

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:3742
ANSWERED ON:19.12.2005
EXPORT THROUGH MIDDLEMEN
Paswan Shri Virchandra

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether National Cooperative Consumers Federation of India Limited, National Agricultural Marketing Federation of India Limited and Haldiram, entrusted with the export operations of foodgrains engaged middlemen for the said purpose resulting in large scale bunglings;
- (b) if so, the reasons therefor despite the recommendations of Food Corporation of India restricting the use of middlemen in export operations; and
- (c) the action taken against the defaulting companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a) National Co-operative Consumers Federation of India Limited (NCCF), National Agricultural Marketing Federation of India Limited (NAFED) and Haldiram among others were allowed to participate in the foodgrains export scheme of the Food Corporation of India (FCI) with the help of associates, for facilitating high volume of export. The engagement of associates did not result in large scale bungling, though instances have come to notice regarding irregularities being committed in some cases of export transactions.

(b) The recommendation of FCI to restrict the use of middlemen in export operations was discussed in a meeting held in the Department of Food & Public Distribution which was attended by the then Chairman of FCI and heads of other Public Sector Undertakings (PSUs). The PSUs were allowed to use the services of middlemen on their assurances that the guidelines of Reserve Bank of India would be strictly followed. As FCI did not have the requisite infrastructure to handle the export operation on its own, the PSUs/agencies were allowed to engage middlemen/associates.

(c) In those cases of export transactions where irregularities were established, necessary penal actions were taken as shown in the Annexure.

ANNEXURE

STATEMENT REFERRED TO IN PART (c) OF REPLY TO LOK SABHA UNSTARRED QUESTION NO. 3742 FOR 19/12/2005 REGARDING EXPORT THROUGH MIDDLEMEN

ACTION TAKEN IN CASES OF IRREGULARITIES IN EXPORT TRANSACTION

In the following cases where proof of exports could not be furnished to the FCI, Bank guarantee were encashed or differential costs were recovered:-

- i) NCCF – 2000 MT rice – lifted Ex. Ludhiana (Punjab) through their associate exporter – differential cost with taxes were recovered.
- ii) Bhagwati Exports – Bank Guarantee encashed.
- iii) Pioneer Food – Bank Guarantee encashed.
- iv) NCCF – allocation of 6500 MT rice- differential cost recovered, and
- v) M/s Hemant International – 2000MTs – differential cost recovered.

Apart from encashment of bank guarantees, cases have also been filed against the following exporters, who had manipulated/submitted fake documents.

- 1) M/s R.K. Exporters, Bhopal – submitted manipulated export documents and fraudulent bank guarantees, - CBI, Bhopal has registered a case.

2) M/s A.K. Flour Mills Pvt. Ltd. , Ankleswar, Gujarat – the party exported wheat flour instead of whole wheat and submitted forged documents – Bank guarantee was encashed, FIR filed, money Suit for recovery of interest and differential cost has been filed which is pending in court.

3) NCCF – Police case is pending in the court at Faridabad, Haryana.

4) M/s Hemant International – FIR has been lodged by the District Manager, FCI, Kurekshtra, Haryana.

The above parties have also been blacklisted.