

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

UNSTARRED QUESTION NO:6756
ANSWERED ON:10.05.2005
INVESTMENT BY STC
Jha Shri Raghunath

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

- (a) whether State Trading Corporation (STC) invested Rs. 2.15 crore in two aquaculture projects during 1995 against the opinion of an expert agency and resulted in the loss of the entire investment;
- (b) if so, the details thereof;
- (c) whether any responsibility has been fixed for the losses so suffered;
- (d) if so, the details thereof; and
- (e) the manner in which the STC proposes to make up the losses?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

- (a) & (b): STC entered into two separate aquaculture joint venture agreements with M/s. Bluegold Maritech International Limited and M/s Richfield Aquatech Limited with an equity investment of Rs.1.60 crores and Rs.0.55 crore respectively on 15.9.1995 with a view to develop captive supply base for exports. The participation was decided after thorough appraisal of the projects and also taking into account the advice of expert agency.
- (c) & (d): Since the decision was taken in the best commercial interest after careful consideration of all aspects including advice of expert agency and since this was a case of usual business loss with no malafide intention involved at any level, no individual responsibility could be fixed.
- (e): Promoters were under obligation to buy STC equity holding on cost plus interest basis as per the agreements with the parties. However, the amounts were not paid by promoters. Hence arbitration/recovery proceedings are have been initiated.