The idea of establishing an agency to handle foreign trade was first mooted during the war by the Indian commercial community itself which feared that the operations of the United Kingdom Commercial Corporation in India would deprive Indian nationals not only of the profits of export trade but also of the benefits of trade contracts with some other countries.¹ Their arguments were that if in the abnormal circumstances of war it was not possible for the normal trade to function, the Government should establish an Indian agency to handle trade with countries with which private exporters were unable to trade. It was also suggested that an organisation of this nature was very suitable for dealing with foreign purchasing missions which were operating in India at that time and which were believed to have depressed prices by their bulk purchases and canalised trade into specific directions often to the disadvantage of Indian nationals. But because of a

¹ Gupta, K.R., Working of State Trading in India, S.Chand & Co. (Pvt.) Ltd., New Delhi, 1971, p. 44.
number of reasons, the suggestion was not followed up. Towards the end of 1947 and the early part of 1948, the subject cropped up again. It was pointed out that while other countries were charging India very high and even discriminatory prices for foodgrains imported by her, the Government of India, by leaving the export trade to private traders, had not allowed substantial profits to be pocketed by them but missed the opportunity of charging the maximum possible prices which the foreign markets could bear. The matter was examined and the Government decided to levy export duties on cloth, manganese, oil seeds and vegetable oils so as to mop up the wide margin between internal prices and export prices. In March 1948, the matter was raised in the Central Legislature on a cut moved by Shri R.N. Goenka. In March 1948, the subject was put before the Central Legislature on a motion brought up by Shri R.N. Goenka. The subject of the creation of a state trading organisation was widely discussed and it was argued that the establishment of such an organisation would help to promote the foreign trade of the country to a great extent. It was further asserted that for price stabilisation and for controlling excessive fluctuations in the pricing structure, the creation of an independent agency like the State Trading Corporation was essential.

This question was examined in detail at that time and it was

2 Gupta, K.R., Working of State Trading in India, op. cit., p. 45.
recommended that a State Trading Corporation should be established to control and regulate export and import business in some selected commodities. But no action could be taken on these recommendations due to severe opposition from the Economic Committee of the Cabinet.

In March 1949, Shri K.C. Neogy, the then Union Minister for Commerce,\(^1\) pleaded in favour of the establishment of a State trading organisation, for business in some selected commodities and for bringing about bilateral trading arrangements. In April 1949, the question of state trading in cotton piece-goods and the establishment of a separate State Trading Corporation were taken up by the Union Ministry of Commerce, but it could not succeed due to the conclusion reached by the Ministry that the proposal was not feasible.\(^2\) In 1949, Indian currency was devalued due to the lowering of the currency of the United Kingdom. The necessity of establishing the State Trading Corporation was again felt on this occasion. The Government of India appointed a Committee on State Trading under the Chairmanship of Shri Punjab Rao Deshmukh in the year 1949.\(^3\) The Committee recommended that a state trading undertaking should be established:

1. to take over the state trading activities of Government department such as the import of foodgrains, fertilizers,

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1 Ibid., p. 232.
2 Ibid., p. 232.
3 Ibid., p. 234.
steel and coal;

(2) to take up, in addition, the import of East African cotton and the export of short staple cotton and cottage industry products, and

(3) to sponsor negotiation on behalf of private importers and exporters and enter into trading operations with monoply organisations established in other countries.

The Committee further recommended that from certain luxury goods (the prices of which were generally high) additional revenues could be earned if these transactions were performed through a state trading organisation. The Committee examined the case of state trading in certain selected commodities and recommended it strongly. These recommendations could not be implemented by the Government as the idea of establishing of State Trading Corporation was postponed. A second committee with Shri S.V. Krishnamurthy Rao as its Chairman was formed at the end of the First Five Year Plan which considered this subject seriously. This Committee was of the opinion that creation of an organisation was quite necessary in the prevailing circumstances. It recommended state trading in the export of handlooms and the import of foodgrains, cotton, fertilisers, etc. But like the Punjab Rao Deshmukh Committee's recommendations, the observation of the Second Committee could also not be any help. The Taxation Enquiry Commission was of the opinion that

1 Ibid., p. 234.
the existing machinery should be so reorganised that the full benefits of a state trading corporation could be secured. It further suggested that state trading would be successful only in times when prices had a tendency.

Keeping in view the changed economic conditions in 1953, a Committee of three was appointed to review the recommendations. Difficulties were being experienced in diversifying and expanding India's foreign trade. The development of trade was handicapped due to lack of experience and understanding on the part of private traders in India of the trading practices followed by trading organisations in state controlled economies. The centrally planned countries tried to overcome this difficulty by setting up trade representation on a sufficiently large scale, the trade representatives functioning more or less as local agents of parent import and export organisations in their respective countries. The trade representatives were, however, finding it difficult to establish commercial contracts with private parties in these countries. The Government naturally hesitated to recommend suitable importers or exporters.

Besides the reluctance on the part of some of the established firms to handle trade with the centrally planned countries, individual traders who under existing conditions had to negotiate sale and purchase agreements in competition with one another, were placed at a great disadvantage in
concluding deals with monopolistic trading organisation. It was felt that these difficulties could be overcome only if a state trading agency intervened between Indian traders and monopolistic foreign trade organisations of the centrally planned countries.

The Government was persuaded by the Committee to think of State Trading. The instrument of quantitative regulation of imports had, in the case of some essential commodities, where local production fell short of increasing demand, proved inadequate for maintaining a steady price level or an equilibrium between supply and demand. In case of raw silk, it became necessary to canalise imports from China through the Central Silk Board. Import by private parties of small quotas fixed by the Government from time to time only led to the creation of artificial scarcities which made it possible for the importers to charge exorbitant prices from handloom weavers. The same type of difficulties were faced in the case of soda ash, caustic soda and sodium bicarbonate. But the experience had shown to the Government that its economic policies in regard to commodities like soda ash could be implemented only if imports were arranged through a monopoly or quasi-monopoly organisation sponsored or reorganised by the State. Bulk imports through a State agency were expected to help the Government to hold the prices at a reasonable level and to

1 Gupta, K.R., Working of State Trading in India, op.cit., p. 49.
2 Ibid., p. 49.
regulate supplies in the market in a way so as to serve the interests of both consumers and producers of the items concerned.

In order to finance developmental imports, the need was felt to expand and diversify exports. There existed a large market for several non-traditional goods like handicrafts, footwear and other products of cottage industries. Production in this sector was carried on by a large number of widely scattered small scale units which were not only handicapped by a lack of finance but were also ignorant of the markets. The established exporters did not take much interest in promoting the export of such items. Need was, therefore, felt for State trading in this field.

Difficulties were experienced in the export of iron ore and manganese ore. Private Indian shippers, competing with one another, were confronted with large monopolistic buyers abroad. This resulted in lower export price and consequent loss of foreign exchange. Failure of private trade to honour contractual obligations damaged the reputation of the country in foreign markets. "By the very nature, trade, in these ores is amenable to bulk handling. Long term contracting could yield better terms of trade and ensure better production and employment in the mineral industry."¹

The recommendations of several committees as discussed above, regarding the need of a state trading set up, could not

¹ Ibid., p. 50.
bear fruit for a very long time. As has been discussed earlier, the East European countries conduct foreign trade operations mostly through such government undertakings and hence there developed a number of trade bottlenecks. This attracted the attention of the private entrepreneurs who argued for the establishment of a centrally sponsored agency for dealing with these institutions in the East European countries.

A resolution seeking the establishment of the State Trading Corporation was moved in the Lok Sabha on 26 August and 9th September, 1955. The motion was warmly discussed and opposed by a number of members including the then Minister of Commerce. In the end, in November 1956, the proposal was accepted by the Cabinet. It was decided to establish the State Trading Corporation of India Limited as a registered joint stock company under the Indian Companies Act. Hence, the State Trading Corporation of India (Pvt.) Ltd. (STC) was registered on 18th May, 1956, under the Indian Companies Act, 1956, as a joint stock company. The word 'Private' was eliminated from the name of the company with effect from the 6th April, 1956. At that time its authorised capital was Rs. 1.00 crore which was raised to Rs. 5 crores in the year 1958-59. Its initial paid up capital was Rs. 5,00,000. This was further raised to Rs. 10,00,000 in October 1956 and Rs. 1 crore in March 1957. In the beginning, all the shares totalling Rs. 1 crore were subscribed by the Government. This subscribed capital was

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1 Ibid., p. 50.
enhanced to Rs. 2 crores in the year 1958-59. The share capital of the Corporation is divided into shares of Rs. 100 each.¹

The Corporation was intended to serve as an instrument for executing the foreign trade policy of the government.

In June 1962, another Government organisation called the Indian Handicraft Development Corporation of India Ltd. was made a subsidiary of the S.T.C. and all its paid up shares of 12,000,000 was purchased by the parent organisation which was empowered to appoint or remove the directors on its Board.²

In October, 1962, the Handloom Export Organisation, a part of the S.T.C., was transformed into a subsidiary of the Corporation whose name was changed to Handloom Export Corporation of India Ltd. These steps were taken with a view to ensuring better coordination and concentrated efforts for promotion of exports of handloom and handicrafts.

Keeping in view the fast growing foreign trade and the effective role of the S.T.C. in the development of country's economy and to keep it from becoming unmanageable in the wake of long-term plans envisaged for the furtherance of the exports from India and the imports entrusted to its care, the government found it advisable to bifurcate the S.T.C. into two by forming a separate corporation named as the Minerals and Metals Trading Corporation of India Ltd. This new Corporation came into existence on 1st October, 1963. It took over all the

¹ Ibid., p. 52.
² Sainy, H.C., India's Foreign Trade, National Publishing House, New Delhi, 1979, p. 235.
assets and liabilities pertaining to minerals and metals trade from the State Trading Corporation of India Limited from that date. This organisation has been established to organise and regulate India's foreign trade in minerals, ores, and concentrates and other related commodities including iron, steel and other alloys. This institution also deals with the internal distribution of minerals, ores, concentrates, and metals including iron, steel, their alloys and other related materials.

Objectives of the State Trading Corporation

The main function of the State Trading Corporation is to broaden and enlarge the scope of India's exports and to arrange for essential imports on economical basis. The Corporation is engaged both direct and indirect trade and brings buyers and sellers together. It assists in the conclusion and implementation of contracts, obtaining import licences, guaranteeing quality and performance, and using its good offices in matters like the settlement of disputes.¹

The objects of the State Trading Corporation, as contained in the Memorandum of Association are:

(1) To organise and undertake trade generally with state trading countries as well as with other countries in commodities entrusted to the company for such purpose

¹ Memorandum and Articles of Association of the State Trading Corporation of India, p. 1.
by the Union Government from time to time, and to undertakd the purchase, sale and transport of such commodities in India and anywhere else in the world.

(2) To undertake promotion of exports generally including exports to exporting markets whether of traditional commodities or any other, to explore new market for traditional items with a view to maintaining, diversifying and expanding the export trade.

(3) To undertake at the instance of the Union Government import and or international distribution of any commodities in short supply with a view to stabilising prices and rationalising distribution.

(4) To generally implement such special arrangements, for imports, exports, international trade and/or distribution of particular commodities as the Union Government may specify in the public interest.

(5) To barter, pledge, exchange, manipulate, treat, prepare and deal in merchandise, commodities and articles of all kinds and to carry on any kind of commercial and/or financial business as the company may determine from time to time.

(6) To buy, sell, exchange, install, work, repair, alter, refine, improve, manipulate, prepare for market, let out or hire, plants, machinery, equipment, works, vehicles, apparatus and appliances, boats, barges, lighters, bulk carriers, etc., which are necessary or convenient for carrying on any business which the company is authorised to carry on or is required by any customer or a person dealing with the company and to experiment with and to render marketable, process,
convert, fabricate and manufacture such articles, commodities and goods as may be necessary or may seem to the company capable of being undertaken conveniently in furtherance of its objects or may be calculated directly or indirectly to enhance the value of such articles, commodities and goods.

(7) To manufacture, store, maintain, sell, buy, repair, alter, exchange, let or hire, export, import and deal in all kinds of articles and things (including all kinds of conveyance and all component parts, fittings, tools, implements, accessories, materials, and all articles and things used or capable of being used in connection therewith in any way whatsoever which may be required for the purposes of any business of the company or are commonly supplied, dealt with by persons engaged in any such business and which may be capable of being profitably dealt with in connection with any of the business of the company.

The State Trading Corporation devoted the first year of its existence largely to exploration of markets, formulation of policies, experimentation with business methods and techniques of establishment of contacts with buyers and sellers both in India, and abroad. The Corporation has been trying to negotiate link arrangement with foreign firms so that essential items may be imported against the export of Indian manufactures. A number of such arrangements were conducted with countries like West Germany, Viet Nam and Hungary.
Performance of State Trading Corporation

The Corporation has provided tremendous opportunities to the State agencies to achieve the objects of checking the leakage of foreign exchange and simultaneously curtailing the malpractices prevalent in the country in the form of over and under invoicing in foreign trade. It has acted as a shock absorber and has given expert advice to the government on policies of price establishment. It has thus been possible for the government to remove certain structural weaknesses in India's foreign trade. The Corporation has reaped enormous profits from the conduct of bulk agreements, barter and link transactions and promotion of rupee trade with the countries of Eastern Europe. It established a human hair "Wig India" Plant on January 31, 1967 in Madras which is equipped with most modern machinery and has trained and skilled workers. It is an achievement that the exports and imports business presently undertaken by the Corporation have recorded an immense increase. For example the exports recorded a 27 per cent increase and the imports rose by 25 per cent over the previous years during the year 1970-71.1 The Corporation is thus emerging as a viable unit since it has been able to curtail its losses on development exports. The Corporation has covered new ground through certain important activities like link,

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1 Annual Report of STC 1970-71. The Corporation's development losses however on export were Rs. 5.5 crore during 1970-71, while this figure for 1969-70 was Rs. 1.78 crore.
barter and parallel deals with reputed undertakings abroad, in order to 'arrest the downward trend in exports and thus save a considerable amount of foreign exchange on essential imported items". It has been possible to explore new potential in the fields of foreign trade with the help of such transactions.

The well known EASI (Export Aid to Small Industries Scheme) was started by the Corporation to evolve sound traditions and promote exports of goods manufactured by small scale and medium sized industries. It has provided all the requisite facilities to such units, e.g., availability of raw materials, provision of finance, expansion in the production capacity of such units, giving expert advice in the field of publicity, packing, designing, pricing, shipment and transportation, follow up of import entitlement and provision of advice and various technical aspects of export-import trade like insurance, customs clearance, negotiations of commercial documents and letters of credit, conduct of export market surveys, training of workers, etc.² Thus the Corporation is providing several facilities to units which require a fillip for covering new grounds in export trade. It is also extending valuable services to the exporters as a "recourse party" for foreign bills, where it permits a credit facility to foreign purchasers upto a period of 120 days and...

² Ibid.
for which it pays 95 per cent of the price to the Indian exporters. This has resulted in a tremendous growth of exports under the EASI Scheme. The Corporation is successfully running a scheme entitled "Preparation for Export" which has been greatly welcomed in the industrial circles. It needs to be mentioned here that this scheme is being implemented by the Corporation under the EASI Scheme. The Corporation has established a network of publicity offices in overseas markets in order to arouse the interest of foreign buyers in the products of the small scale industrial sectors.

The Corporation has also achieved commendable results in conducting internal trading operations in several commodities, e.g., in cement, purchase and sale of imported cars and a number of essential items.

The Corporation was entrusted with the task of the distribution of cement in the country soon after the promulgation of the Cement Control Order (on 1st July 1956). At the initial stages the Corporation has to face a number of technical problems. As a result of this order, manufacturers and producers of cement started earning huge profit by indulging in the black marketing of cement at exorbitant rates. This resulted in bringing a great disparity in cement prices in the country.

The Corporation started purchasing cement from the producers and attempted to organise the distribution of this scarce commodity in an efficient and systematic way. The Corporation had to bear some losses at the initial stages. It performs its functions of cement distribution with the help of various selling agents all over the country who were paid a nominal commission. The Corporation did this work in a commendable manner till the issue of the Cement Decontrol Order on 1st January 1966. After the promulgation of this order, the Corporation has no longer been concerned with the distribution of cement.

The Corporation is also entrusted with the purchase and sale of imported cars brought into the country by diplomats and other privileged persons. The State Trading Corporation prepares a priority list for the disposal of these cars in consultation with the Government and sells these vehicles to indenters belonging to priority categories and also through open tenders.

The Corporation also acts as the Government's representative for undertaking exports of commodities produced by the various public sector undertakings in the country, e.g., The Hindustan Machine Tools Ltd., Indian Telephone Industries Ltd., Hindustan Antibiotics Ltd., Integral Coach Factory, Hindustan Instruments Ltd. and the like.

The State Trading Corporation is the largest shareholder
in the Indian Motion Pictures Export Corporation set up in 1963\textsuperscript{1} for promotion and diversification of exports of Indian films. It plays its role as a catalytic agent in initiating, regulating, supervising and actual performance of the activities of this Corporation in export and import trade.

The Corporation, in addition to export of several new commodities, had made it possible to import various essential items and capital equipment without putting a drain on the country's scarce foreign exchange resources. It has brought a new trend in India's export performance by promoting the export of commodities handled by it.\textsuperscript{2} It also provides requisite facilities to the private entrepreneurs and exporters to explore potential markets in various regions. Thus India's foreign trade with different regions has been increasing substantially. The Corporation has also provided significant help to different export promotion agencies established in the country. It prepares annual regionwise plans for trade with foreign countries, conducts on the spot surveys with the help of the private sector and thus plays a significant and vital role in the formulation as well as final implementations of export strategies. It is an important phenomenon to be noted here that "all credits for imports and debits for exports are channelled through a central account maintained in rupees without actual transfer of funds between the two

\textsuperscript{1} Annual Report of the State Trading Corporation 1965-66.
\textsuperscript{2} Sainy, H.C., India's Foreign Trade, p. 246.
countries"¹ and finally the settlements are made in non-convertable rupees.

One cannot, however, claim that this state owned public undertaking is without defects. It has a special set-up and peculiar norms of working because it has also been producing a number of goods as per government policy and implement the distribution policies of the government along with producing a few commodities like human hair wigs. Hence this Corporation does not have to face drawbacks and short-comings like labour troubles, organisational lacuna etc. from which the other public sectors undertaking suffer greatly. But still the prominent defects which are found in almost all the state-owned and state-operated units are prevalent in the State Trading Corporation too. It exhibits several features of bureaucratic control, lack of long-range thinking, inflated costs which cramp initiative or foster inefficiency, lack of decisiveness on account of which most of the workers become quill drivers, resulting in waste, delays and the unwieldy over-grown size of the departments.²

During the last few years there had been large scale canalisation of imports through State Trading Corporation and the imports are made at the instance of the Government it being a Government undertaking being run exclusively by the Government as a monopoly. The consumers have no voice in

² Sainy, H.C., India's Foreign Trade, p. 248.
the matter and they have to pay the prices demanded by the Government. The State Trading Corporation transfers its responsibility to the Government departments where prices are fixed. The Corporation is said to charge heavy commissions for the services rendered which results in huge profits for it. In many instances the main objective is profit instead of public good. It is said that the State Trading Corporation has also evolved several dubious practices of selling goods on the high seas and avoiding sales tax and finally getting them cleared from the customs on its own licence.¹ Thus, instead of checking the over invoicing of imports and cutting unintended trading profits, the State Trading Corporation itself is earning enormous profits. The goal of price establishment also remains unattained. The State Trading Corporation is said to have used its profits from imports to compensate for the losses from exports.

The Estimates Committee of the Lok Sabha, set up from time to time, has brought out a number of weak points of the State Trading Corporation, in regard to defective purchasing procedure, inadequate attention being paid by the Corporation to the business interests of the country (and especially the private sector), the Corporation's encroachment on the fields of private entrepreneurs and a number of related things. The Corporation has, however, attempted to

remove these drawbacks to a great extent.

As it is discussed earlier, the State Trading Corporation provides requisit facilities to the small scale industries, entreprenures, exporters to expand potential markets in different foreign countries. In this way foreign trade from these countries has been increasing substantially. The State Trading Corporation also provides significant help to the different export promotion agencies which are newly established in the country.

The performance of STC is shown in Table 1 and Table 2 through the imports and exports of this Organisation and its share in India's trade.
**TABLE 1**

STC's Share of India's Trade in Import between 1956-57 to 1984-85

<table>
<thead>
<tr>
<th>Years</th>
<th>India's Total Imports (Rs. in crores)</th>
<th>STC's Total Imports (Rs. in crores)</th>
<th>STC's Share in India's Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-57</td>
<td>832.45</td>
<td>3.40</td>
<td>0.40%</td>
</tr>
<tr>
<td>1960-61</td>
<td>1,139.69</td>
<td>26.69</td>
<td>2.34%</td>
</tr>
<tr>
<td>1964-65</td>
<td>1,349.03</td>
<td>33.93</td>
<td>2.34%</td>
</tr>
<tr>
<td>1968-69</td>
<td>1,908.63</td>
<td>114.06</td>
<td>5.97%</td>
</tr>
<tr>
<td>1972-73</td>
<td>1,867.44</td>
<td>159.20</td>
<td>8.52%</td>
</tr>
<tr>
<td>1976-77</td>
<td>5,073.79</td>
<td>301.25</td>
<td>5.93%</td>
</tr>
<tr>
<td>1980-81</td>
<td>12,560.29</td>
<td>1,214.04</td>
<td>9.66%</td>
</tr>
<tr>
<td>1984-85</td>
<td>17,092.10</td>
<td>2,119.00</td>
<td>12.39%</td>
</tr>
</tbody>
</table>

Data set in table 1 reveals that in 1956-57 India's total imports stood at Rs. 832.45 crores whereas total imports through STC amounted to Rs. 3.40 crores which constitutes 0.4 per cent of India's total imports. In 1960-61 the relative share of STC in India's total imports went up to 2.34 per cent and showed further improvement in 1968-69 where it stood at 5.97 per cent of the total. In 1972-73 this total further gone up to 8.52 per cent. In 1976-77 it declined by nearly 5.0 per cent and again went up to 9.66 per cent. In 1984-85 the share further went up to 12.39 per cent of India's total imports. This all indicates that the relative share of STC in India's total imports has been gradually increasing and there are indications that this situation will be more appreciable in years to come.
Table 2

STC's Share of India's Trade in Export Between 1956-57 to 1984-85

<table>
<thead>
<tr>
<th>Years</th>
<th>India's Total Imports</th>
<th>STC's Total Imports</th>
<th>STC's Share in India's Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-57</td>
<td>612.52</td>
<td>05.79</td>
<td>0.94 %</td>
</tr>
<tr>
<td>1960-61</td>
<td>660.22</td>
<td>36.69</td>
<td>5.55 %</td>
</tr>
<tr>
<td>1964-65</td>
<td>816.30</td>
<td>10.51</td>
<td>1.28 %</td>
</tr>
<tr>
<td>1968-69</td>
<td>1,357.87</td>
<td>48.46</td>
<td>3.56 %</td>
</tr>
<tr>
<td>1972-73</td>
<td>1,970.83</td>
<td>170.10</td>
<td>8.63 %</td>
</tr>
<tr>
<td>1976-77</td>
<td>5,142.25</td>
<td>665.60</td>
<td>12.94 %</td>
</tr>
<tr>
<td>1980-81</td>
<td>6,710.71</td>
<td>440.49</td>
<td>6.56 %</td>
</tr>
<tr>
<td>1984-85</td>
<td>11,555.00</td>
<td>719.56</td>
<td>6.22 %</td>
</tr>
</tbody>
</table>

Statistics given in Table 2 indicates that in 1956-57 the relative share of STC in India's total exports was 0.94 per cent whereas in 1984-85 this share gone up to 6.22 per cent. The most revealing feature of this table is the sharp fluctuations in the export performance of STC which range from 1 to 12 per cent. The most bleaking year was the year of 1964-65 when its relative share to India's total exports stood at only 1.28 per cent and the most bright year was the year 1976-77 when it recorded an all time high figures of 12.94 per cent. The year 1972-73 also reveals a fairly improved picture when the relative share of STC stood at 8.63 per cent. Hence, it is brought out that STC's performance in relation to India's total export has not been satisfactory which yields a bold and imaginative policy so that there should be a steady growth in India's total export through STC.
FUNCTIONS OF STATE TRADING CORPORATION

The main function of State Trading Corporation (STC) is to broaden and enlarge the scope of India's exports and to arrange for essential imports on economical basis. The Corporation engages both in direct and indirect trade and brings buyers and sellers together. It therefore, assists in the conclusion and implementation of contracts, obtaining of import licences, guaranteeing of quality and performance, and uses its goods offices in matters like settlements of disputes.

Objectives

The objects of the State Trading Corporation of India, as laid down in the Memorandum of Association, are as follows:

1. To organise and undertake trade generally with state trading countries as well as other countries in commodities entrusted to the Company for such purpose by the Union Government from time to time and to undertake the purchase, sale and transport of such commodities in India or anywhere else in the world.

2. To undertake promotion of exports generally, including exports to existing markets whether of traditional commodity or any other, to explore new markets for traditional items of export and develop exports of new items with a view to maintaining, diversifying and expanding the export trade.
3. To undertake, at the instance of the Union Government, import and/or internal distribution of any commodities in short supply with a view to establishing prices and rationalising distribution.

4. To generally implement such special arrangements for import, export, internal trade and/or distribution of particular commodities as the Union Government may specify in the public interest.

5. To barter, exchange, pledge, manipulate, treat, prepare and deal in merchandise, commodities and articles of all kinds and to carry on any kind of commercial and/or financial business as the Company may determine from time to time.

6. To subscribe for, take or otherwise acquire, and hold shares, stocks, debentures, or other securities of any other Company, Cooperative Society or Society registered under the Societies Registration Act 1860.

7. To lend and advance money or give credit to such persons or companies on such terms as may seem to be expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of any contract or obligation and the payment of money or by any such persons or companies and generally to give guarantees and indemnities.

8. To promote and establish organisation, advisory board and other suitable bodies as may be deemed necessary in order to carry out the aforesaid objects of the Corporation effectively.

9. To hold or assist in holding exhibitions in India and elsewhere of the products and articles in which the Company is interested.
10. To collect and circulate statistics and other information relating to trade, commerce and industry.

11. To buy, sell, carry on the business of manufacture and deal in goods, ware and merchandise including all convenience of necessaries of life which may be used or required by workmen or others whether employed by the Company or not and to open and keep shops or stores, and generally to carry on manufacturing, trading or other business.

12. To overcome the difficulties experienced in expanding India's foreign trade, particularly with Communist countries.

13. To maintain a steady price level and equilibrium between supply and demand.

14. To supplement private trading.

15. To undertake the processing, conversion, fabrication, manufacture and production of particular categories of goods, commodities merchandise and articles as may be directed by the Union Government from time to time.

16. To install, set up, construct, acquire, purchase, hire, maintain, run, operate and establish in India and/or abroad such machinery, plants, works, factories, equipments, apparatus and appliances and to do such other acts as may be necessary, and/or convenient for the Company for carrying on or is required by any customer or persons dealing with the Company and to experiment with and to render marketable, process, convert, fabricate and manufacture such articles, commodities and goods as may be necessary or may seem to the Company capable of being undertake conveniently in furtherance of its
objects or may be calculated directly or indirectly to enhance the value of such articles, commodities and goods.

17. To manufacture, store, maintain, sell, buy, repair, alter, exchange, let on hire, export, import and deal in all kinds of articles and things including all kinds of conveyance and all components, parts, fittings, tools, implements, accessories, materials and all articles and things used or capable of being used in connection therewith in any way whatever which may be required for the purpose of any business of the Company or are commonly supplied, dealt with by persons engaged in any such business and which may be capable of being profitable deal with in connection with any of the business of the Company.¹

The above objectives of the State Trading Corporation of India, mentioned in its Memorandum of Association, can be classified under the following six main heads:

1. Export
2. Import
3. International Trade
4. Trade Promotion Agreement
5. Export Aid to Small Industries
6. Participation in Export-oriented Corporations

Important functions falling under each of these heads are mentioned below:

¹ All the objectives mentioned above (1 to 17) are from Memorandum and Articles of Association of State Trading Corporation of India, pp. 1-17.
1. **Export**

   a) To promote export of traditional items, to introduce non-traditional items in the world markets and to find out new markets for Indian exports.

   b) To facilitate and organise export of difficult-to-sell-items by linking essential imports with additional exports under special trade promotion agreements, etc.

   c) To organise production to meet export demands and to help production units in overcoming difficulties of procuring raw materials and other essential requirements.

   d) To develop new lines of exports.

   e) To ensure implementation of trade plans with East European countries.

   f) To help local producers by procuring at reasonable prices and to hold stocks to maintain ultimate production at optimum level of commodities with high export potential, thus avoiding dislocation in production, maintaining adequate availability for export and ensuring a fair price to the local producers.

   g) To participate in fairs and exhibitions abroad so as to create atmosphere for expansion of exports and for introducing new products in foreign markets.

2. **Imports**

   a) To import capital goods, industrial raw materials and certain scarce commodities required for the economic development of the country.
b) To import items which are canalised by the Government through this Corporation so as to ensure that adequate supplies at the right time and at the most economical prices are made and distributed to the industries and other users in a co-ordinated manner.

c) To undertake import of commodities where bulk purchase would give better terms.

d) To undertake imports from state trading countries or where monopolies are involved.

e) To import commodities which are in short supply in the country.

f) To import speculative and high profit margin items with a view, *inter alia*, to stabilise the prices and to do distribution of such commodities in an organised manner at fair prices.

g) To ensure implementation of trade plans with the East European countries and other special agreements.

3. **International Trade**

a) To undertake international trade in certain commodities like imported cars.

b) To undertake price support and buffer stock operations with a view to ensuring fair prices to the growers of certain agricultural commodities, to stabilise internal production and to sustain foreign demand.

4. **Trade Promotion Agreements**

To arrange for essential imports against additional exports of traditional and non-traditional items which
are specified in special agreements.

5. Export Aid to Small Industries

To assist the small scale manufactures in exporting their products by giving wide publicity to their products abroad and by arranging attractive packing, providing credit facilities, helping them in matters of shipping and exploring possibilities of exporting their products to various countries.

6. Participation in Export-oriented Corporations

To lend increasing support in the form of financial and organisational assistance to specialised export agencies like the Handicraft and Handloom Export Corporation.

Organizational Structure of the S.T.C.

The administrative structure of the Corporation is vested in its Board of Directors which consists of executive and non-executive directors from the ministries appointed by the Central Government. In other words the Corporation is a wholly owned Government Company and operates under the Companies Act. All executive authority of the Board and its implements are vested in its Chairman. To assist the Chairman, there are Executive Directors, Group Executives, Chief Marketing Managers, Chief Finance Managers, Regional and Branch Managers in India and abroad along with other managers and members of the staff.
The Board is responsible for deciding the policy of the S.T.C. and its Chairman is authorised to exercise all executive authority for the implementation of the policies laid down by the Board.

The Board of Directors of the Corporation can, in terms of the Articles of Association, exercise all powers as the Board of any company in the private sector can exercise. The powers of the Board are such as to make the Corporation autonomous in its operations, except that the Government has reserved to itself some powers. The decisions of the Board in such matters require the approval of the Government. Besides, the Government has also reserved to itself the powers to give directions to the Corporation with regard to finance, conduct of commercial operations of the Corporation etc.¹

The Board works at three levels (Fig. 1). The full Board consists of full time Directors as well as non-executive Directors representing Government interest from ministries including Finance, Commerce, Chemicals and Fertilizers, Food, Reserve Bank of India etc. The Board meets periodically to review operation (normally at least once a month), decides larger policy issues and discusses matters pertaining to senior levels of management. At the next level, there is a Committee of Management (COM) consisting of Executive Directors, functioning with delegated powers from the full Board.

¹ See Appendix - Article of Association for detailed explanation of the powers of the Board.
Figure 1

CHAIRMAN

Directors

Agricultural Products Division
Chemicals Division
Consumer Goods Division
Economic Goods Division
Adminis- tration Division
Engineering Division

Export air for small accounts Division
Finance Division
Leather and Relations Industries Division
Public Manufac- tures Division
They work jointly as a team on all matters — operational, financial, organisational and personnel. At the third level, each Director discharges his individual functional responsibility, keeping direct link with the Chairman, but of course, with the responsibility of keeping the Committee of Management informed. The COM meets weekly and also on an ad hoc basis whenever the need arises. Quorum for the meeting is three, one of them being the Finance Director.

The President of India may appoint one of the Directors to be the Chairman of the Board of Directors and another Director as its Managing Director and one or more Directors as Executive Directors and also nominates members of the Committees of one or more Directors as members of the Committees on such terms and on such remuneration as he may determine from time to time. The President may remove any of them from the office and appoint some other person in their place whenever he likes.

The Division Making Process and Delegation of Power by the Board of Directors

The functions/powers of these Committees are described in the schedule of delegation of powers of the S.T.C, which explains that the Board of Directors delegate powers to the Executive Committee/Committee/Directors/Managers which are accountable to the parliament. These Committees/Directors/Managers further delegate their powers to various sub-Committees/Boards (Fig. 2).
The decision making process of the Corporation is similar to 'Line Organisation', i.e., the final decision making powers vest with the President of India through the Parliament and its Board of Directors. Usually, these Committees/Boards meet from time to time to discuss various proposals and to take decision thereon. These divisions put up their proposals duly vetted by Finance/Law as may be necessary and the notes duly approved by concerned CGM/Director are submitted to Board/Committees for consideration and decision, and then to the Executive Committee and Board of Directors. This can be illustrated in Figure. The functions/powers of these Committees are described in details in the Schedule of delegation of powers.

**Formation of the Board of Directors**

The following is an extract from the Memorandum relating to the Board of Directors of the State Trading Corporation:

1. Subject to the provisions of section 252 of the Act the President shall, from time to time, determine in writing the number of Directors of the Company which shall not be more than 14 and less than 4. The Directors are not required to hold any qualification shares.

2. Chairman of the Board of Directors shall be appointed by the President, and other directors including the Managing Directors, if any and the Financial Adviser, if the Financial
* Department setup to do expedient work to ensure that work traffic keeps moving.

** Export Assistance to small industries.

Source: A Review of the State Trading Corporation of India, 1968-69.
Adviser is a member of the Board of Directors shall be appointed by him in consultation with the Chairman. Appointments of Directors, including Chairman shall be in such number and for such period as the President may determine from time to time. The Directors including the Chairman so appointed shall be entitled for such pay and allowances, travelling allowances, leave, provident fund, medical and other facilities as may be determined by the President at the time of their appointment or thereafter.

3. The President shall have the power to remove any Director including the Chairman and Managing Director from office at any time in his absolute discretion.

4. The President shall have the right to fill any vacancy in the office of a Director caused by retirement, removal, resignation or otherwise.

5. The office of a Director shall be vacated if:

   a) he is found to be unsound of mind by a court of a competent jurisdiction;
   b) he applied to be adjudicated an insolvent;
   c) he is adjudged an insolvent;
   d) he is convicted by a court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six months.
   e) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board.
   f) he or any firm in which he is a partner or any private company of which he is Director accepts a
loan or any guarantee or security for a loan, from the Company in contravention of section 245 of the Act.

g) he fails to disclose the nature of his concern or interest in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the company as required under section 299 of the Act.

h) he becomes disqualified by an order of Court under section 203 of the Act.

i) he is removed in pursuance of the section 284 of the Act.

j) he is concerned or participates in the profits of any contract with the company; provided, however, no Director shall vacate his office by reason of his becoming a member of any company which has entered into contract with or done any work for the company of which he is Director, but a Director shall not vote in respect of any such contract or work and if he does so vote his vote shall not be counted.

Disqualifications referred to in sub-clause (c), (d) and (h) above shall not take effect:

a) for thirty days from the date of adjudication, sentence or order,

b) when any appeal or petition is preferred within the thirty days aforesaid against the adjudicate sentence or conviction resulting in the sentence or order, until the expiry of seven days from the date on which such appeal or petition is disposed of, or

c) when within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction, or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

6. In place of a Director who is out of India or is about to out of India or who expects to be absent for not less than three months from the State in which meeting of the
Directors are ordinarily held, the Board may appoint with the prior approval of the President any person to be an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meeting of the Directors are ordinarily held and such appointment shall have effect whilst he holds office as an Alternate Director shall be entitled to notice of meeting of the Directors and shall if so fact vacate office if and when the original Director returns India or the State or votes office as a Director.

7. The President may appoint one of the Directors to be the Chairman of the Board of Directors and another Director as Managing Director and one Director as Executive Director and also constitute Committees of one or more Directors, for such terms and on such remuneration as he may determine from time to time and may remove him or them from office and appoint another/others in his/their place.

8. The Board may from time to time entrust to and confer upon the Chairman/Managing Director, Directors, General Manager or Managers and Financial Adviser and Chief Accounts Officer, for the time being such of the powers exercisable under these Articles by the Board of Directors as it may think fit and may confer such powers for such times and to be exercised for such object and purpose and upon such terms and conditions and with such restrictions as it may think expedient,
and it may confer such powers for such time and to be exercised for such object and purpose and upon such terms and conditions and with such restrictions as it may think expedient, and it may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any such powers.

The business of the company shall be managed by the Board who may exercise all such powers of the company as are not, by the Companies Act 1966, or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in general meetings, subject nevertheless to the provisions of these Articles, to the provisions of the said Act and the directives if any, the President may issue from time to time and to such regulation being not inconsistent with the aforesaid provisions as may be prescribed by the company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.¹

The overall executive organisational structure is depicted in figure 4.

Subsidiaries of State Trading Corporation

For increasing State participation in the country's export

¹ Ibid., p. 57.
State Trading Corporation's Offices in India

The Head Office of the STC is in New Delhi at Chandralok, 36 Janpath.

<table>
<thead>
<tr>
<th>Branch Offices</th>
<th>Overseas Offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adipur</td>
<td><strong>AMERICA</strong></td>
</tr>
<tr>
<td>Bombay</td>
<td>New York</td>
</tr>
<tr>
<td>Kanpur</td>
<td><strong>WESTERN EUROPE</strong></td>
</tr>
<tr>
<td>Tuticorin</td>
<td>London</td>
</tr>
<tr>
<td>Agra</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>Calcutta</td>
<td>Paris.</td>
</tr>
<tr>
<td>Madras</td>
<td><strong>EASTERN EUROPE</strong></td>
</tr>
<tr>
<td>Visakhapatnam</td>
<td>Moscow</td>
</tr>
<tr>
<td>Ahmadabad</td>
<td>East Berlin</td>
</tr>
<tr>
<td>Cochin</td>
<td>Budapest</td>
</tr>
<tr>
<td>New Delhi</td>
<td><strong>AFRICA</strong></td>
</tr>
<tr>
<td>Bangalore</td>
<td>Nairobi</td>
</tr>
<tr>
<td>Guntur</td>
<td>Dar-as-Salaam</td>
</tr>
<tr>
<td>Jaipur</td>
<td><strong>WEST ASIA</strong></td>
</tr>
<tr>
<td></td>
<td>Kuwait</td>
</tr>
<tr>
<td></td>
<td>Baghdad</td>
</tr>
<tr>
<td></td>
<td>Jeddah</td>
</tr>
<tr>
<td></td>
<td><strong>SOUTH EAST ASIA</strong></td>
</tr>
<tr>
<td></td>
<td>Colombo</td>
</tr>
<tr>
<td></td>
<td>Decca</td>
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<tr>
<td></td>
<td>Singapore</td>
</tr>
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<td></td>
<td>Sydney</td>
</tr>
<tr>
<td></td>
<td>Tokyo</td>
</tr>
<tr>
<td></td>
<td>Hongkong</td>
</tr>
</tbody>
</table>
and import, the State Trading Corporation of India (STC) was registered in 1956 under the Indian Companies Act. It has the following subsidiaries:

1. Projects and Equipment Corporation (PEC)

Incorporated in 1971, this subsidiary of the STC handles turnkey projects abroad and the export of sophisticated engineering equipment and railway rolling stock and equipment. Manned by engineers with wide experience in various technical disciplines and backed by a reliable supply base, the PEC is fully equipped to render a diverse range of services in the wide spectrum of turnkey projects and engineering products. 1

Product development and quality control are only a part of PEC's services which include marketing, negotiating, contracting, financing, execution of turnkey projects, after-sales services, warehousing and shipment.

Countries benefiting from its expertise include Korea, Taiwan, Philippines, Malaysia, Thailand, Burma, Sri Lanka, Bangladesh, Nigeria, Zambia, Sudan, Iran, Hungary, Yugoslavia, Libya, Indonesia, Algeria and Vietnam. It is exporting railway equipment, engineering products and undertaking turnkey projects all over the world.

1 State Trading Corporation's Publication.
2. The State Chemicals and Pharmaceuticals Corporation of India Ltd. (CPC)

The Chemicals and Pharmaceuticals Corporation (CPC) was formed as a subsidiary of the STC to pay special attention required in the import of over 1,000 items. Further it was felt that exports of chemical items could be increased by paying concentrated attention.

3. The Cashew Corporation of India Ltd. (CCI)

Set up in August 1970 in the wake of the Indian Government's decision to canalise imports of raw cashew for the benefit of export oriented cashew processing industry in the country, CCI has lived up to expectations.

In the past, despite difficult situations in the international market, the CCI has succeeded in maintaining a reasonable level of supply of raw nuts to many processing units in India.

Experts are striving to identify and develop new sources of supply for raw cashew and new export markets for cashew kernels.

The Cashew Corporation (CCI) was formed as a subsidiary to handle effectively the bulk import of raw cashew nuts to meet the specific needs of the export oriented industry and also keeping in view its turnover. It is handling the import of raw cashew nuts and the export of cashew kernels.
The Handicrafts and Handlooms Exports Corporation of India Ltd. (HHEC)

Formed in 1962, HHEC has played a major role in developing and promoting exports of handicrafts and handloom products from India. The Handicrafts and Handlooms Exports Corporation was attached to the STC which provides financial support required by it in its export operations.

Thanks to its pioneering work in developing new qualities/designs in fabrics and introducing Persian designs in hand-knotted carpets, the HHEC has been acknowledge as a pace-setter in these fields.

In collaboration with world renowned designers, the HHEC has given India an edge over others in the highly competitive fashion markets of the U.S.A., the EEC countries and Japan.

Its subsidiary, the Central Cottage Industries Corporation of India (CCIC) undertakes retail sales for promoting the crafts in India and thereby helps in improving the economic condition and social status of artisans, craftsman and weavers. It is exporting carpets, traditional Indian handicrafts and handloom products.

The Corporation has at present four subsidiaries, viz., The Handicrafts and Handlooms Exports Corporation of India Ltd. (HHEC), Project and Equipment Corporation of India Ltd.
(PEC), Cashew Corporation of India Ltd. (CCI), and Central Cottage Industries Corporation of India Ltd. (CCIC), a subsidiary of HHEC. **Turnover** of these subsidiaries is shown below:

<table>
<thead>
<tr>
<th></th>
<th>Rs. in crores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1983-84</td>
</tr>
<tr>
<td>H.H.E.C.</td>
<td>...</td>
</tr>
<tr>
<td>P.E.C.</td>
<td>...</td>
</tr>
<tr>
<td>C.C.I.</td>
<td>...</td>
</tr>
<tr>
<td>C.C.I.C.</td>
<td>...</td>
</tr>
</tbody>
</table>

* Provisional

**Source:** Annual Report of State Trading Corporation, p. 13.

HHEC's direct exports of carpets, handicrafts, handlooms and ready-to-wear have gone up by Rs. 3.63 crores (24.8%) in 1984-85 over that of 1983-84 while there was a shortfall under other items.

The Project Equipment Corporation has crossed a milestone by registering the highest ever turnover of Rs. 103.42 crores as against Rs. 92.30 crores during the last year representing an increase of 11.5%. The turnover comprises export sales including overseas project sales of Rs. 102.26 crores and import sales of Rs. 0.86 crores. Exception of overseas turnkey project and mechanical, Electrical equipment and railway equipment exports are the main constituents of this achievement.

In spite of stiff competition in world markets, the
Corporation booked fresh orders worth Rs. 68.36 crores during the year as against Rs. 60.80 crores in the previous year indicating a growth of 12%. Net profit of the P.E.C. during the year increased to Rs. 1.88 crores from Rs. 1.35 crores in the previous year.

The total turnover of Cashew Corporation of India Ltd. (CCI) for 1984-85 was Rs. 4.23 crores which is marginally lower than the turnover of Rs. 4.29 crores during the previous year. The shortfall was due to delay in receipt of L/C for effecting shipments during March 1985. The Corporation's main drive to sell cashews continued in Gulf, France, Japan, Australia, Hong Kong and Singapore markets which yielded good results. Salted/roasted cashews and mixed nuts in easy to open consumer packs valued at Rs. 0.07 crores were exported to Kuwait and Japan. The Corporation did not make any imports during the year.

The Corporation made a trading profit of Rs. 0.17 crores during the year against Rs. 0.09 crores during the previous year.

In pursuance of the decision of STC, the Corporation is evolving a suitable strategy for diversifying its activities into food business with emphasis on value added exports.
Table 3

STATE TRADING CORPORATION AND ITS SUBSIDIARIES
Sales Turnover of STC's Group

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>S.T.C.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>70.5</td>
<td>760.1</td>
<td>440.5</td>
<td>719.5</td>
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<tr>
<td>Imports</td>
<td>141.9</td>
<td>217.0</td>
<td>1,214.0</td>
<td>2,118.9</td>
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<tr>
<td>Domestic</td>
<td>5.3</td>
<td>3.9</td>
<td>15.4</td>
<td>26.9</td>
</tr>
<tr>
<td></td>
<td>217.8</td>
<td>981.0</td>
<td>1,669.9</td>
<td>2,865.3</td>
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<td>SUBSIDIARIES</td>
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<tr>
<td>P.E.C.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>N.A.</td>
<td>28.6</td>
<td>38.3</td>
<td>102.5</td>
</tr>
<tr>
<td>Imports</td>
<td>N.A.</td>
<td>11.0</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Domestic</td>
<td>N.A.</td>
<td>N.A.</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>39.6</td>
<td>38.6</td>
<td>103.0</td>
</tr>
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<td>C.C.I.</td>
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<td></td>
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</tr>
<tr>
<td>Exports</td>
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<td>1.6</td>
<td>6.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Imports</td>
<td>11.4</td>
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<td>17.2</td>
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<td>11.4</td>
<td>39.2</td>
<td>23.4</td>
<td>4.2</td>
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<td>H.H.E.C.</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Exports</td>
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<td>32.6</td>
<td>26.5</td>
<td>129.2</td>
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<tr>
<td>Domestic</td>
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<td>0.3</td>
<td>1.0</td>
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<td>3.7</td>
<td>32.9</td>
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(Contd.)
<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th>Imports</th>
<th>Domestic</th>
<th>S.T.C. Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C.P.C.</strong>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>N.A.</td>
<td>N.A.</td>
<td>9.5</td>
<td>37.4</td>
</tr>
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<td>Imports</td>
<td>N.A.</td>
<td>N.A.</td>
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<td>153.3</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>120.2</td>
<td>265.6</td>
</tr>
<tr>
<td><strong>C.C.I.C.</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
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<td>N.A.</td>
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<tr>
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<td>N.A.</td>
<td>5.5</td>
<td>4.2</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>5.9</td>
<td>22.0</td>
</tr>
<tr>
<td><strong>S.T.C. Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>37.4</td>
<td>822.9</td>
<td>521.4</td>
<td>232.3</td>
</tr>
<tr>
<td>Imports</td>
<td>153.3</td>
<td>265.6</td>
<td>1,332.1</td>
<td>1,092.7</td>
</tr>
<tr>
<td>Domestic</td>
<td>6.1</td>
<td>4.2</td>
<td>22.0</td>
<td>1,875.5</td>
</tr>
<tr>
<td></td>
<td>27.5</td>
<td></td>
<td>27.5</td>
<td>3,102.6</td>
</tr>
</tbody>
</table>

* = With effect from 1.4.1981 C.P.C. was merged with STC.
NA = Not available.

1. **HHEC**: Handicrafts and Handlooms Exports Corporation became the first subsidiary of STC from 1st June 1962. It formed a subsidiary of its own, Central Cottage Industries Corporation (CCIC) w.e.f. 1st April, 1976.

2. **CCI**: Cashew Corporation of India, registered on 18th August, 1970.

3. **PEC**: Project Equipment Corporation of India, set up on 21st April, 1971.

4. **CPC**: State Chemicals and Pharmaceuticals Corporation of India, registered on 1st January 1976 and started functioning w.e.f. 1st April 1976 and merged with STC with effect from 1st April, 1981.

Compiled by the author from the following:
1. Annual Reports of STC - Several Issues.
Conclusion

The above analysis shows that the State Trading Corporation of India has been changed from a Joint Stock Company to a Public Corporation.

The success of the State Trading Corporation depends considerably on the quality of the Board which is responsible for its direction and governance. To avoid overlapping of responsibility and to maintain integrity of political life, legislators should be excluded from the membership of the Board. All members of the Board should be persons of high calibre and business ability. The Chairman of the Board should not only be of high calibre but should also have a towering personality to exercise the influence of his presence in the board as well as to resist the informal ministerial pressures on his independent actions performed in accordance with the policy of the Board.

The Corporation has achieved tremendous success in reaching its goal of diversifying India's trade with East European countries. With the help of its subsidiaries, the Corporation exports several commodities to their destinations.

The Corporation exports several new commodities to different countries. It has made it possible to import various essential items and capital equipment without putting a drain on the country's scarce foreign exchange resources.
It has brought a new trend in India's export performance by promoting the export of commodities handled by it. It also provides requisite facilities to the private entrepreneurs and exporters to explore potential markets in different regions. As a result, India's foreign trade with these regions has been increasing substantially. The Corporation has also been providing significant help to the different export promotion agencies established in the country.

In this connection the next chapter deals with the role of STC in the Export promotion of India.