STC

Anatomy Of A Strike

Inscrutable are the ways of public-sector trade unions. The Federation of the State Trading Corporation Employees' Unions (FSTCEU) lived up to this image when it resorted to an eight-day strike last fortnight over a peculiarly non-economic issue: the shifting of the corporation's Delhi branch office from its location on the arterial Janpath to Malcha Marg in the posh Chanakyapuri area. The strike paralysed the STC's Delhi headquarters and 14 branch offices around the country. But it ended with a whimper on January 18 when the FSTCEU unconditionally 'suspended' its agitation.

The Malcha Marg office building, which will house only 200 of the STC's 900 employees in the capital, has been the centre of a controversy ever since it was leased from Speed Lines Private Limited, a private firm, in November 1980. Internal work on the building by the STC continued until September last year, and in late October the corporation made the first of three attempts to move the Delhi office to its new premises. But the FSTCEU was stubborn in its resistance; it alleged that the building lacked numerous facilities and was poorly serviced by public transport. Yet, the FSTCEU had been excoriating the management for having paid rent for the building—Rs 70,000 a month—from March 1981 without occupying the premises. Matters reached a head on January 9 when the management shifted the

The Malcha Marg office: a centre of controversy

Delhi branch office, lock, stock and barrel, to Malcha Marg with the help of a heavy police contingent. Thirteen employees were arrested when they attempted to resist the relocation; they had to be hastily bailed out later that night because STC rules stipulate automatic suspension of any employee who is under arrest for more than 24 hours. The pen-down strike began the next day.

The FSTCEU alleged, in a letter to the then commerce minister Pranab Mukherjee, that Speed Lines had been paid brokerage of Rs 33,952.75 in July 1981 by the corporation. But there was no mention in the letter that Speed Lines, on its own, had paid the broker his commission two months earlier, and was merely being reimbursed. Mukherjee was also informed that the STC was paying rent for an area of 10,447 sq ft, whereas the actual covered area of the Malcha Marg building was not more than 7,000 sq ft.

Impropriety: The STC is constructing its own building adjacent to Chandralok; the contractor, Universal Construction, is a private firm, and construction is being supervised by Engineers India Limited (EIL), a government unit. Employees contend that the contract was awarded without considering the public-sector National Building Construction Corporation (NBCC), and that the EIL is being paid Rs 1.5 lakh a month as fees merely for posting two engineers at the site. "We received competitive tenders, and awarded the contract to the lowest bidder," asserts D.S. Soman, group executive (Personnel), "and there is a penalty clause in the agreement with EIL. In fact, EIL was reluctant to take up this project. If the job is being done, what complaint can we have?" The FSTCEU in turn charges that the corporation will be spending Rs 13 crore on constructing the building, whereas the total cost of the 4.3 lakh sq ft building ought not to have exceeded Rs 5 crore. To this and other allegations of financial impropriety, Soman retorts by saying; "Let us have an enquiry by the CBI."

Between the lines of invective flowing around Chandralok, however, is one inescapable fact: the STC has gradually been acquiring the outlines of a white elephant over the last few years. Much of its troubles stem from the deputation of bureaucrats to top managerial positions in the corporation. The last full-time chairman, Dr S.C. Bhattacharjee, left in January last year; his duties are now looked after by the Commerce Secretary, Abid Hussain, who obviously cannot pay close attention to the corporation. Although turnover increased to

Rs 1,670 crore in 1980–81 from Rs 1,529 crore the previous year, the value of exports undertaken directly by the STC (excluding canalised items) fell from 10 per cent of the total export market in 1979–80 to only 4 per cent in 1980–81. While exports of leather products, footwear, textiles and garments increased, those of sugar, meat, marine products and construction materials dropped sharply. Obviously, the corporation has been performing poorly as an export house; it has relinquished its dominant position, and its Rs 70-crore profit last year arose largely from imports.

The corporation's sprawling operations, however, have often invited allegations of financial racketeering in large deals with clients abroad. In October last year, the corporation took the unprecedented step of opening an irrevocable letter of credit (LC) on a North Korean firm for the entire amount of Rs 50 crore in foreign exchange it had in reserve. The deal was for the import of one million tonnes of cement, and the STC reportedly opened the LC for full value because the Union Finance Ministry had refused to sanction it $142 million (Rs 128 crore) in foreign exchange for cement imports until it utilised the Rs 50-crore spillover from the previous year. By tying itself to a lone supplier, the STC flouted established trading practice, a gross misdemeanour considering the allegation that the same firm had earlier been blacklisted by the corporation for default in cement supplies.

Allegations: Other allegations of financial irregularity include:

- The expenditure of Rs 30 lakh on the STC pavilion in Delhi's Pragati Maidan, against a projected outlay of Rs 8 lakh;
- Construction of oil-storage tanks in Bombay at a cost of Rs 13 crore by EIL without calling for tenders or quotations, and the alleged over-spending of Rs 8 crore;
- Payment of Rs 16 per tonne for handling and Rs 8 per tonne for storage of oil to Indian Molasses Company in Madras, a rate that is alleged to be exorbitant, juxtaposed with the fact that the corporation possesses land for which it pays a yearly rent of Rs 1.5 lakh in Madras, on which it can construct its own storage tanks.

For the moment, however, the initiative appears to have passed into the hands of the management. Elections in the employees' union are due in March, and officials allege that the strike last fortnight was designed merely to kick up noise and generate electoral support. Matters will continue to simmer, not the least because the sensitive personnel portfolio is again being looked after by a bureaucrat on a part-time basis. Primitive information systems, and the constant fear of public audit, have seemingly slowed down the 26-year-old leviathan.

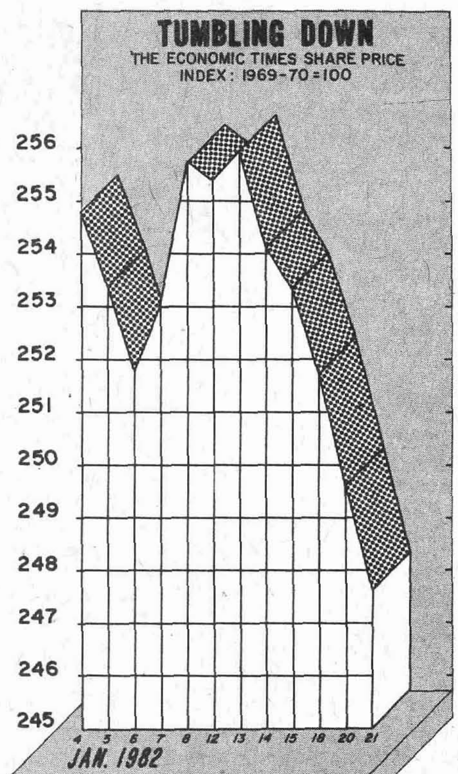
In 1969, the Tandon Committee had suggested that the corporation ought to be run by two men at the top: a chairman and a vice-chairman, both of whom were to be preferably recruited from the ranks. The committee also recommended the splitting up of the corporation: a plan whereby the STC would be a holding company, with several subsidiary companies looking after specific commodities. The Government responded to the suggestions by appointing Prakash Tandon himself the STC chairman. Today, with 600 officers and 2,300 employees, and 18 overseas offices, the STC has come to symbolise that irony: the co-option of dissent, and the institutionalisation of inefficiency—a point that was proven by last fortnight's strange strike.

—CHAITANYA KALBAG

The Markets

In Limbo

THE best way to make money on the stock exchange—as any sucker will advise—is to buy shares when they are cheap and sell when they are riding high. Easier said than done, though, for how does one tell that the high shares are not going to go higher and the low ones still lower? At the moment, the market seems to be hanging by its teeth, caught between a finance minister who has been kicked upstairs and another who will not show his hand for another month or so when the budget—his first—is due. Venkataraman came in like a lamb—Charan Singh's government had killed the fatted calf for all it



INDIA TODAY Chart by B. K. Sharma