regard has, however, not yet been finalised and the TFAI is in touch with the Ministry of Urban Development.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Recommendation Sl. No. 23 (Paragraph No. 3.27)

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 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.

Reply of Government

The rental structure being charged by TFAI is of two types :—

- (a) letting out space to outside agencies for organising exhibitions.
- (b) rentals being charged by TFAI from participants in respect of the events being organised by TFAI itself.

(a) The rentals being charged from outside agencies have been worked out after considering the following factors :—

- Maintenance and decoration costs of TFAI.
- Electric and water consumption charges which are payable by TFAI but attributable to the particular Exhibition activity.
- Facilities made available in Pragati Maidan.
- International rental.
- Structures for exhibitions of the same standard.
- Support service of TFAI personnel.

For off-season period (1st May to 31st August) 50% discount is offered on prevailing booking. Provision has also been made for discount on bulk bookings of over 5000 sq. mtrs. of space.

(b) Rentals to be charged from participant of TFAI events have been fixed on the same considerations as above taking into account the space demand projected as well as total package of facilities requested.

As desired by the Committee, however, it is proposed to have a study conducted in the matter by the Indian Institute of Foreign Trade.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Comments of the Committee

(Please see paragraph 19 of Chapter 1 of the Report)

Recommendation Sl. No. 7 (Paragraph No. 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 Chariman of TFAI expressed the view before the Committee during his oral evidence that "today Government is paying us 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 is 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.

Reply of Government

The recommendations of the Committee have been noted and would be kept in mind while finalising the pattern of financial assistance to TFAI from time to time.

Recommendation Sl. No. 25 (Paragraph No. 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 the 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 the 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.

Reply of Government

The Master Plan of Pragati Maidan has been prepared with a view to utilising open plots and covered spaces available, to the optimum extent. The Master Plan is being implemented in stages and it is expected that the implementation will be completed in the next three years.

The re-orientation of open plots is almost complete. Most of the allottees (Central Ministries & States Government) have already constructed their permanent buildings and the remaining few are being approached by TFAI to construct permanent pavilions. The concept of permanent pavilion has been adopted with a view to avoiding wasteful expenditure on temporary construction.

The benefits in terms of additional revenue have already started coming in apart improving the aesthetic get up of Pragati Maidan.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Recommendation Sl. No. 29 (Paragraphs No. 4.38 & 4.39)

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. mtrs. 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 estimated 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 Undertaking, who had expressed their willingness to participate in the new project, for eliciting their views.

The Department 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.

Reply of Government

The modified concept of proposed Exhibition Centre at Pragati Maidan has been finalised for a reduced covered space of 14000 sq. mtrs. which is to be funded from TFAI's own resources. The present status of the project is as under :—

- (i) The agreement with the architects for consultancy services has been finalised.
- (ii) The preliminary estimate amounting to Rs. 499.50 lakhs has been finalised.

- (iii) The consultant Architects have supplied the details for inviting p/c foundation tenders which are being floated to take up the foundation work.
- (iv) The detailed architectural drawings and estimates for the project a.e under preparation for obtaining Technical sanction.
[Ministry of Commerce O.M. No. 9(2)87-TF dated 8-2-88]

Comments of the Committee

(Please see paragraph 23 of Chapter I of the Report.)

Recommendation Sl. No. 27 (Paragraphs 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 in 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 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 developments 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.

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 State Capitals.

Reply of Government

TFAI has been in contact with the State Governments in connection with the setting up of exhibition centres, for which it is willing to offer technical assistance. In Bombay, a suitable site has yet to be identified but the Maharashtra State Government has in addition proposed to organise an exhibition centre at Aurangabad. The Karnataka Government

has advised that a site of 200 acres of land has been earmarked and it is making efforts to tie up funding arrangements.

The Uttar Pradesh Government has also earmarked a 70-acre site at Lucknow and a Working Group has been set up to implement the project.

Firm indications regarding selection of site by other State Governments are still awaited.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Recommendation Sl. No. 29 (Paragraphs No. 4.38 & 4.39)

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 Rs. 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.

No doubt, the company is 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 has 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.

Reply of Government

Government grants are provided to TFAI in accordance with the agreed financial arrangements between Government and TFAI which is reviewed from time to time. The main activity of TFAI is participation/organisation of fairs abroad and in India, which is one of the acknowledged modes of effective trade promotion. In other words, this activity is not commercial in nature. While reviewing the pattern of financial assistance to TFAI from time to time, Government's endeavour has been to restrict the items of grant as far as possible without adversely affecting the trade promotion activities of TFAI. For example for India International Trade Fair and

other fairs held in India, the TFAI is not entitled for grants. The views of the Committee have been noted and would be given due consideration while finalising the pattern of financial assistance to TFAI so that TFAI's dependence on Government grants is reduced as far as possible, without adversely affecting its trade promotion activities.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Recommendation Sl. No. 30 (Paragraph No. 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 September end. Therefore, their annual budget is prepared on cash basis classified under activity-wise budgetary heads without any profit motive. How ever, 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 use 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 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 weakness and to bring about improvements, if any, by taking timely corrective measures, where required.

Reply of Government

From the financial year 1987-88 onwards, the annual budget will be prepared in accordance with the principles of commercial accounting and the requirements of the Companies Act.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Recommendation Sl. No. 31 (Paragraph No. 4.55, 4.56 & 4.57)

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.

The Committee find that Dr. Bharat Ram of DCM Group 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.

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.

Reply of Government

Proposals for appointment of adequate representatives from trade & industry on the Board of Directors of TFAI are under consideration in pursuance of the recommendations of the Committee.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 32 (Paragraph No. 4.58 & 4.59)

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.

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.

Reply of Government

The Trade Fair Authority of India is a service oriented organisation engaged in the task of export promotion through the medium of fairs and exhibitions. In other words, it is not a production or technology-oriented organisation. The appointments of Directors on the Board of TFAI have been made keeping these factors in mind. As already mentioned, proposals for appointment of adequate representatives from trade and industry on the Board of TFAI are under consideration. While appointing Directors on the Board of TFAI, their qualifications, experience, etc. are duly taken into account.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 33 (Paragraph No. 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.

Reply of Government

The matter regarding filling-up of vacancies on the Board of TFAI by representatives from Trade and Industry is under active consideration. It is expected that the necessary procedural formalities in this regard would be completed soon.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation Sl. No. 1 (Paragraph No. 1.14)

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 setit 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 statement 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.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-1988]

Reply of Government

The Trade Fair Authority of India has formulated its objectives and obligations in terms of guidelines issued by Bureau of Public Enterprises. Further action in this regard to obtain approval of the Board of Directors is being taken by TFAI.

Comments of the Committee

(Please see paragraph 7 of Chapter I of the Report)

Recommendation Sl. No. 2 (Paragraph No. 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 record 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 recommended 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.

Reply of Government

The recommendations of the Committee are being placed before the Board of Directors of TFAI.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Comments of the Committee

(Please see paragraph 7 of Chapter I of the Report)

Recommendation Serial No. 8 (Paragraph No. 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.

Reply of Government

Jumbo fairs are large exhibitions involving covered area of about 10,000 sq. mtrs. or more and costing more than Rs. 2 crores. After 1984-85 the TFAI has not organised any Jumbo fair. It is now organising large exclusive Indian Exhibitions or large participations covering areas between 3,000 to 4,000 sq. mtrs. In the three-year plan drawn up for participation in fairs abroad by TFAI, major participations/exclusive Indian exhibitions are scheduled to be organised in Kuala Lumpur, Kathmandu, Bangkok, Bahrain, Maldives, Dubai, Jordan, Riyadh/Kuwait, Malaysia, Jakarta and Dhaka. None of these exhibitions is designed to be a Jumbo fair.

Recommendation Sl. No. 9 (Paragraph No. 2.26)

During oral evidence of TFAI, the Committee were also informed that in 1981-82, the participation of India in Leipzig Fair has 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 violation 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.

Reply of Government

As desired by the Committee, the matter has been examined again in the Ministry. One major factor which influenced Govt.'s decision not to participate in the Leipzig Spring Fair, March, 1982 was that since the Trade Fair Authority of India had been participating regularly in this fair for ten years continuously, it was felt that the trade may be in a position to participate in this fair independently while TFAI could participate in some other fairs. This was a conscious decision taken in the Ministry after taking into account all relevant factors. The decision taken by the Govt. was conveyed to TFAI in the month of November, 1981 in respect of the fair scheduled for March, 1982.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-88]

Recommendation Sl. No. 14 (Paragraph No. 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 fair.

Reply of Government

The Ministry is of the view that while trade fairs play an important promotional role and for building an image of Indian products or of foreign countries participating in Indian fairs, they cannot be a channel for conduct of any significant proportion of total trade. Trade takes place all the time between numerous parties in India with buyers and sellers located in different parts of the globe. The opportunities to sell or the requirements to buy cannot wait for fairs nor the interested parties required to necessarily participate in fairs or enter into contracts only through the trade fairs. Very large part of our trade goods specially the bulk commodities are not even suitable for display purposes. Some others are bought and sold week to week in the selling and purchasing centres. Similar considerations apply to machinery, equipment and raw materials required by us.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Recommendation Sl. No. 15 (Paragraph No. 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.

Reply of Government

The TFAI does have periodical discussions with business houses and export promotion organisations at business centres like Bombay, Madras, Calcutta, Delhi etc. covering the entire gamut of our participation in fairs and exhibitions abroad. These meetings are utilised by TFAI for seeking participation of these organisations in fairs organised by TFAI abroad and in India in a most effective manner. The Ministry of Commerce also arranges meetings with organisations like FICCI, FIEO, CEI etc. for finding solutions to the problems faced by them in this regard. A significant development in this direction is the Memorandum of Understanding signed recently between TFAI and the Confederation of Engineering Industry providing for cooperation in regard to specialised fairs in India and abroad.

However, experience has shown that it is not practicable to obtain firm commitments from various organisations for participation in fairs because their decisions about participation depend on trade prospects and commercial considerations. Therefore, it may not be practicable to make their participation mandatory, after they agree to the list of fairs to be organised during the year. Efforts will continue to be made by TFAI and Ministry of Commerce to persuade business houses to participate in fairs abroad and in India.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Recommendation Sl. No. 17 (Paragraph No. 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.

Reply of Government

In addition to the general observations made in reply to the recommendation at Sl. No. 14, it is submitted that the India International Trade Fair is held once a year and it may not be practicable to meet the entire import requirements of Government Departments and Public Sector Undertakings through these fairs for various reasons including the following :

- (a) It may not be feasible to display all the products required by Government Departments and PSUs in the IITF on account of space, and other constraints;
- (b) it may not be possible for the Government Departments and PSUs to wait until IITF is held to meet their import requirements;
- (c) the Government Departments and PSUs would normally like to meet their requirements after thoroughly examining various options open to them in terms of price, quality, easy accessibility to markets abroad, continuous supply of spares and components, so on and so forth. Certain requirements of imports are of such a nature that short term decisions will have to be taken.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

TFAI will, however, continue its efforts to attract greater participation from developed countries.

Recommendation Sl. No. 28 (Paragraph No. 4.33 to 4.37)

The Committee are informed that every year Government of India entrust TFAI with the organisations 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-thirds 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 at 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 existing 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.

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.

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.

Reply of Government

Government is providing grants to TFAI according to the agreed financial pattern. As far as expenditure incurred abroad, by TFAI for fairs| exhibition etc. is concerned, norms have been laid down by Government for incurring expenditure. The TFAI also has its own Financial Powers Rules, approved by its Board of Directors, regulating such expenditure. Similarly, the expenditure incurred by TFAI on projects is regulated in accordance with its financial rules and the BPE's guidelines. The accounts of TFAI are duly audited by Statutory Auditors nominated by the Comptroller and Auditor General of India on an annual basis. A final check is carried out by the Director of Commercial Audit under the guidelines of C&AG of India. In view of these reasons, it is not considered necessary to have any institutional arrangement for physical verification of the expenditure incurred by TFAI.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Sl. No. 19 (Paragraph No. 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 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.

Reply of Government

The Trade Fair Authority of India is a nodal agency for organising and participation in fairs abroad and by and large organisations like Export Promotion Councils participate in fairs only through TFAI. However, there are certain special commodities fairs where specialised participation is necessary. In such cases the Commodity Boards and Export Promotion Councils are allowed to participate directly. In fact the demand from the industry is for enlargement of scope of such participation. As regards TDA, its activities are largely client-oriented and it provides a package of services of which participation in fairs and buyers' and sellers' meet is one. Besides there are financial and other constraints of TFAI alone participating in all the fairs.

[Ministry of Commerce O.M. No. 9(2)87-TF dated 8-2-88]

Comments of the Committee

(Please see paragraph 16 of Chapter I of the Report)

Recommendation Sl. No. 34 (Paragraph Nos. 4.69, 4.70 & 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 exception, the Commerce Secretary stated during evidence "exceptions can be made."

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.

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.

Reply of Government

The tenure of Shri Mohd. Yunus, Chairman, TFAI has been extended from time to time after obtaining the approval of the Appointments Committee of the Cabinet. The main justification for extending the tenure of Shri Mohd. Yunus has been that the TFAI under his leadership had also made commendable progress in various directions, including projecting our image on the basis of our achievements and capabilities through fairs and exhibitions. It is not considered necessary to make any changes in the Articles of Association in this regard as Public Sector Undertakings are governed by instructions issued by BPE from time to time.

[Ministry of Commerce O.M. No. 9(2)|87-TF dated 8-2-88]

Comments of the Committee

(Please see paragraph 26 of Chapter I of the Report)

Recommendation Sl. No. 35 (Paragraph Nos. 4.72 & 4.73)

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.

Reply of Government

The post of Managing Director in TFAI fell vacant with effect from 1st November 1983. It was decided that as the TFAI had a full-time Chairman, the post of Managing Director may be kept vacant for the time being. The Public Enterprises Selection Board were aware that the Ministry of Commerce did not wish to fill up this post in the near future. In May, 1985, the TFAI requested for creation of a post of Chief General Manager to coordinate the work of General Managers and also proposed that the post of Managing Director may be kept in abeyance. This proposal was examined in the Ministry of Commerce and it was decided in August, 1985 to create a post of Chief General Manager by upgrading one of the then vacant posts of General Manager. It was also decided to keep the post of Managing Director in abeyance during the operation of the post of Chief General Manager.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Comments of the Committee

(Please see paragraph 30 of Chapter I of the Report)

Recommendation Sl. No. 36 (Paragraph Nos. 4.74 & 4.75)

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, its particulars 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.

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 Commerce 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.

Reply of Government

As already mentioned, the TFAI has a full-time Chairman. Neither the TFAI nor the Ministry of Commerce have felt the need for a Managing Director in TFAI since the post fell vacant in 1983. At present the Chief General Manager is co-ordinating the work of General Managers. Even though he is not a member of the Board of Directors/Standing Committee, this has not caused any dislocation in the functioning of the Authority, as the Authority is having a full-time Chairman. As and when the need for a Managing Director is felt in the TFAI, this post will be revived and an incumbent appointed against the post.

[Ministry of Commerce O.M. No. 9(2)/87 TF dated 8-2-1988]

Comments of the Committee

(Please see paragraph 30 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation Sl. No. 4 (Paragraph No. 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.

Reply of Government

The Ministry of Commerce will bring out a paper on the performance of TFAI since its inception and place it before Parliament in the monsoon session of Parliament.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-1988]

Recommendation Sl. No. 18 (Paragraph No. 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.

Reply of Government

The matter regarding levy of countervailing duty on exhibits brought back to India after fairs/exhibitions abroad was considered by an Empowered Inter-Ministerial Committee of Secretaries and certain proposals emerging from the Committee's discussion are at present under consideration of the Ministry of Finance.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-1988]

Comments of the Committee

(Please see paragraph 13 of Chapter I of the Report)

Recommendation Sl. No. 21 (Paragraph Nos. 2.69 & 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 an economic cost-benefit analysis of the fairs organised by 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.

Reply of Government

As desired by the Committee, the Planning Commission was requested to examine the feasibility of carrying out the cost benefit analysis of the fairs organised by Trade Fair Authority of India. However, due to acute shortage of man-power at present, the Planning Commission is not in a position to undertake this project. It has, therefore, been decided that the job may be entrusted to Indian Institute of Foreign Trade (I.I.F.T.) under the Ministry of Commerce. The IIFT is in touch with the Ministry of Commerce and TFAI and is in the process of initiating the study.

As regards the findings of the Guhan Group which was set up in pursuance of the recommendations of the Abid Hussain Committee to review, *inter alia*, the growth and performance of TFAI, it may be submitted that these are mainly as follows :—

- (i) The ratio of benefits to cost in specialised fairs is about twice as high as that in general fairs and latter is about twice as high as that in Indian Exhibitions.

- (ii) While deciding TFAI's fair participation programme, the Exhibition Advisory Committee in the Ministry of Commerce may enforce such a selective policy by limiting participation in general fairs and Indian Exhibitions confining them to the most promising locations.
- (iii) Economies in expenditure incurred on general fairs and Indian Exhibitions should be possible through the use of standard modular display systems, audio-visual materials and scale-down model exhibits.
- (iv) TFAI should evolve with the help of consultants if necessary, a proper system that can provide for each fair a reliable basis for the evaluation of cost and benefits.
- (v) Full grant may be given by Government for specialised fairs held abroad.
- (iv) The grant for 2/3rd of the establishment expenditure relatable to foreign fairs may be stopped.

[Ministry of Commerce O.M. No. 9(2)/87-TF dated 8-2-1988]

New Delhi;

4 Jyaishtha, 1910(s)

VAKKOM PURUSHOTHAMAN,
Chairman,
 Committee on Public Undertakings

APPENDIX I

*Minutes of the 31st sitting of Committee on Public Undertakings (1987-88)
held on 16 March, 1988*

The Committee sat from 15.30 hrs. to 16.00 hrs.

PRESENT

1. Shri Vakkom Purushothaman—*Chairman*
2. Shri Dinesh Goswami
3. Prof. P. J. Kurien
4. Shri Keshorao Pardhi
5. Shri Lal Vijay Pratap Singh
6. Prof. Saif-ud-din Soz
7. Shri Zainul Basher
8. Shri Jagesh Desai

SECRETARIAT

1. Shri R. D. Sharma—*Director*
2. Shri Rup Chand—*Senior Financial Committee Officer*

The Committee considered and adopted the following draft Action Taken Reports, as approved by the Action Taken Sub-Committee :

- (i) Action Taken by Government on the recommendations contained in the Twentieth Report (1986-87) of the Committee on Public Undertakings on Trade Fair Authority of India.

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The Committee authorised the Chairman to finalise the draft Reports on the basis of factual verification by the Ministries and Undertakings concerned and present the same to Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para 3 of Introduction)

Analysis of action taken by Government on the recommendations contained in the Twentieth Report of the Committee on Public undertakings

(Eighth Lok Sabha)

I. Total number of recommendations made	36
II. Recommendations that have been accepted by the Government (Vide recommendations at Sl. Nos. 3, 5-7, 10-13, 16, 20, 22-27 and 29-33)	21
Percentage to total	58.33%
III. Recommendations which the Committee do not desire to pursue in view of Government's replies (Vide recommendations at Sl. Nos. 1, 2, 8, 9, 14, 15, 17 and 28)	8
Percentage to total	22.22%
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (S. Nos. 19 and 34-36)	4
Percentage to total	11.12%
V. Recommendations in respect of which final replies of Government are still awaited (Vide recommendations at Sl. Nos. 4, 8 and 21)	3
Percentage to total	8.33%