

**ASSISTANCE TO STATES FOR DEVELOPING EXPORT  
INFRASTRUCTURE AND ALLIED ACTIVITIES (ASIDE)  
SCHEME**

[Action Taken by the Government on the Observations/Recommendations  
of the Committee contained in their Twenty-third Report (15th Lok Sabha)]

**MINISTRY OF COMMERCE AND INDUSTRY  
(DEPARTMENT OF COMMERCE)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2011-2012**

**FIFTY-FOURTH REPORT**

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**FIFTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

FIFTY-FOURTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(2011-12)

(FIFTEENTH LOK SABHA)

ASSISTANCE TO STATES FOR DEVELOPING  
EXPORT INFRASTRUCTURE AND ALLIED  
ACTIVITIES (ASIDE) SCHEME

[Action Taken by the Government on the Observations/  
Recommendations of the Committee contained in  
their Twenty-third Report (15th Lok Sabha)]

MINISTRY OF COMMERCE AND INDUSTRY  
(DEPARTMENT OF COMMERCE)

*Presented to Lok Sabha on 30 March, 2012*  
*Laid in Rajya Sabha on 30 March, 2012*



LOK SABHA SECRETARIAT  
NEW DELHI

*March, 2012/Chaitra, 1934 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2011-12)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Shri Anant Kumar Hegde
6. Shri Bhartruhari Mahtab
7. Shri Shripad Yesso Naik
8. Shri Sanjay Nirupam
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11. Shri Adhi Sankar
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13. Shri K. Sudhakaran
14. Dr. M. Thambidurai
15. Dr. Girija Vyas

*Rajya Sabha*

16. Shri Tariq Anwar
17. Shri Prasanta Chatterjee
18. Shri Naresh Gujral
19. Shri Prakash Javadekar
20. Shri Satish Chandra Misra
21. \*Shri J.D. Seelam
22. Prof. Saif-ud-Din Soz

SECRETARIAT

- |                        |   |                            |
|------------------------|---|----------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i>     |
| 2. Shri Abhijit Kumar  | — | <i>Director</i>            |
| 3. Shri H.R. Kamboj    | — | <i>Additional Director</i> |
| 4. Shri S.L. Singh     | — | <i>Committee Officer</i>   |

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\* Elected *w.e.f.* 29th August, 2011 *vide* the vacancy occurred *vice* Smt. Jayanti Natarajan appointed Minister *w.e.f.* 12th July, 2011.

## INTRODUCTION

I, the Chairman, Public Accounts Committee (2011-12), having been authorised by the Committee, do present this Fifty-fourth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-third Report (Fifteenth Lok Sabha) on 'Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme', relating to the Ministry of Commerce and Industry (Department of Commerce).

2. The Twenty-third Report was presented to Lok Sabha/laid in Rajya Sabha on 31st August, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received on 15th July, 2011. The Public Accounts Committee considered and adopted this Report at their sitting held on 22nd March, 2012. Minutes of the sitting are given at Appendix-I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twenty-third Report (Fifteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;  
28 March, 2012  

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8 Chaitra, 1934 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

#### I. Introductory

This Report of the Committee deals with Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Twenty-third Report (15th Lok Sabha) on '**Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme**'.

2. The Twenty-third Report (15th Lok Sabha), which was presented to Lok Sabha and laid in Rajya Sabha on 31st August, 2010, contained 18 Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministry of Commerce and Industry (Department of Commerce) and are broadly categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1, 4—11 and 14—18

Total: 14

Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

-NIL-

Total: 0

Chapter-III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para No. 13

Total: 1

Chapter-IV

- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

Para Nos. 2, 3 and 12

Total: 3

Chapter-V

**3. The Committee desire that the Ministry of Commerce and Industry (Department of Commerce) furnish at the earliest final/conclusive Action Taken Note on the Observations/Recommendations contained in the 23rd Report in respect of which interim replies have been furnished.**

4. The Action Taken Notes furnished by the Ministry of Commerce and Industry (Department of Commerce) on the Observations/Recommendations of the Committee contained in the Twenty-third Report (15th Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on their Observation/Recommendation made in the Original Report which merit reiteration.

## **II. Delay in completion of Projects and time and Cost overrun**

*[Observation/Recommendation Paragraph No. 13 of the Twenty-third Report (15th Lok Sabha)]*

5. In their Twenty-third Report, the Committee had noted inordinate delays in completion of 18 Central and 51 State sector projects ranging between 6 to 78 months due to non-availability of site, delayed release of funds by the State Governments, additional work and heavy rains etc. Further, there were delays in completion of projects and escalation of cost of ₹ 0.21 crore in Orissa and ₹ 2.41 crore in Uttar Pradesh. The Committee had also found that the total number of ASIDE projects which had exceed their normal gestation period of 2 years stood at 134 projects as of November, 2008 and the Department did not have the details of project-wise cost overrun incurred therein. The Committee had regretted that the inordinate delays in the execution of projects were indicative of lack of proper project planning and implementation of ASIDE projects and also absence of mechanism for ensuring synchronized coordination amongst at the Central and State levels to execute the projects. The Committee had recommended that responsibility should be fixed on the persons responsible for these serious lapses which had caused not only significant loss to the exchequer in terms of cost overrun but also in slippage of targets with regard to development of export infrastructure. The Committee had also asked the Department to intimate the details of project-wise cost overrun in respect of 134 projects as on November, 2008 along with the reasons therefor. The Committee had further recommended that the Department of Commerce should beef up their systems and procedure with regard to project planning and management as also the mechanism for monitoring the projects so that there are no cost and time overruns in the implementation of ASIDE projects in future.

6. In their Action Taken Note, the Department of Commerce have submitted information regarding cost overrun in respect of 20 projects in 7 States and 1 UT. As informed by the Department, out of the 20 projects, 12 projects have been completed while 8 projects were under implementation. The Ministry claimed that 2 projects have been completed without ASIDE cost overrun and another project has been completed without any cost overrun.



7. As regards action taken by them in this regard, the Department of Commerce stated as under:—

"Nodal Officers at the level of Joint Secretaries to each State/UT have been reassigned with only two States/UTs with each Nodal Officer with a view to ensure participation of Department of Commerce in each SLEPC meeting. In exceptional circumstances, either Jt. DGFT/DC, SEZ are requested to attend the SLEPC meeting and to report to Department of Commerce. Further, an annual review meeting is held at the level of Additional Secretary/Special Secretary of Department of Commerce. Further, DO letters are also sent at Commerce Secretary/Special Secretary/Additional Secretary/Joint Secretary/Directors etc.

Further, States/UTs have been urged to complete projects at first approved by 2006-07 on priority and only thereafter to allot the fund for projects approved by 2007-08 and so on. In this regard, it is reiterated that as per request for additional fund by Manipur, West Bengal, Odisha, Andhra Pradesh and Karnataka, ASIDE fund have been released for completion of ongoing projects, taking projects approved by 2006-07 on priority.

Further, it has been emphasized that fund for the approved projects may only be released after land (if required) comes in actual possession of the Agency. This has sometimes necessitated time overrun.

Roles and responsibilities of DGFT in regard to ASIDE has been finalized and circulated."

**8. The Committee in their original report had recommended that responsibility should be fixed on the persons responsible for serious lapses which had caused not only significant loss to the exchequer in terms of cost overrun but also in slippage of targets with regard to development of export infrastructure. The Committee regret to note that the Action Taken Notes furnished by the Ministry is conspicuously silent on this issue. The Committee reiterate that the Department of Commerce need to address the shortcomings and take remedial action to obviate delays in completion of ASIDE projects. The failure of the Department in this regard is a reflection over the manner in which the projects were planned, approved and executed probably without giving due consideration for and laying emphasis on their timely completion. Considering the importance of ASIDE Scheme in augmenting export infrastructure, the Committee strongly urge the Government to display their steadfast commitment by ensuring that ASIDE projects are completed on time. The Committee, therefore, reiterate their recommendations and desire that responsibility should be fixed on the persons responsible for inordinate delay in completion of ASIDE projects. The Committee would like to be apprised about the action taken in this regard by the Ministry.**

## **CHAPTER II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Observation/Recommendation**

1. Considering the pivotal role played by exports in the economic growth in the wake of liberalization and structural reforms, the Department of Commerce in the Ministry of Commerce and Industry launched on 13th March 2002, a scheme namely 'Assistance to States for Developing Export Infrastructure and Allied Activities' (ASIDE) with an outlay of Rs. 97 crore for March 2002 and Rs. 1725 crore for the 10th Five Year Plan (2002-07). The objective of the scheme was to actively involve the States in the export effort by providing assistance to the State Governments for creating appropriate infrastructure for the development and growth of exports in pursuance of EXIM Policy announced by Government of India in March 2000. Outlay for 11th Five Year Plan (2007-12) was tentatively fixed at Rs. 3664.63 crore out of which the allocation for the year 2007-08 was Rs. 569 crore. Three existing schemes for export promotion viz. Export Promotion Industrial Parks (EPIPs), Export Promotion Zones (EPZs) and Critical Infrastructure Balancing (CIB) schemes were merged with the new scheme and the ongoing projects under the older schemes were to be funded by the States from the resources provided under ASIDE. The scheme also subsumed the Export Development Fund (EDF) for North Eastern Region (NER), including Sikkim, which was another existing scheme for export promotion involving the activities permitted under the existing EDF scheme guidelines which differ from the ASIDE scheme guidelines. The outlay under the ASIDE scheme has two components—the State Component, whereunder 80 percent of the funds were to be earmarked for allocation to the States on the basis of the approved criteria and the other is Central Component, wherein the balance 20 percent and amounts equivalent to un-utilized portion of the funds allocated to the States in the past year(s), if any, was to be retained at the central level for meeting the requirements of inter State Projects, Capital outlays of EPZs/SEZs etc.

The Committee's examination of the implementation of the ASIDE Scheme revealed that the planning, approval, execution/implementation and monitoring of the projects under the Schemes were plagued by many loopholes and deficiencies and as a result, the impact of ASIDE scheme on the volume of exports and building export infrastructure is hardly visible. Moreover there was lack of fiscal discipline in the financial transactions under the Scheme resulting in cases of diversion of funds, excess release of funds, cost and time overruns etc. These issues alongwith related issues have been dealt with by the Committee in the succeeding paragraphs.

[Para 1 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

### **Action Taken**

The observations and recommendations have been considered in succeeding para and actions initiated to bring out the desired result.

### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

(Department of Commerce, O.M. No. 10/46/2007-SC dated 15.07.2011)

### **Observation/Recommendation**

4. The Committee regret to observe that the percentage of utilization of funds released under ASIDE scheme was low and ranged between 43 to 86 percent and 28 to 90 percent in respect of the State and Central sectors respectively, during 2002-03 to 2005-06. In the cases of six States/UTs *i.e.* Andaman and Nicobar Islands, Arunachal Pradesh, Bihar, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep, out of Rs. 21.07 crore released, no expenditure was incurred during March 2002 to March 2006. Further, in five States/UTs, an expenditure of Rs. 34.77 crore was incurred which constituted only 44 percent of the total funds released *i.e.* Rs. 79.82 crore. In 14 States/UTs only Rs. 440.43 crore was spent, which was 61 per-cent of Rs. 717.97 crore that was released. Besides, 15 out of the 37 agencies in different States had not incurred any expenditure out of Rs. 35.25 crore that was released to them during 2001-02 to 2005-06 and the expenditure in respect of 11 agencies ranged between 30 and 60 percent of the releases. The Committee have been informed by the Department of Commerce that certain remedial measures have been taken by them to streamline the utilization of funds by States/UTs, which *inter-alia* include online monitoring of submission of Utilization Certificates and release of funds to the States only after securing the pending Utilization Certificates etc. The Committee feel that the belated remedial measures now being taken by the Department could have been taken earlier while introducing ASIDE Scheme as a pre-condition for releasing funds. Further, the Committee are not inclined to believe that the continuous low utilization of funds during 2001-02 to 2005-06 could be solely attributed to the problem in submission of Utilization Certificates. This is proved by the fact that inspite of taking the aforesaid remedial measures, the Committee find that against the total funds released amounting to Rs. 262812.10 lakh under ASIDE scheme upto 2007-08, the total expenditure incurred there against was Rs. 216320.25 lakh resulting in a gap of Rs. 46,491.85 lakh. The Committee, therefore, desire that the Department of Commerce should revamp areas of their financial operations in close coordination with respective States for facilitating timely, expeditious and judicious utilization of ASIDE funds so that the projects undertaken under the scheme was completed without any cost and time overruns.

[Para 4 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

### **Action Taken**

A thorough examination of financial status of all States/UTs has been carried out at the level of Joint Secretary level.

*State Component of ASIDE:* 1st instalment of State Component of ASIDE was considered and disbursed (if found eligible) in 1st Quarter itself and 2nd instalment was also considered and disbursement started from 2nd Quarter itself so that States/UTs may utilize ASIDE fund uniformly throughout the year and avail longer period of utilization of fund. States/UTs are requested to conduct SLEPC meeting more frequently to review progress of project implementation and allocation of ASIDE fund judiciously so that no project be held for want of fund and there be no parking of fund for a project unnecessarily at the cost of other(s). Further, States/UTs have been urged to give priority to fund and complete ongoing projects within time bound manner and not to resort to indiscriminate approval of new projects unless projects sanctioned upto 2006-07 are completed by end December, 2010 and those sanctioned during 2007-08 are completed by 2010-11. It has also been informed that any constraint on the part of State/UT should be brought to notice of Department of Commerce.

States/UTs having unspent balances are requested to convene SLEPC meeting and approve projects with committed liability of three times of available unspent balance.

*Central Component of ASIDE:* To facilitate timely, expeditious and judicious utilization of ASIDE funds, Empowered Committee on ASIDE met three times in a year—12.07.2010, 30.9.2010 and 20.1.2011. Further, on-going projects were reviewed for release of balance ASIDE fund as per requirement and emphasizing faster implementation of projects.

Further, time between approval of projects by Empowered Committee on ASIDE and sanction of fund to concerned agency have been examined, monitored and narrowed down. Further, demand for release of ASIDE fund were accepted based on the pattern of previous expenditure by agencies and the stage of project completion so that large fund may not be parked with agencies remaining idle for most of the time. Also, land availability (if required) has been made prerequisite for sanction of the fund so that parking of fund may be minimized.

### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

(Department of Commerce, O.M. No. 10/46/2007-SC dated 15.07.2011)

### **Observation/Recommendation**

5. The Committee note that during the period 2002-03 to 2005-06, the State-wise allocation of ASIDE funds was made on the basis of *ad hoc* assessment and not on the basis of the prescribed twin criteria of the State's export performance and share in

growth rate of exports. This was due to alleged inadequacy and inaccuracy in the export data reported by the Director General of Commercial Intelligence and Statistics (DGCIS) such as blank or invalid entry regarding the State of origin in a large percentage of shipping bills. Further, according to the Department of Commerce, the DGCIS figures did not reflect a 'complete and correct' picture of exports from the States as a large number of buying houses based in metropolitan cities sourced the products from several States in the hinterland, and export thereof were recorded against the State from where those exports were shipped out, and not against the State of origin. Besides, the DGCIS data was also inadequate for the reason that many of the products were not manufactured at a single location in a particular State and their components were sourced from other States as well—a fact which was not possible to be reflected adequately in the State of origin column in the shipping documents. Thus, the existing criteria of allocation of funds based on this unrealistic data provided lopsided opportunities to only five or six better performing States on export front to derive the maximum benefit out of ASIDE Scheme. What is surprising to the Committee is the fact that at the time of formulation of the scheme in 2002, on an issue raised by the Planning Commission regarding non-availability of export data from the States, the Department of Commerce had then reportedly explained that there was no difficulty in capturing the data, as the shipping bill format had been amended with effect from April, 2001 to provide for indication of State of origin of the products.

The Committee deplore the Department's failure to rectify this lacuna even after assuring the Planning Commission as long back as in 2002 as a consequence, allocation of ASIDE funds to the States continue to be made on *ad hoc* basis, instead of the specified criteria. This clearly indicates that the ASIDE scheme was launched without proper planning and accurate database by the Department of Commerce which is anything but regrettable. The Committee express their displeasure over the lackadaisical attitude displayed by the DGCIS in maintaining accurate and reliable data relating to exports. The Committee would like the Department of Commerce to take necessary corrective measures to streamline the functioning of DGCIS, so that in future the export data maintained by them is accurate, reliable and complete in all aspects. The Committee, desire that efforts should now be made to capture State-wise export data more realistically in consultation with DGFT and SEZ Division of the Department of Commerce so as to ensure that deserving States are not left out. Keeping in view the need for balanced development of the country's overall export infrastructure, the Committee urge upon the Department of Commerce to revise the fund allocation criteria under the scheme in such a way that benefits of the scheme are well dispersed and extended to cover all the States in just and equitable manner.

[Para 5 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### **Action Taken**

I. DGCIS receives data from the Customs through EDI, non EDI and manual mode. This data is validated, processed and disseminated for use by the Central and State agencies. More than a crore records are processed annually of which almost 60% of the records relate to exports.

There is a provision for filling up of the 'State of Origin code' in the Shipping Bill which is the source document for compilation of data on exports. An attempt has been made by this Directorate to validate the state of origin code supplied in the shipping bills and subsequently generate reports on exports by state of origin. This exercise revealed that in about 5% of the transaction level records, the State of origin code is left blank by the exporter. It is also observed that in a large number of cases inadmissible codes are reported against this item. Thus, our attempt to validate the State of origin code has not met with much success. This can be attributed to the following reasons:

- (i) DGCIS works with secondary data received from Customs. It is always convenient to correct the inconsistencies at the stage the shipping bill is filed by the exporter.
- (ii) A large number of export houses based on metropolitan cities source their products from several other States. In such circumstances, often the exports are recorded against the State from where they are shipped out and not against the State from which they are sourced.
- (iii) Many of the products are not manufactured in a particular State as their components are sourced from a number of other States. Since there is provision of only one entry for 'originating State' in the SB document, the correct position can possibly be no way reflected in the state of origin column in the shipping document.
- (iv) The sheer volume of transactions makes it impossible for DGCIS to correspond with the individual exporters to seek clarification on the inconsistency in the data.

It is on account of the data limitations and difficulties faced in validation that the State of origin-wise export data is not kept in the public domain by DGCIS and are generated only on specific request. DGCIS has submitted that it would be appropriate to constitute a committee under the chairmanship of DG, DGFT with various stakeholders as members to remove the lacunae in the State of origin-wise export data and suggest measures for its validation.

II. *Allocation among States:* State-wise export final data from DGCIS for the last financial year are received by November-December of the current financial year (e.g. the State-wise export final data for FY 2009-10 are received in the month of November-December, 2010). Taking view of this in FY 2010-11, Department of Commerce capped the minimum ceiling to each State/UT as it was their last year ASIDE share; and accordingly 1st & 2nd instalment were released.

To ensure just and equitable distribution of ASIDE fund, Department of Commerce made an exercise in this regard by calling data from Commodity Boards/Export Promotion Councils. As the data maintained by them are not commensurate with the requirement of ASIDE allocation, an adjustment in regard to data pertaining to some commodities as well as maximum cap to each State/UT are being considered for ensuring just and equitable distribution of ASIDE fund.

### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

(Department of Commerce, O.M. No. 10/46/2007-SC dated 15.07.2011)

### **Observation/Recommendation**

6. The Committee's examination on the subject has revealed several instances of inadmissible and excess release of funds under ASIDE Scheme. The Committee find that inadmissible amounts to the tune of Rs. 2.39 crore, Rs. 1.00 crore and Rs. 0.38 crore were sanctioned in Punjab, Andhra Pradesh and Manipur respectively during 2005-06. It has also been found that while releasing the subsequent instalments for the years 2002-03 to 2005-06, the Department of Commerce did not ensure full utilization of the previous instalment, which resulted in excess/injudicious release of Rs. 94.12 crore, Rs. 131.60 crore, Rs. 114.17 crore and Rs. 228.97 crore respectively, thereby flouting the ASIDE guideline, which stipulates that any unutilized funds out of allotted funds were to be counted against the next year's allocations and suitable deductions were to be made therefrom. Obviously these failures clearly indicate laxity in the financial control exercised by the Department. The Committee are of the firm view that strict adherence to the principles of financial management and financial discipline is imperative for proper implementation of various ASIDE projects. The Committee, therefore, recommend that all such cases which relate to release of inadmissible funds, excess release of funds and non-submission of Utilization Certificates should be detected and these amounts should be suitably and promptly deducted from the subsequent allocations to them strictly in accordance with the scheme guidelines. Monitoring System also needs to be revamped to ensure that such instances do not recur.

[Para 6 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

### **Action Taken**

A thorough examination of performance of all States/UTs carried out at the level of Joint Secretary and as per findings, suitable actions were initiated in regard to each State/UT. No State/UT was sanctioned ASIDE fund unless they submitted Utilisation Certificate (UC) due and pending for releases made earlier. There are seven States which were denied sanction of ASIDE fund in FY 2010-11 for their non-submission of Utilisation Certificate (UC) due and pending for releases made earlier. They are as under: Andman & Nicobar, Bihar, Chandigarh, Dadra & Nagar Haveli, Delhi, Puducherry and Jharkhand. Further, State Government of Arunachal Pradesh though received 1st instalment of ASIDE (State Component) in FY 2010-11 but subsequent 2nd instalment were not released due to lack of demand and availability of unspent balances with them *vis a vis* committed liability.



## Status of releases in regard to above States/UTs:

<u>Releases</u> State/UT	2002- 03	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11
Andaman & Nicobar	200.00	100.00	0.00	0.00	0.00	0.00	120.00	57.00	0.00
Bihar	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chandigarh	100.00	0.00	0.00	320.00	175.00	0.00	250.00	0.00	0.00
Dadra & Nagar Haveli	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delhi	100.00	0.00	0.00	265.00	145.00	290.00	0.00	0.00	0.00
Puducherry	300.00	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jharkhand	400.00	400.00	0.00	0.00	275.00	550.00	550.00	552.00	0.00

*Central component of ASIDE:* To facilitate timely, expeditious and judicious utilization of ASIDE funds, empowered Committee on ASIDE met three times in a year—12.07.2010, 30.9.2010 and 20.1.2011. Further, ongoing projects were reviewed for release of balance ASIDE fund as per requirement and emphasizing faster implementation of projects. Utilisation Certificate (UC) are also being demanded for projects wherein it has become due.

Further, time between approval of projects by Empowered Committee on ASIDE and sanction of fund to concerned agency have been examined, monitored and narrowed down. Further, demand for release of ASIDE fund were accepted based on the pattern of previous expenditure by agencies and the stage of project completion so that large fund may not be parked with agencies remaining idle for most of the time.

**Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

(Department of Commerce, OM. No. 10/46/2007-SC dated 15.07.2011)

**Observation/Recommendation**

7. Another disquieting feature in the implementation of ASIDE Scheme relates to delay in and non-submission of Utilization Certificates (UCs) by the States and the implementing agencies. The Committee note that Utilization Certificates (UCs) by 14 State nodal agencies and 22 central agencies in respect of CIB/ASIDE funds of Rs. 37.75 crore and Rs. 61.71 crore respectively released to them during the years 1997-98 to 2003-04 were yet to be furnished. Similarly, UCs relating to EDF were not received from 10 private bodies and one State Department against funds of Rs. 10.72 crore released to them during April, 2002 to March, 2005. Besides, there had been various instances of incorrect financial reporting or submission of improper/incomplete



utilization certificates involving Rs. 176.18 crore as on January, 2007. The Department of Commerce have informed the Committee that they have installed an auto-mailer, which sends details of pending utilization certificate to Secretaries of the States through e-mail and all the States/UTs were periodically reminded through phone, letters from senior officer level and review meetings convened in the Department. The States/UTs are categorically informed that no further funds under ASIDE Scheme would be released to them unless due Utilization Certificates are furnished on proper format. The Committee find that these measures seem to be more of a routine nature and are proving to be ineffective in improving the situation as can be gauged from the fact as of March, 2010, out of 76 cases reported by Audit, UCs in respect of 45 cases were still awaited. The Committee recommend that stringent action including imposition of penalty should be taken against the erring State Governments and other implementing agencies for the delay/non-submission of UCs. Further, there is an imperative need for toning up the Department's internal audit and monitoring mechanisms in order to closely monitor the process of submission of UCs as well as their quality by the States and other agencies wherever necessary. The Committee also desire that the Department should not shy away from taking strict action against the chronic defaulters so as to ensure proper and timely submission of Utilisation Certificates. Department of Commerce should also find out the procedure being adopted by the Ministries of Agriculture and Health and Family Welfare in obtaining Utilization Certificate in regard to various projects being run in all the States/Union Territories.

[Para 7 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### **Action Taken**

Utilization Certificates (UCs) by 14 State nodal agencies and 22 central agencies in respect of CIB/ASIDE funds of Rs. 37.75 crore and Rs. 61.71 crore respectively released to them during the years 1997-98 to 2003-04 are placed at Annexure-1 (A) and 1 (B) respectively.

UCs relating to EDF were not received from 10 private bodies and one State Department against funds of Rs. 10.72 crore released to them during April, 2002 to March, 2005 [Annexure-1 (C)].

No State/UT was sanctioned ASIDE fund unless they submitted Utilisation Certificate (UC) due and pending for releases made earlier. Seven States were denied sanction of ASIDE fund (State Component) in FY 2010-11 for their non-submission of Utilisation Certificate (UC) due and pending for releases made earlier. They are as under: Andaman & Nicobar, Bihar, Chandigarh, Dadra & Nagar Haveli, Delhi, Puducherry and Jharkhand. Further, State Government of Arunachal Pradesh though received 1st instalment of ASIDE (State Component) in FY 2010-11 but subsequent 2nd instalment were not released due to lack of demand and availability of unspent balances with them.

Projects wherein its implementation could not take place in time were cancelled by the Empowered Committee on ASIDE and concerned agencies were asked to refund the full amount along with interests thereon from the date of release of such fund. However, such projects are insignificant in number.

Department of Commerce has incorporated a para regarding achievement of physical progress in percentage terms against the releases of ASIDE fund so that both physical and financial progress may be monitored during project implementation. Further, each component of the project which is funded from ASIDE, are also being made part of the Sanction order for release under ASIDE.

States/UTs have been reminded for toning up of the process of submission of UCs so that UCs are received in time as per format prescribed in ASIDE guidelines.

Obtaining of Utilization Certificate (UC) by 'Ministry of Agriculture' and 'Department of Health and Family Welfare' in regard to various projects being run by them in all the States/Union Territories are also being considered/examined.

#### **Audit Vetted Comments**

The Department may also kindly give a specific reply to PAC's recommendation regarding taking of stringent action including imposition of penalty against all the erring State Governments and other implementing agencies for the delay/non-submission of UCs.

Audit comment in respect of status of the projects given in Annexure 1(A), 1(B), and 1(C) are given in the last column of the respective Annexure.

#### **Department of Commerce Further Reply**

Erring States/UTs which fail to furnish Utilisation Certificates (UCs) in time automatically stand disqualified for release of further ASIDE funds. Further, Department of Commerce, New Delhi is actively pursuing the State Governments/UT Administrations to complete the projects undertaken under ASIDE and to furnish the relevant UCs in this regard. Officers of the level of Joint Secretary (JS) have been assigned 2-3 States/UTs and are pursuing such cases in their assigned States/UTs.

Allocation and/or release of ASIDE fund have not been made to the erring States/UTs as per details below:

FY 2010-11: Andaman and Nicobar, Bihar, Chandigarh, Dadra and Nagar Haveli, Delhi, Puducherry (no allocation);

Jharkhand (Allocation made but no release was made for want of UCs).

FY 2011-12: Dadra & Nagar Haveli, Daman & Diu.

Further, to incentivize better performance of States/UTs within the existing framework of ASIDE scheme, guidelines for the same have been issued in Oct, 2010 to provide

additional funding to such better performing States/UTs. The following States/UTs were considered for additional funding during FY 2010-11:

NER category: 1. Nagaland 2. Sikkim 3. Meghalaya 4. Tripura

ONER category: 1. Karnataka 2. Haryana 3. Rajasthan

The reply of the Department of Commerce in respect of 'Vetted Audit Comments' is placed at Annexure 1(A), 1(B) and 1(C) incorporated in the last column of the respective Annexure.

Sd/-

Signature of Joint Secretary

(Department of Commerce, OM. No. 10/46/2007-SC dated 15.07.2011)

## ANNEXURE 1 (A)

## Statement showing Non-submission of UCs by State nodal agencies

(Rs. in crore)

Sl. No.	Name of the State	Name of the Project	Year of Sanction/ release	Amount of Sanction/ release	UC pending	Ministry's reply	Vetting comments	Ministry's further reply
1	2	3	4	5	6	7	8	9
1.	Andaman and Nicobar	Lump sum grant	2002-03	2.00	2.00	Received	No comments were already conveyed with previous vetting comments	
		Lump sum grant	2003-04	1.00	1.00	Received		
2.	Arunachal Pradesh	Lump sum grant	2002-03	1.00	1.00	Received	As mentioned previously, the UC did not contain the kinds of checks exercised before giving the certificate	Afresh UC awaited.
			2003-04	1.25	1.25	Received	Therefore, UCs in the proper format may be furnished to PAC for their appraisal.	
3.	Bihar	Strengthening of Hajipur-Jandaha Road	2000-01	0.36	0.36	Received	The UC is not proper, as it says that a sum of Rs. Nil has been utilized etc. If this is accepted, then the pending amount should be recovered forthwith.	The issue is being raised at Senior Officer level and a visit by Controller of Accounts (CA). DoC is done in June, 2011.
		CETP at EPIP, Hajipur	2000-01	0.35	0.35	Received	As mentioned previously, the amount of sanctions mentioned in the UC <i>i.e.</i> Rs. 8 crore did not tally with the amounts shown against the projects of Bihar in the Report. Further, the language of UC was also not proper as it said that Rs. Nil had been utilized etc. If this is accepted, then the pending amount should be recovered from the State Government.	-do-
		Water Drainage at EPIP, Hajipur	2000-01	0.24	0.24			
		33 KVA electricity line for EPIP Hajipur	2000-01	0.04	0.04			
		ACC at Patna	2000-01	2.81	2.81			
		Setting up of CFS at Sitalpur	2001-02	0.25	0.25			

		Integrated logistic Hub-Patna-Hajipur	2001-02	0.25	0.25			
		Lump sum grant	2002-03	3.00	3.00			
4.	Dadar and Nagar Haveli	Lump sum grant	2002-03	1.50	1.50	Not received	UC awaited .	The UT Administration has been reminded for the same and no allocation was made in 2011-12.
5.	Daman and Diu	Lump sum grant	2002-03	1.50	1.50	Received	No comments.	
6.	Gujarat	Approach road to Surat EPZ	2001-02	0.38	0.38	Received	As mentioned previously, the kinds of checks exercised to see that money was actually utilized for the purpose for which the grant was sanctioned had not been mentioned in the UC. Therefore, the department may kindly submit a correct and proper UC to the PAC for their appreciation.	Afresh UC awaited.
7.	Jharkhand	Software Technology Park at Ranchi	2001-02	2.00	2.00	Amount not released, therefore UC is not required.	As mentioned previously, during the audit in the Ministry, it was observed that the amount was released to the State for the project. Therefore, the facts in this regard may be confirmed by the department from the CPAO/RBI and correct position submitted to PAC for its appraisal.	The reply from RBI has been obtained and the same has been forwarded to the State Government of Jharkhand. The reply is awaited.
		Lump sum grant	2002-03	4.00	2.53	Received	No comments were already conveyed.	
			2003-04	4.00	4.00	Received		
8.	Lakshadweep	Lump sum grant	2002-03	2.00	2.00	Received	No comments.	
		Lump sum grant	2003-04	2.00	2.00			

1	2	3	4	5	6	7	8	9
9.	Meghalaya	Weighbridge at Dawki LCS	1999-00	0.16	0.16	Amount recovered alongwith interest @ 10% during 2008-09.	No comments were already given.	
10.	Mizoram	Infrastructure Development, Demagiri	2000-01	1.14	1.14	-	UC awaited.	Reminder issued.
11.	Pondicherry	Lump sum grant	2002-03	3.00	3.00	Received	As mentioned previously, the kinds of checks exercised to see that money was actually utilized for the purpose for which the grant was sanctioned had not been mentioned in the UC. Therefore, the department may kindly submit a proper UC to the PAC for their appreciation.	Afresh UC awaited.
		Lump sum grant	2003-04	1.50	1.50	Not Received	UC awaited.	UC received but unspent balance available with them. Annexure-1D
12.	Uttar Pradesh	System improvement scheme, Lucknow	1999-00	3.69	1.19	Received (Rs. 1.19 refunded)	No comments were already given.	
		Additional funding Infrastructure development at Khurja (ASIDE)	2001-02	1.04	0.15	Received	Department may kindly submit a copy of the UC to PAC for its appraisal.	Annexure-1E

13.	Uttarakhand	Software Technology park at Dehradun (ASIDE)	2001-02	2.00	2.00	Received	As mentioned previously, the UC was not proper as the kinds of checks exercised to ensure actual utilization of the money showed that the certificate was given only on the basis of payment of Rs 0.06 crore released to CPWD, payment of Rs 0.79 crore processed for release to CPWD and total liability of work in progress (Rs 2.01 crore) to be paid to CPWD in advance and not on on the basis of actual utilization. Therefore, the department may kindly submit a correct UC to the PAC for their appreciation.	Afresh UC awaited.
14.	West Bengal	Street Light on six locations of the road	2001-02	0.15	0.15	Received for Rs. 12.43 lac and balance amount of Rs. 1,73,545/- would be adjusted from future allocation.	No comments were already given.	
TOTAL (Rs. in Cr.)				42.61	37.75			

## ANNEXURE I(B)

## Statement showing non-submission of UCs by central agencies

(Rs. in crore)

Sl. No.	Name of the Central Agency	Name of the project	Year of sanction/ release	Amount sanctioned/ released	UC pending	Current Status	Vetting comments	Ministry's further reply
1	2	3	4	5	6	7	8	9
1.	Border Roads Organisation New Delhi.	Construction of Composite Building at Zokhwathar	1997-1998	2.00	1.70	UC Recd.	No comments were already conveyed.	
		Developing Land Customs Station at Zokhwathar	2003-04	2.22	2.22	UC Recd.	No comments were already conveyed.	
		Development of Surma Trunk Road from Karim Ganj to Satarkhadi	2003-04	8.67	1.88	UC Recd.	As mentioned previously, a copy of complete UC may be submitted to PAC for their appreciation.	Annexure-1(F)
		Development of LCs at Old Ragna Bazar in Tripura	2003-04	4.50	2.96	UC Recd.	As mentioned previously, UC for balance amount of Rs.2.06 cr. had remained outstanding. A copy of the same may, therefore, be submitted to PAC for their appreciation.	Annexure-1(G)
2.	Cashew EPC, Kerala	CEPC Lab. Quilon	1999-00	0.98	0.07	UC Recd.	No comments were already given.	
3.	Central, Leather Research Institute (CLRI), Chennai.	Testing Laboratory of CLRI, Jalandhar	1999-00	1.00	0.08		UC awaited.	



4.	Central Warehousing Corporation, New Delhi.	Development of LCS/Trade Terminal at Petrapole	2002-03	4.97	0.27	Rs. 0.27 cr. surrendered	No comments were already given.	
5.	Engineering EPC, Kolkata.	Trade Facilitation Centre at Kolkata	2001-02	6.50	1.50	UC Recd.	No comments were already given.	
6.	PSIEC	Second module CETP at Leather Computer, Jalandhar	2001-02	4.00	4.00	UC Recd.	As mentioned previously, the kinds of checks exercised for ensuring actual utilization of money had not been mentioned in the UC submitted by PSIC. Further, the UC sent by PETS for the amount of Rs. 3.39 cr. was neither in the proper format nor did it mentioned the kinds of checks exercised. Therefore, a complete and proper UC may be submitted to PAC for their appreciation.	Afresh UC awaited.
7.	DM North 24 Pargana.	Development of road, waiting hall, canteen and other infrastructure activities	2002-03	1.35	1.35	UC received Rs. 1.31 lc. and Rs. 0.04 lc. deducted from State Government	As mentioned previously, the kinds of checks exercised for ensuring actual utilization of Rs. 1.31 cr. and Rs. 0.51 cr. had not been mentioned in the UCs. Therefore, proper UCs may be submitted to PAC for their appreciation.	-do-
		Accommodation of Police Personnel	2002-03	0.51	0.51	UC received.		
8.	Export Promotion Council Handicrafts, New Delhi.	Setting up of common facility-cum-training centre for photo and picture framing industry at Saharanpur and Jodhpur	2002-03	1.12	0.12	UC Recd.	No comments were already given.	

1	2	3	4	5	6	7	8	9
9.	Gems & Jewellery Export Promotion Council, Mumbai.	Indian Institute of Gems & Jewellery at MIDC, Mumbai	2002-03	6.27	1.27	UC Recd.	No comments were already given.	
10.	Handloom Export Promotion Council, Chennai.	Setting up of Export Facilitation Trade Centre in Chennai	2002-03	0.33	0.33	UC Recd.	No comments were already given.	
11.	India Trade Promotion Organisation, New Delhi.	Setting up of Trade-cum-Exhibition centre at Guwahati.	2002-03	17.00	16.00	UC Recd.	No comments were already given.	
		Technical Feasibility Study Centre, in around Pragati Maidan	2003-04	2.00	2.00	Rs. 1.70 cr. Refunded, UC Recd. for remaining amount	No comments are offered in refund of Rs. 1.70 crore. As regards the remaining amount, a copy of the UC may be furnished to PAC for their appraisal.	Annexure-1(H)
12.	Kandla Special Economic Zone.	Rehabilitation at KFTEZ	2002-03	7.65	1.58	UC Recd.	As mentioned previously, the UCs were not in proper format-GFR 19-A. Therefore, proper UCs may be submitted to PAC for their appraisal.	Afresh UC awaited.
		Setting up of a Sea Water De-Salination Plant and Power Plant at KASEZ	2003-04	0.04	0.01	UC Recd.		
		Privatisation of operation and maintenance services of KSEZ	2003-04	0.52	0.52	UC not Recd.	UC awaited.	Reply awaited.

13.	National Institute of Fashion Technology, Gandhinagar.	Setting up of fully equipped research development and training centre	2002-03	0.50	0.50	UC Recd.	A copy of the UC may be to PAC for submitted their appreciation.	Reminder for UC in proper format issued.
14.	Spices Board, Kochi	Export facilitation through strengthening of IT setup at zonal and regional offices of Species Board	2002-03	0.43	0.43	UC Recd.	No comments were already given.	
15.	West Bengal Trade Promotion Organisation, Kolkata.	Setting up of Trade-cum-exhibition Centre at Kolkata	2002-03	6.64	6.64	UC Recd.	No comments.	
16.	DC(SSl)	Toy Design & Dev. Institute	2003-04	0.50	0.50	Project cancelled, amount surrendered	No comments.	
17.	Department of Commerce	Engagement of a legal consultant for preparing legal framework for international financial services centre in SEZ	2003-04	0.15	0.15	Payment was made on reimbursement basis therefore UC was not required as per GFR.	No comments were already given.	
18.	Export Promotion Council Handicrafts,	Technology Upgradation Centre, Saharanpur	2003-04	4.63	1.98	UC for Rs. 3.86 cr. Recd. Re-remaining amount surrendered.	No comments were already given.	

1	2	3	4	5	6	7	8	9
19.	ILFS	IL&FS for developing projects for SEZs	2003-04	10.00	5.00	As per WEMS UC Pending for Rs. 5 cr.	UC awaited	Unspent balance still available, so UC submission delayed. Reply awaited.
20.	New Mangalore Port Trust.	Infrastructure development at Mangalore Port Trust	2003-04	4.18	1.74	UC Recd.	As mentioned previously, UC in proper format may be submitted to PAC for its appraisal.	
21.	Noida Special Economic Zone.	Installation of fire detection/fire fighting systems in the existing SDF Block No. A-G in NSEZ	2003-04	5.70	0.15	UC Recd.	No comments were already given.	
		Construction of Watch Tower in NSEZ	2003-04	0.14	0.14	UC not recd.	No comments were already given.	
22.	SEEPZ Special Economic Zone, Mumbai.	Construction of RCC Road and providing 50 MM thick BM and 2.5 MM thick AC treatment to remaining roads	2002-03	3.61	1.00	UC recd for Rs. 2.61 cr. and Rs.1 cr. has been appropriated for ESR/GSR work with approval of DoC.	No comments were already given.	
23.		Construction of CC Roads in SEEPZ (Road from Gate No. 3 and Warehouse Gate No. 2)	2003-04	4.50	0.80	UC recd for Rs. 3.70 cr. and Rs.0.80 cr. has been appropriated for ESR/GSR work with approval of DoC.	No comments were already given.	

Construction of RCC Cable duct in SEEPZ	2003-04	1.11	0.01	UC recd. for Rs. 1.10 cr. and Rs. 0.01 cr. has been appropriated for ESR/GSR work with approval of Doc.	No comments were already given.
Providing and erecting FRP streetlight from well to Gate No. 3 along Central divider of road in SEEPZ	2003-04	0.11	0.01	UC recd. for Rs. 0.10 cr. and Rs. 0.01 cr. has been appropriated for ESR/GSR work with approval of DoC.	No comments were already given.
Providing and erecting FRP streetlight from main gate to. SDF-IV along Compound wall	2003-04	0.07	0.07	UC Recd.	Copies of the UCs may be submitted to PAC for its appraisal. Annexure-1(I)
Construction of RCC main nallas in SEEPZ 21	2003-04	2.52	2.52	UC Recd.	
Improvement of existing water supply lines in SEEPZ	2003-04	1.05	1.05	UC Recd.	

1	2	3	4	5	6	7	8	9
		Providing erecting High Mast lights in SEEPZ premises	2003-04	0.48	0.19	UC recd. for Rs. 3.32 cr. and Rs. 0.16 cr. has been appropriated for ESR/GSR work with approval of DoC.	No comments were already given.	
		Providing interior furnishing work for the purpose of Auditorium on the ground floor of service centre building in SEEPZ	2003-04	0.64	0.01	UC recd. for Rs. 0.63 cr. and Rs. 0.01 cr. has been appropriated for ESR/GSR work with approval of DoC.	No comments were already given.	
		Improvement of existing drainages in SEEPZ	2003-04	0.45	0.45	UC Recd.	Copy of the UC may be submitted to Annexure-1(J) PAC for its appraisal.	
			TOTAL	119.04	61.71			

## ANNEXURE 1(C)

## Statement showing non-submission of UCs by beneficiaries under EDF for NER and Sikkim

(Rs. in crore)

Sl. No.	Name of the Project	Name of the agency/State	Period of release	Amount released	Amount lying unutilized	Ministry's reply	Vetting comments	Ministry's further reply
1	2	3	4	5	6	7	8	9
1.	Pilot Project for Handloom Exports from Arunachal Pradesh	M/s G.N. Consulting, Ghaziabad	March 2003	0.92	0.92	Not received	UC awaited	
2.	Integrated International Marketing Programme for Handicrafts, Handloom, Carpet, Silk, Jute and other small scale & cottage products from Tripura	Export Promotion Council (EPC) for Handicraft	April 2002	0.92	0.25	UC received	As mentioned previously, the kinds of checks exercised for ensuring actual utilization had not been mentioned in the UC. Therefore, a proper UC may be submitted to PAC for their appreciation	Afresh UC awaited.
3.	Project Report on cymbidium cut flowers at Sikkim	Sikkim Himalayan Orchids Limited, Sikkim	April 2002	0.75	0.75	UC received	No comments were already given.	
4.	Setting up of 100% Export Oriented Hydrocarbon Yarn Project	Department of Industry and Commerce, Government of Tripura	May 2002	1.03	1.03	UC received	No comments were already given.	

1	2	3	4	5	6	7	8	9
5.	Pilot Project for Handloom Exports from Nagaland	Handloom Development Foundation of Sikkim, Nagaland	June 2003	0.84	0.84	Not received	UC awaited	Reminder issued/ UC awaited.
6.	Replication of Pilot Project for Handloom Exports in Upper Siang district of Arunachal Pradesh (A.P.)	M/s A.P. Development Services, A.P.	August 2004	0.92	0.92	The project was sanctioned the cost of Rs. 213 lac out of which only Rs. 92 lac was sanctioned on 20.08.2004. However, APEDA who manages the funds of EDF has indicated that Rs. 92 lac was not released by them to promoters therefore submission of UC does not arise.	No comments were already given.	
7.	Integrated Bee Keeping Development in Mizoram	M/s Kejriwal Bee Care India (P.) Ltd.	December 2004	1.49	1.49	UC received	As mentioned earlier, the format/ wording of the UC was not proper. Further, the kinds of checks exercised before giving the certificate had also not been mentioned. Therefore, a proper UC may be furnished to PAC for its appraisal.	Afresh UC awaited.



8.	Project for handicraft artisans export infrastructure training & international marketing for Arunachal Pradesh	M/s A.P. Handicrafts Development Centre, Itanagar	March 2005	0.81	0.81	Not received	UC awaited	Annexure-1(K)
9.	Integrated Bee Keeping Development in Nagaland	M/s Pusazo Luroo, Phek	December 2004	0.49	0.49	UC received but incomplete	Complete UC awaited	Reminder issued/ UC awaited.
10.	Bamboo Shoot Processing Plant in Nagaland	Global Welfare Society, Dimapur or Zhimoni Entrepreneur Society	February 2005	1.15	1.15	Not received	UC awaited	Reminder issued/ UC awaited.
11.	Setting up of Patkai Lab at Guwahati	M/s. Patkai Herbs and Species Pvt. Ltd. Guwahati	February 2005	2.07	2.07	Received (Certified by Chartered Accountant) not in format.	UC in proper format may be submitted to PAC for its appraisal.	Afresh UC awaited.
<b>TOTAL</b>				<b>11.39</b>	<b>10.72</b>			

**FORMS****FORM GFR 19-A**

(See Government of India's Decision (1) below Rule 150)

**"Utilisation Certificate"**

Sl. No.	Letter No. and Date	Amount
1.	No. 20.07.2002 — State Cell, Pondicherry, dated 16.07.2002	150.00 lakhs
2.	No. 20.07.2002 — State Cell, ASIDE, Pondicherry, dated 16.12.2002	135.00 lakhs
3.	No. 20.07.2002 — State Cell, ASIDE, Pondicherry, dated 21.03.2003	15.00 lakhs
		300.00 lakhs

Certified that out of Rs. 300.00 lakhs of Central assistance sanctioned during the year 2002-03 in favour of PIPDIC, Puducherry under the Ministry/Department's letter No. given in the margin and Rs. Nil on account of unspent balance of the previous year, a sum of Rs. Nil has been utilised for the purpose of for which it was sanctioned and that the balance of Rs. Nil remaining unutilised at the end of this year has been surrendered to Government (*Vide* No..... date ..... ) will be adjusted towards the grants-in-aid payable during the next year.....

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised.

Sd/-

Signature : RATTAN SINGH  
Designation : Managing Director,  
PIPDIC.

Date:

## FORMS

### FORM GFR 19-A

(See Government of India's Decision (1) below Rule 150)

#### "Utilisation Certificate"

Sl. No.	Letter No. and Date	Amount
1.	No. 20.07.2002—SC—ASIDE	300.00 lakhs
	Pondicherry, dated 14.11.2003	Total 300.00 lakhs

Certified that out of Rs. 300.00 lakhs of Central assistance sanctioned during the year 2003-04 in favour of PIPDIC, Puducherry under the Ministry/Department's letter No. given in the margin and Rs. 300.00 lakhs on account of unspent balance of the previous year, a sum of Rs. 1.05 lakhs has been utilised for the purpose of Establishment of Export Facilitation Centre for which it was sanctioned and that the balance of Rs. Nil remaining unutilised at the end of this year has been surrendered to Government (*Vide* No..... date ..... ) will be adjusted towards the grants-in-aid payable during the next year.....

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised.

Sd/-  
Signature : RATTAN SINGH  
Designation : Managing Director,  
PIPDIC.  
Date :

## FORMS

### FORM GFR 19-A

(See Government of India's Decision (1) below Rule 150)

#### "Utilisation Certificate"

Sl. No.	Letter No. & Date	Amount
1.	No. 20.07.2002—SC— ASIDE Pondicherry, dated 14.11.2003	300.00 lakhs
		<hr/> Total 300.00 lakhs

Certified that out of Rs. 300.00 lakhs of Central assistance sanctioned during the year 2003-04 in favour of PIPDIC, Puducherry under the Ministry/Department's letter No. given in the margin and Rs. 300.00 lakhs on account of unspent balance of the previous year, a sum of Rs. 1.05 lakhs has been utilised for the purpose of Establishment of Export Facilitation Centre for which it was sanctioned and that the balance of Rs. Nil remaining unutilised at the end of this year has been surrendered to Government (*Vide* No..... date ..... ) will be adjusted towards the grants-in-aid payable during the next year.....

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised.

Sd/-

Signature : RATTAN SINGH  
Designation : Managing Director,  
PIPDIC.  
Date :

ANNEXURE-1 (E)

उत्तर प्रदेश स्टेट इण्डस्ट्रियल  
डेवेलपमेन्ट कारपोरेशन लिमिटेड  
आयुक्त एवं निदेशक उद्योग,  
उद्योग निदेशालय,  
जी०टी० रोड, कानपुर।

यूपीएसआईडीसी कॉम्पलेक्स  
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ई. मेल : feedback@upsidc.com

संदर्भ संख्या 569-70/एसआईडीसी/Dev/PR/ASIDE/UTs

दिनांक 20.09.2004

विषय: सी०आई०बी०/एसआईड योजना के अन्तर्गत उद्योग निदेशालय से प्राप्त धनराशियों के सापेक्ष  
सदुपयोगिता प्रमाण-पत्र।

महोदय,

सी०आई०बी०/एसआईड योजना के अन्तर्गत खुर्जा में अवस्थापना सुविधाओं के उच्चीकरण हेतु केन्द्रांश के रूप में उद्योग निदेशालय के माध्यम से प्राप्त धनराशि 104 लाख रु० संबंधित कार्यदायी संस्थाओं को अवमुक्त करने हेतु निगम को उपलब्ध कराये गये थे जिसके सापेक्ष निगम पूर्व में बुलन्दशहर खुर्जा प्राधिकरण एवं सी०जी०सी०आर०आई० द्वारा कुल 89.25 लाख रु० के सदुपयोगिता प्रमाणपत्र निगम के पत्र सं. 1571 दिनांक 23.2.04 एवं 1837 दिनांक 4.6.04 के माध्यम से प्रेषित किये जा चुके हैं।

उपरोक्त के तारतम्य में इस परियोजना हेतु बुलन्दशहर खुर्जा प्राधिकरण से प्राप्त 14.75 लाख रु० का सदुपयोगिता प्रमाणपत्र आपको आवश्यक कार्यवाही हेतु प्रेषित है। इसके साथ ही खुर्जा में अवस्थापना सुविधाओं के उच्चीकरण हेतु केन्द्रांश के रूप में प्राप्त 104.00 लाख रु० के सापेक्ष कुल धनराशि के सदुपयोगिता प्रमाणपत्र प्रेषित किये जा चुके हैं।

संलग्नक: उपरोक्तानुसार

भवदीय,

ह/०

(शारदा प्रसाद)

प्रबन्ध निदेशक

संख्या /एसआईडीसी/ दिनांक

प्रतिलिपि सचिव, लघु उद्योग एवं निर्यात प्रोत्साहन, उ०प्र० शासन, सचिवालय एनेक्सी, लखनऊ को सूचनार्थ एवं आवश्यक कार्यवाही के अनुरोध के साथ प्रेषित:-

ह/०

(शारदा प्रसाद)

प्रबन्ध निदेशक

## FORMS

### FORM GFR 19-A

[See Government of India's Decision (1) below Rule 150]

"Form of Utilisation Certificate"

Sl. No.	Letter No. and Date	Amount
1.	13/99/2001 State Cell dated 27.03.2002 [State Govt's order No. 2807/18.04.2002 (CIB) 2001 dated 14.11.2003]	Rs. 104.00 lacs
		Total : Rs. 104.00 Lacs

Certified that of Rs. 104.00 lacs of grants-in-aid sanctioned during the year 2002-2003 in favour of State Government under the Ministry/Departments letter No. given above and Rs. Nil on account of upspent balance of the previous year a sum of utilisation certificate of Rs. 89.25 lacs has already been sent to Government of India *vide* State Govt's letter No. G-42/18.04.2004/ASIDE 2004, dated 11.03.2004 and letter No. 1166/18.04.2004-1 (ASIDE)/20 dated 08.06.2004. Further a sum of Rs. 14.75 lacs has been utilised for the purpose for which it was sanctioned and that the balance of Rs. Nil remaining unutilised at the end of this year has been surrendered to Government (*vide* No.....Nil.....) will be adjusted towards the grants-in-aid payable during the next year.

2. Certified that we have satisfied ourself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that we have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned. **(Kind of all checks exercised).**

(Utilisation Certificates obtained from Nodal Officer of sanctioned projects being implemented by various agencies).

Signature:  
Designation: Commissioner &  
Director of Industries, UP  
Kanpur.

Signature: Sd/-  
Designation: Managing Director,  
UPSIDC Ltd.,  
Kanpur.

Date:

Date:

**FORMS****Form GFR 19-A**

[See Government of India's Decision (1) below Rule 150]

**"Utilisation Certificate"**

S.No.	Letter No. and Date	Amount
1.	Govt. of India, Min. of Commerce and Industry, Department of Commerce, States Cell, New Delhi Office Memorandum No. 13/35/98-SC 01 Oct., 2004.	Rs. 466.70 Lacs

Certified that out of Rs. 466.70 Lacs of grants-in-aid, sanctioned during the year 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, a sum of Rs. 27.28 lacs is balance on account of unspent amount. A sum of Rs. (-) 1.16 lacs (Expenditure as per MER SEP 2006) has been utilized for the purpose of development of Surma Trunk Road of Road Karimganj-Sutar Khandi (NH-151), Assam for which it was sanctioned and that the balance of Rs. 28.44 lacs is remaining unutilized as on 25th Sep. 2006.

2. Certified that I have satisfied myself of the conditions on which the grants-in-aid was sanctioned and that I have exercised the following checks to see that the money actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised.

- (a) Voucher and Book of Account
- (b) Measurement Books
- (c) Expenditure Register

Sd/-

Signature

Designation: Chief Engineer

Dated: 11th October, 2006

## FORMS

### FORM GFR 19-A

[See Government of India Decision (1) below Rule 150]

#### "Utilisation Certificate"

Sl.No.	Letter No. and Date	Amount
1.	Govt. of India, Min.of Commerce and Industry, Department of Commerce, States Cell, New Delhi Office Memorandum No: 13/35/98-SC 01 Oct., 2004.	Rs. 466.70 lacs

Certified that out of Rs. 466.70 Lac of grants-in-aid, sanctioned during the year 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, a sum of Rs. 46.44 Lac is balance on account of unspent amount. A sum of Rs. Nil (Expenditure as per MER—DEC 12/2007) has been Utilized for the purpose of development of Surma Trunk Road of Road Karimganj-Sutar Khandi (NH-51), Assam for which it was sanctioned and that the balance of Rs. 46.44 Lac is remaining unutilized as on 25th Dec., 2007.

2. Certified that I have satisfied myself of the conditions on which the grants-in-aid was sanctioned and that I have exercised the following checks to see that the money actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised.

(a) Voucher and Book of Account

(b) Measurement Books

(c) Expenditure Register

Sd/-

Signature

Designation : Chief Engineer

Dated : 10th Jan., 2008



**FORMS****FORM GFR 19-A**

[See Government of India's decision (1) below Rule 150]

**"Utilisation Certificate"**

Sl. No.	Letter No. and Date	Amount
1.	Govt. of India, Min. of Commerce and Industry, Cheque Bearing No. 131170, dated 25 Mar., 2004	Rs. 450.00 lac
2.	Demand draft No. 365284 dt. 28 Aug., 2002 forwarded to CDA (BR) vide Manager. TIDC/FA/S. (73)/2613-17 dt. 29 Aug., 2002	Rs. 2.69 lac

Certified that of Rs. 452.69 lac of grants-in-aid, sanctioned during the years 2002-03 and 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, and Rs. 117.98 lac on account of unspent balance of the previous year 2007-08, a sum of Rs. 2.90 lac (expenditure as per MER Aug., 2008) has been utilized for the purpose of construction/improvement of road Old Rangna Bazar land custom station at Dharmanagar North Tripura for which it was sanctioned and that the balance of Rs. 115.08 lac remaining unutilized as on 25 Aug., 2008.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled and that I have exercised the following checks to see the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised:—

- (a) Voucher and Book of Adjustment
- (b) Measurement Books
- (c) Expenditure Register

Sd/-  
(K.K. Razdan)  
SE (CIV) FS  
Dir. (W&B)  
For Chief Engineer

Dated : 9 Sept., 2008

## FORMS

### FORM GFR 19-A

[See Government of India's Decision (1) below Rule 150]

"Utilisation Certificate"

Sl.No.	Letter No. and Date	Amount
1.	Govt. of Tripura, Min. of Commerce and Industry, Department of Commerce, States Cell, New Delhi Office Memorandum No: 13/33/99-SC, dt. 25 Mar., 2004.	Rs. 450.00 Lac

Certified that out of Rs. 450.00 lac of grants-in-aid, sanctioned during the year 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, a sum of Rs. 117.96 lac left balance on account of unspent amount as on 31st Mar., 2008. A sum of Rs. 43.08 lac (Expenditure as per MER— Oct., 2008 (10/2008) has been Utilized for the purpose of Construction/improvement of road Old Rangna Bazar land custom station at Dharma Nagar North, Tripura for which it was sanctioned and that the balance of Rs. 74.88 lac is remaining unutilized as on 25th Oct., 2008.

2. The work is under progress and will be completed by Mar. 2009.

3. Certified that I have satisfied myself of the conditions on which the grants-in-aid was sanctioned and that I have exercised the following checks to see that the money has been actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised:—

- (a) Voucher and Book of Account
- (b) Measurement Books
- (c) Expenditure Register

Sd/-

Signature

Chief Engineer

Project Setuk

Dated : 05 Nov., 2008

## FORMS

### FORM GFR 19-A

[See Government of India's Decision (1) below Rule 150]

#### “Utilisation Certificate”

Sl.No.	Letter No. and Date	Amount
1.	Govt. of Tripura, Min. of Commerce and Industry, Cheque bearing No. 131170, dt. 25 Mar., 2004.	Rs. 450.00 Lac

Certified that of Rs. 450.00 lac of grants-in-aid, sanctioned during the year 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, a sum of Rs. 117.96 lac left balance on account of unspent amount as on 31st Mar., 2008. A sum of Rs. 40.38 lac (Expenditure as per MER—Dec., 2008) has been Utilized for the purpose of Construction/improvement of road Old Rangna Bazar land custom station at Dharma Nagar North, Tripura for which it was sanctioned and that the balance of Rs. 77.58 lac is remaining unutilized as on 25th Dec., 2008.

2. The work is under progress and will be completed by Mar. 2009.

3. Certified that I have satisfied myself of the conditions on which the grants-in-aid was sanctioned and that I have exercised the following checks to see that the money has been actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised:—

- (a) Voucher and Book of Account
- (b) Measurement Books
- (c) Expenditure Register

Station: C/o 99 APO

Sd/-

(S.S. Porwal)  
Chief Engineer  
Project Setuk

## FORMS

### FORM GFR 19-A

[See Government of India's Decision (1) below Rule 150]

“Utilisation Certificate”

Sl.No.	Letter No. & Date	Amount (Rs.)
1.	Govt. of Tripura, Min. of Commerce and Industry, Cheque bearing No. 131170, dt. 25 Mar., 2004.	450.00 Lac

1. Certified that out of Rs. 450.00 lac of grants-in-aid, sanctioned during the year 2004-05 in favour of BRO under the Ministry/Department's letter No. given in the Margin, and Rs. 117.96 lac left balance on account of unspent amount as on 31st Mar., 2008. A sum of Rs. 64.24 lac Expenditure as per MER Mar., 2009 has been utilized upto 31 Mar., 2009 for the purpose of construction/improvement of road **Old Rangna Bazar land custom station at Dharma Nagar North, Tripura** for which it was sanctioned and that the balance of Rs. 53.72 lac is remaining unutilized as on 31 Mar., 2009.

2. Certified that I have satisfied myself of the conditions on which the grants-in-aid was sanctioned and that I have exercised the following checks to see that the money has been actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised:—

- (a) Voucher and Book of Account
- (b) Measurement Books
- (c) Expenditure Register

Station: C/o 99 APO  
Dated: 11 May, 2009

Sd/-

(S.S. Porwal)  
Chief Engineer  
Project Setuk

ANNEXURE-1 (H)

(GFR 19-A)

Utilisation Certificate

Sanction Order No.	Amount (Rs.)	Remarks
1. No. 13/33/2003-States Cell 26.3.2004	2,00,00,000.00	
Total	2,00,00,000.00	

1. Certified that out of Rs. 2,00,00,000.00 (Rupees Two Crores Only) of grants-in-aid, sanctioned in favour of India Trade Promotion Organisation, New Delhi, under this Ministry/Department letter (s) no. given above and Rs. nil on Account of unspent balance of the previous year, a sum of Rs. 29,95,840/- (Rupees Twenty Nine Lakhs Ninety Five Thousand Eight Hundred Forty Only) has been utilized for Techno Feasibility Study for handling the additional traffic around Pragati Maidan for which it was sanctioned. The balance amount of Rs. 1,70,04,160/- (Rupees one crore seventy lakhs four thousand one hundred sixty only) remained unutilized as at 06/02/2007 and the same will be surrendered/adjusted towards the grants-in-aid payable to ITPO.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled and that I have exercised the checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Sd/-

(A.K. Jain)

Manager (Finance)

India Trade Promotion Organisation,  
Pragati Maidan, New Delhi

Dated: 06.02.2007

**FORMS****FORMS GFR 19-A**

[See Government of India's decision (1) below Rule 150]

**"Form of Utilization of Certificate"**

Sl.No.	Letter No. and Date	Amount (Rs.)
1.	No. 13/45/2002-States Cell, Dated 27.3.2003	3,61,40,695/-
Total		3,61,40,695/-

1. Certified that of Rs. 3,61,40,695/- of grants-in-aid, sanctioned during the year 2003 in favour of Development Commissioner, SEEPZ SEZ under the Ministry/Department's letter No. given in the Margin, and Rs. .... on account of unspent balance of the previous year a sum of Rs. 2.35 crores has been utilized for the purpose of construction of maintenance C.C. Road, FRP Street lights and raising height of compound wall for which it was sanctioned.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money is being utilized for the purpose for which it was sanctioned.

Kind of checks exercised:—

1. This project is being inspected by the officer of SEEPZ SEZ Administration periodically.

Sd/-  
(Mrs. M.J. Kulkarni)  
Asstt. Development Commissioner  
SEEPZ SEZ

Annexure-VII

**FORMS**

**FORM GFR 19-A**

[See Government of India's decision (1) below Rule 150]

**"Form of Utilization of Certificate"**

Sl.No.	Letter No.	Amount (Rs.)
1.	No. 13/45/2002-States Cell, Dated 27.3.2003	3,61,40,695/-
Total		3,61,40,695/-

1. Certified that of Rs. 3,61,40,695/- of grants-in-aid, sanctioned during the year 2003 in favour of Development Commissioner, SEEPZ SEZ under the Ministry/Department's letter No. given in the Margin, and Rs. .... on account of unspent balance of the previous year, a sum of Rs. 2.35 crores has been utilized for the purpose of construction of maintenance C.C. Road, FRP Street lights and raising height of compound wall for which it was sanctioned.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money is being utilized for the purpose for which it was sanctioned.

Kind of checks exercised:—

1. This project is being inspected by the officer of SEEPZ SEZ Administration periodically.

Sd/-

(Mrs. M.J. Kulkarni)

Asstt. Development Commissioner

SEEPZ SEZ

VINODAGARWAL & CO.  
Chartered Accountant

ANNEXURE-1 (K)  
Kumar Vishwakarma Building  
Jain Temple Road  
Dimapur (Nagaland)

**GFR 19-A**

[See Rule 212 (1)]

**“Form of Utilization Certificate”**

Sl.No.	Letter No. and Date	Amount (Rs.)
1.	27.07.2004-INFRA-II, Dated 22.12.2004	49,00,000.00
	2% Processing Fee Deduction	98,000.00
	Total	48,02,000.00

1. Certified that out of Rs. 49,00,000/- of grants-in-aid sanctioned during the year 2004 in favour of PUSAZO LURUO under this Ministry/Department letter No. given in the margin and Rs. NIL on account of unspent balance of the previous year a sum of Rs. 49,00,000/- has been utilized for the purpose of Integrated Bee-Keeping for which it was sanctioned and that the balance of Rs. NIL remaining unutilized at the end of the year has been surrendered to Government (*vide* No. NIL dated NIL) will be adjusted towards the grants-in-aid payable during the next year.

2. Certified that I have satisfied my self that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised that following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kind of checks exercised:—

1. Cash Book
2. Ledger
3. Voucher
4. Memos & Receipt

Date: 29/4/11

For Vinod Agarwal & Company  
Chartered Accountant

Sd/-  
(Vinod Agarwal)  
Partner  
M.No. 068583



### Observation/Recommendation

8. With a view to encourage the State Governments and Private sector to participate in developing export infrastructure, the ASIDE Scheme has made it mandatory for the States to spend at least 50 per cent of their allocation on implementing projects with private participation to leverage ASIDE funds from 2003-04. However, the Committee note that this arrangement has not yielded desirable results and the achievements made so far are limited to attracting sporadic and almost negligible participation of some of the States and the private sector in export promotion activities. The Committee note that in 8 States/UTs there was no contribution from both the private sector and the State Government in the infrastructure projects from 2002-03 to 2005-06. Further, Private participation was insignificant in Chhattisgarh, Kerala, Maharashtra and Uttar Pradesh While there was contribution from the Government to some extent in 8 States/UTs, however there was no private sector participation. Worse still, the Department itself has conceded that the States did not perceive any direction gain from participating in or investing in the projects under the Scheme. The Committee construe this to be the failure on the part of department of Commerce in motivating the States to participate in the Scheme. The Committee desire that concerted efforts should be made by Department of Commerce to encourage active participation of the States and private sector in these ASIDE Scheme so that the country's export infrastructure is augmented. As one such measure, the Committee recommend that Department of Commerce may consider introducing a system of rewarding the States, which have achieved higher leveraging of ASIDE funds. The Committee would like to have the details of action taken by them in this regard within 3 months of presentation of this Report.

[Para 8 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### Action Taken

Based on three parameters of leveraging of funds from other sources, healthy pace of expenditure of funds by States/UTs and timely completion of sanctioned projects to avoid cost over-run etc., guidelines for incentivizing States/UTs under "Assistance to States for developing Export Infrastructure and Allied Activities (ASIDE) Scheme" have been framed for two category of States/UTs—one is for North Eastern States including Sikkim (NER) and other States/UTs (ONER). The requisite guidelines may be seen at **Annexure-2**.

In FY 2010-11, the following States/UTs were found eligible as under:—

NER category: 1. Nagaland, 2. Sikkim, 3. Meghalaya, 4. Tripura

ONER category: 1. Karnataka, 2. Haryana, 3. Rajasthan

As no proposals were received from eligible NER States, the project proposal received from Manipur regarding setting up of multi-storied market complex, Moreh (Chandel District), Manipur with an incentive of Rs. 1954.62 lakhs against the total project cost of Rs. 2171.00 lakhs were considered and approved under central component of ASIDE.

Proposals received from ONER States for consideration under incentive guidelines are as under:—

- (i) Rajasthan [Development of Link Road (four lane from Delhi-Jaipur NH-8 to proposed Industrial Area Ghiloth (Neemrana Phase-IV)]: assistance of Rs. 2000.00 lakhs under ASIDE (Incentive-ONER) against total project cost of Rs. 6066.35 lakh subject to minimum contribution of Rs. 2000.00 lakhs by Govt. of Rajasthan and utilization of the full amount in time-bound manner within 2 years.
- (ii) Karnataka [Construction of Underpass and Roads at Whitefield Industrial Area, Bangalore]: assistance of Rs. 2000.00 lakhs under ASIDE (Incentive-ONER) against total project cost of Rs. 4600.00 lakhs subject to contribution of Rs. 2600.00 lakhs by Bruhath Bengaluru Mahanagare Palike (BBMP) and utilization of the amount in time-bound manner within 2 years.
- (iii) Haryana [Creation of 220 KV sub-station with 6 No. 33/11/KV Switching Stations at I.E. Bawal, Haryana]: assistance of Rs. 2000.00 lakhs under ASIDE against total project cost of Rs. 5508.00 lakhs subject to contribution of Rs. 3508.00 lakhs by HSIDC/HVPNL and utilization of the amount in time-bound manner with 12 months from the date of release of funds.

#### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

[Department of Commerce, OM.No.10/46/2007-SC, dated 15.07.2011]

F.No. 20/3/2010-SC

Government of India

Ministry of Commerce and Industry

Department of Commerce (DoC)

(States Cell)

Udyog Bhavan, New Delhi -110 011

Dated the 28th October, 2010

To,

The Chief Secretary,

All State Governments (Govts.)/UT Administrations (Admns.)

**Subject:** Guideline for Incentivising States/UTs under "Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme".

Based on observations of Parliamentary Public Accounts Committee (PAC) on ASIDE Scheme in its 23rd Report (Presented to Lok Sabha on 31.8.2010), I am directed to issue following guidelines for incentivising better performance among States/UTs within existing framework of ASIDE:—

1. 10% of ASIDE annual allocation would be set aside for the incentive scheme. Funds out of State component will be for States other than NER (North Eastern Region, *i.e.*, 8 North-Eastern States including Sikkim) and same out of Central component for NER States.
- 2.1 Out of such 10% pool, projects forwarded by eligible States Govts./UT Administrations will be sanctioned in DoC.
- 2.2 Under this Scheme funding will be project specific, rather than block funding (as existing for ASIDE State component at present).
- 3.1 Selection of States will be based on performance in implementation of ASIDE projects.

Successful and timely implementation of ASIDE largely depends on:—

- (a) Leveraging funds from other sources;
- (b) Healthy pace of expenditure of funds by States/UTs; and
- (c) Timely completion of sanctioned projects to avoid cost over-run etc.;

3.2 Selection of States on above three parameters will be finalized by DoC.

4.1 Implementation of ASIDE during the past 9 years has also brought into focus following needs:—

- (a) Quality of output needs to be emphasized; and
- (b) A system must be institutionalized wherein such situation must be avoided to recur, wherein State Governments implement in contradiction to ASIDE guidelines.

Wherever such deviation if noticed, concerned States / UTs would be made ineligible for funding under the proposed Incentive Scheme.

4.2 In so far as ensuring quality output is concerned, this will be basically based on report from Joint Secretaries' site-visits to their nodal states and reports on visits by other officials of Government of India and concerned State Government/UT Admn.

5.1 Projects to be sanctioned must be visible and tangible and must fall within the current guidelines of ASIDE Scheme.

5.2 The basic thrust is to bring up big projects under this incentive scheme, having perceptible visibility and tangible impact on export front, with active participation of concerned State Govt./UT Admn. on foreign trade related infrastructure development. It may be mentioned here that such projects may take about 2 to 3 years for complete implementation and commissioning.

#### **6. For States / UTs other than NER:**

6.1 Normally each project size should be of the order of Rs. 30 cr. app. This can be for more one project also. Project would be implemented with funding on matching basis (1:1) by DoC and concerned State Govt./UT Admn. However, for the current fiscal, the floor limit would be minimum Rs. 20 cr.

To illustrate for financial year 2011-12, project size should be minimum Rs. 30 cr. of this maximum 50% can be given by the Govt. of India — GoI- (DoC) under this incentive scheme.

In case of projects, implemented under 'Public Private Participation' (PPP) mode, whenever viability gap funding is sanctioned, the Central (DoC) and State Government contribution would also be on 1:1 basis.

6.2 For the current fiscal each eligible State may be given within a ceiling of Rs. 20 cr. by DoC. That is Government Contribution would be Rs. 40 cr. (with Rs. 20 cr. minimum from State Govt. exchequer).

#### **7. For NER States including Sikkim:**

7.1 Normally each project size should be of the order of minimum Rs. 5 cr. app. However, for the current fiscal, the floor limit would be Rs. 2 cr.

7.2 Of the project cost, maximum 80% can be given by DoC under this scheme. Balance 20% would be contributed by concerned State Govt. in NER. That is the funding would be on matching (4:1) basis.

For current fiscal, however, matching contribution would be on matching (9:1) basis. That is concerned NER State Govt. must contribute only 10% of project cost.

Yours Sincerely,

Sd/-

(A.K. Bamba)

Director

(Tel: 2306 2109, Fax: 2306 3418)

Copy to:

- (1) Principal Secretary, Industries/Commerce, State Govt. / UT Admn. (All States / UTs).
- (2) Nodal Agency, All States.
- (3) PPS to CS/AS (DKM) / AS (PKC) / AS&FA, DoC.
- (4) All JSs, Nodal Officers, DoC.
- (5) DGFT, All Zonal JDGFTs/JDGFTs.

#### **Observation/Recommendation**

9. Proper project planning is imperative for ensuring effective implementation and achieving the intended results of any Scheme. The Committee, however, note with concern that ASIDE scheme was launched without undertaking proper planning and assessment of actual ground realities. In August 2001, the Department had entrusted a study on the evaluation of the Critical Infrastructure Balance (CIB) project to the National Council of Applied Economic Research (NCAER) which was to be completed in six months, so that the feedback collected through the evaluation could be used as input in the formulation of ASIDE scheme. The Committee's examination has revealed that while NCAER's draft and final reports were submitted in October 2002 and March 2004 respectively, ASIDE Scheme was launched in March 2002 itself, much before the presentation of these reports, and as a result, the inputs of the evaluation study of CIB projects could not be made use of while formulating the ASIDE Scheme. This clearly indicates adhocism on the part of the Department in formulation of such an important Scheme, which is highly regrettable. The Committee further note that as per the Scheme guidelines, the Export Commissioner of the concerned State being the convener of SLEPC, should draw up five years annual export plans in consultation with the captains of trade and industry, the Export Promotion Councils and the Department of Commerce. To their utter dismay, the Committee find that in seven out of eight selected States, no such five years annual export plans were prepared.

The Department of Commerce have informed the Committee that the States/UTs had been advised on several occasions to prepare a shelf of good infrastructure projects for taking up under ASIDE scheme and share best practices amongst them. It was also emphasized that export oriented clusters may be identified, infrastructure

gaps in these clusters may be assessed and projects to fill these gaps may be implemented, preferably in Public Private Partnership mode, so as to increase exports from these clusters. The Department have further stated that the Development Commissioners of SEZs have been requested to help the nodal agencies of the State Government in preparation of export plan. The Committee are quite skeptical about the proposal of the Department to enlist the help and support of the Development Commissioners of SEZs in the preparation of export plans by the State Governments for the simple reason that it is neither mandatory nor obligatory on the part of these officials to help prepare such export plans. The Committee, therefore, recommend that the Department of Commerce should make concerted efforts in persuading the States to prepare their export plans well in advance so that the projects under the scheme could be taken up expeditiously and executed in a time bound manner.

[Para 9 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

#### **Action Taken**

In a thorough examination of States/UTs performance done at the level of Joint Secretary, States/UTs were reminded among others to prepare shelf of projects well in advance.

Further, nodal officers (Joint Secretary level) who attend State level Export Promotion Committee (SLEPC) also emphasize the same.

Further, in a review meeting at the level of Special Secretary of Department of Commerce, States/UTs representatives have been stressed upon for preparation of shelf of projects, among others.

Several States / UTs have reported to have now prepared their shelf of projects and some others have engaged consultancy firm for this purpose / study.

#### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of  
Joint Secretary

[Department of Commerce, OM No.10/46/2007-SC, dated 15.07.2011]

### Observation/Recommendation

10. The Committee note with concern that 8 projects in West Bengal costing Rs. 20.46 crore and 46 projects in Manipur were taken up without the approval of SLEPC and administrative approval/expenditure sanction of the Nodal Department respectively during the years 2002-2006. The Department of Commerce have informed the Committee that the 8 projects in West Bengal were given *ex-post facto* approval by the SLEPC. The Committee cannot but deprecate such practice on the part of State Government which are in total disregard to General Financial Rules. The Committee, therefore, recommend that the Department of Commerce should take up the matter with the concerned States so that deterrent and penal action is taken against the persons responsible for approving such projects. The Department of Commerce should also urge upon all the State to take necessary corrective measures so that the practice of according *ex-post facto* approval and taking up projects without proper administrative approval and expenditure by them do not recur in future.

[Para 10 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### Action Taken

The State Government of West Bengal and Manipur among others have been informed of the same for compliance of the fact that the practice of according *ex-post facto* approval and taking up projects without proper administrative approval and expenditure should not recur in future.

The Government of West Bengal *vide* letter No. 2986/Prs./CI dated 8.4.2011 stated that eight projects (four in the year 2005 and another four in 2006) were taken up with the consent of Chairman, SLEPC and the concerned department, which got ratification in the subsequent SLEPC meeting. However, at present no such practice is followed. As of now the brief summary of the Detailed Project Report (DPR) are submitted by implementing agencies to SLEPC members well ahead of the SLEPC meeting.

The State Government of Manipur have informed that no projects have been approved by them since 2007-08 for completion of already approved projects so far. They requested an additional assistance of Rs. 3.63 cr for early completion of such ongoing projects. The Empowered Committee on ASIDE has approved release of ASIDE fund under central component of ASIDE for early completion of all such projects.

All the State / UTs have been urged not to take the recourse of the practice of according *ex-post facto* approval and taking up projects without proper administrative approval and expenditure. Further, Nodal Officers (Joint Secretary Level Officer) in Department of Commerce have also been entrusted to ensure the above.

### Audit Vetted Comments

No Comments.

Sd/-

Signature of

Joint Secretary

[Department of Commerce, OM.No.10/46/2007-SC, dated 15.07.2011]

### **Observation/Recommendation**

11. As per the guidelines under ASIDE scheme, before sanctioning the new projects, the concerned SLEPC should allocate funds for the likely expenditure of the ongoing projects and should ensure, except in exceptional cases, that no new project had a gestation period of more than two years. Despite this condition, the Committee note that as many as 97 State Sector Projects in 24 States involving ASIDE contribution of Rs. 544.80 crore (expenditure incurred being Rs. 156.56 crore) and 50 Central Sector Projects involving ASIDE contribution of Rs. 164.01 crore (expenditure incurred being Rs. 81.51 crore) remained incomplete after the maximum gestation period of two years, or after lapse of the scheduled period of their completion. Another 46 CIB projects which were approved during 1997-98 to 2001-02, had remained incomplete after merger of the scheme with ASIDE Scheme and after incurring an expenditure of Rs. 54.76 crore. In this connection, the Department of Commerce have informed that the Committee that out of 981 projects, which were approved by the respective SLEPCs under the State Component of ASIDE scheme since its inception, 428 projects had been completed, 44 cancelled and 393 were under implementation. Among the ongoing 393 projects, 134 projects, which were approved before 2006-07, had passed the normal gestation period of two years for completion of the projects. The Department of Commerce have further informed that they propose to take up the matter with respective State Governments to get these projects completed on priority basis and in respect of 95 projects enlisted by Audit, the nodal agencies have been instructed to ensure completion of these incomplete ASIDE/CIB projects by the end of financial year 2008-09, failing which amount incurred on such incomplete projects may have to be deducted from first instalment of 2009-10. The Committee regret to not that the Department have not stated the reasons for the failure of the Central Agencies and the State Governments in completing the projects within the stipulated time period and also the efforts, if any, may by them to ensure timely completion of the projects. The Committee cannot but conclude that the Department of Commerce have failed to ensure that the Central Agencies and the States completes all the pending projects within a reasonable time frame. In their opinion, the delay in completion of projects defeats the very purpose of undertaking these projects besides incurring cost overruns. The Committee urge upon the Department to closely monitor the project on a continuous basis so as to expedite completion of the pending projects by States in a time bound manner. The Committee would also like to be apprised of the details of the concrete action taken in this regard and the status of progress in the implementation of the projects.

[Para 11 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

### **Action Taken**

The status of all 134 projects approved before 2006-07 stated above is enclosed at Annexure-3.

The concerned State/UT of such projects have been informed of the above observations and in light of above, stressed upon to complete such projects in time-bound manner. States/UTs have time and again also reminded to complete such projects



by 31st December, 2010. Further, in a thorough examination of State / UT performance in regard to ASIDE, State/UT have been stressed upon to complete projects approved by 2006-07 at first on priority and only thereafter to take projects approved by 2007-08 and so on. States/UTs were also asked to bring out any difficulties (if any) in implementation of such projects to the notice of Department of Commerce, particularly requirement of fund. States/UTs wherein projects approved by 2006-07 and 2007-08 are still in the implementation stage, were asked not to take further new projects until they complete the earlier ones.

State Government of Manipur came out with demand of additional fund requirement for completion of their projects approved by 2007-08 and the same has been approved by Empowerd Committee on ASIDE under central component of ASIDE to Manipur for early completion of such projects.

Request for allocation of additional fund also came from State Government of Orissa, West Bengal, Andhra Pradesh and Karnataka for completion of their ongoing projects, many approved upto 2007-08. Such States has been allocated additional fund with the condition that they should at first complete projects approved upto 2006-07, only thereafter projects approved upto 2007-08 should be taken and so on. Government of West Bengal has intimated that the State Government is opening a new head in their plan budget for supporting the projects approved under ASIDE. As request of Chhattisgarh was received very late, therefore the request for additional fund could not be considered under ASIDE in FY 2010-11 itself.

Moreover, all States/UTs were once again stressed upon to complete their projects approved by 2006-07 and 2007-08 on priority and in time bound manner in a review meeting taken by Special Secretary in Department of Commerce on 4.3.2011.

On-going projects under central component of ASIDE were also reviewed in Empowered Committee (EC) on ASIDE Meeting dated 30.9.2010 and 20.1.2011 (Annexure-3) for ensuring proper monitoring and early completion of such projects by removing any difficulties (if any)/bottlenecks coming in the way of implementation of projects.

#### **Audit Vetted Comments**

The Department may also kindly give to the PAC the status of progress in the implementation of all the projects listed by Audit for their appreciation.

#### **Department of Commerce Further Reply**

The status of progress in the implementation of all the 134 projects (approved before 2006-07) listed by Audit is enclosed at Annexure-3.

Sd/-

Signature of

Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC, dated 15.07.2011]

## ANNEXURE-3

The State-wise projects which have not been completed beyond the normal gestation period of 2 years are as under:-

(Rs. in lacs)							
Sl. No.	Project	Approval Year	Total Cost	Cost ASIDE	Cost SG	Cost Pvt. Sector	Status
1	2	3	4	5	6	7	8
<b>Andhra Pradesh</b>							
1.	ANRICH IDA Bollaram Manjeers Water supply 2005-06	2005-2006	430.00	430.00	0.00	0.00	Completed
<b>Andaman &amp; Nicobar</b>							
1.	Setting up of Air Cargo Complex at Port Blair	2002-2003	467.00	467.00	0.00	0.00	Completed
<b>Assam</b>							
1.	Border Trade Centre, Mancachar	2002-2003	326.00	240.83	85.17	0.00	Completed
2.	Widening & Strengthening of the Hallidayagange-Mancachar Road	2002-2003	192.00	192.00	0.00	0.00	Completed
3.	Dedicated 132 KV power supply to EPIP	2003-2004	120.00	120.00	0.00	0.00	Completed
4.	Suterkandi Laxmi Bazar Road	2003-2004	300.00	300.00	0.00	0.00	Completed
<b>Bihar</b>							
1.	Export Promotion Industrial Park, Hajipur	2002-2003	1,492.00	1,000.00	492.00	0.00	UI

**Chhattisgarh**

1.	Development of Export Infrastructure in Growth Centre at Urla, Raipur	2002-2003	1,837.33	1,837.33	0.00	0.00	Completed
2.	Development of Export Infrastructure in Industrial Area, Bhilai, Distt. Durg	2002-2003	1,224.41	1,224.41	0.00	0.00	Completed
3.	Development of Export Infrastructure (for Kosa Silk) at Distt. Janjgir-Champa	2002-2003	800.00	800.00	0.00	0.00	Cancelled
4.	Development of Export Infrastructure (for Rice) at Tilda-Neora Distt. Raipur	2002-2003	529.12	529.12	0.00	0.00	Cancelled
5.	Development of Export Infrastructure in Growth Centre at Sirgitti, Bilaspur	2002-2003	638.27	638.27	0.00	0.00	Completed
6.	Development of Export Infrastructure for BEC Food Zone at Distt. Durg	2002-2003	173.00	173.00	0.00	0.00	Cancelled
7.	Development of Export Infrastructure in Industrial Area Bhanpuri-Rawabhata, Raipur	2002-2003	543.03	543.03	0.00	0.00	Completed
8.	Establishment of Call Centre and Business Process outsourcing in the Software Technology Park at Bhilai, Distt. Durg	2002-2003	400.00	250.00	0.00	150.00	Cancelled
9.	Development of Software Centre in Software Technology Park at Bhilai, Distt. Durg	2002-2003	296.10	226.10	0.00	70.00	Cancelled

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UI=Under Implementation

1	2	3	4	5	6	7	8
<b>Chandigarh</b>							
1.	Entrepreneur Development Centre at Chandigarh Technology Park, Chandigarh	2002-2003	1,544.00	772.00	772.00	0.00	UI
<b>Delhi</b>							
1.	Gems & Jewellery Training Institute, Okhla Ph-II	2003-2004	406.00	406.00	0.00	0.00	UI
<b>Gujarat</b>							
1.	Const. of bypass Road for Sarigam Ind. Estate	2002-2003	600.00	300.00	0.00	300.00	Completed
2.	Four Laning of Dahej-Bharuch Road	2004-2005	23,054.00	8,800.00	14,254.00	0.00	Completed
3.	Upgradation of Road Connecting Savli GIDC export Park with N.H. 8	2004-2005	1,942.00	842.00	1,100.00	0.00	Completed
4.	Upgradation of road connecting exporting units in Mahuva Indl. Area	2005-2006	111.00	89.00	0.00	22.00	UI
5.	Setting up a city centre at Surat by IDI, Surat	2005-2006	1,180.00	472.00	472.00	236.00	Completed
<b>Haryana</b>							
1.	Construction of new and existing roads at I.A., Fbd.-M C	2002-2003	434.27	200.00	234.27	0.00	Completed

2.	Strengthening & Widening of Roads of Industrial Sector-24, NIT, 27-A, 27-C, DLF, I.A. Faridabad	2003-2004	156.93	125.00	31.93	0.00	Completed
3.	Setting up of an Export Centre at Panipat	2004-2005	296.00	266.40	29.60	0.00	Completed
4.	Hazardous Waste Management Facility, Pali in District Faridabad (Haryana)	2005-2006	1,701.00	200.00	0.00	1,501.00	Completed
5.	Improvement of Road from G.T. Road Bahalgarh to Mama Bhanja Chowk Sonepat	2005-2006	1,178.96	800.00	378.96	0.00	Completed

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#### **Jharkhand**

1.	Software Technology Park and High Speed Data Communication facilities and Incubation Centre at Ranchi	2002-2003	1,276.00	350.00	591.00	335.00	UI
2.	Adityapur Toll Bridge Second New Road Bridge across River Kharkai	2004-2005	5,000.00	156.29	643.71	4,200.00	UI
3.	Adityapur Industrial Water Supply Scheme	2004-2005	24,600.00	500.00	5,300.00	18,800.00	UI
4.	Special Economic Zone	2005-2006	3,947.61	0.00	0.00	3,947.61	UI

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UI=Under Implementation

1	2	3	4	5	6	7	8
<b>Jammu &amp; Kashmir</b>							
1.	Handicrafts common facility center, Bagh Ali Mardan	2002-2003	213.30	172.50	40.80	0.00	Completed
2.	Software Technology Park, Jammu	2003-2004	588.50	493.50	95.00	0.00	Completed
3.	Inland Container Depot, Bari Brahmana, Jammu	2002-2003	838.90	380.62	458.28	0.00	Completed
4.	Export Development Centre, Exhibition Ground, Srinagar	2004-2005	1,256.14	1,256.14	0.00	0.00	Completed
5.	ICD Rangreth, Srinagar, J & K	2004-2005	1,460.00	1,328.00	132.00	0.00	UI
<b>Karnataka</b>							
1.	Bajpe Airport-Derabail-STPI-link road, Mlore	2002-2003	1,550.00	1,035.00	0.00	515.00	Completed
2.	Bangalore Intl. Flower Auction Yard at Hebbal	2006-2007	1,460.00	300.00	645.00	515.00	Completed
3.	2% Maintenance Grant to EPIP, Bangalore	2004-2005	795.82	795.82	0.00	0.00	Cancelled
4.	Improvement of road from Tarihal Indl. Area to Raypur Indl. Area, Navanagar <i>via</i> Ganamatti Village, Hubli	2004-2005	284.00	284.00	0.00	0.00	Completed
5.	International Ship and Port Facility Security Assessment and Plan for Karwar Port	2004-2005	260.00	140.00	120.00	0.00	Completed

**Kerala**

1.	External Infrastructure Development of KINFRA Hi -tech Park at Kalamassery with a Special Economic Zone (Electronic) and Biotech Park	2005-2006	1,935.00	1,935.00	0.00	0.00	Completed
2.	Kottayam Port and Container Terminal (ICD)	2005-2006	936.00	740.00	0.00	196.00	Completed

**Lakshadweep**

1.	Export of Frozen Skip Jack Tuna	2002-2003	64.00	64.00	0.00	0.00	UI
2.	Export of Marine Ornamental Fish	2002-2003	35.00	35.00	0.00	0.00	Completed
3.	Creation of Infrastructure facilities at Minicoy	2003-2004	64.31	64.31	0.00	0.00	UI
4.	Providing Barge mounted facility in Suheli	2003-2004	17.48	17.48	0.00	0.00	Completed
5.	Security cover for term loan	2004-2005	31.00	31.00	0.00	0.00	UI
6.	Additional infrastructure for Hatchery	2004-2005	15.00	15.00	0.00	0.00	UI

**Meghalaya**

1.	Gasuapara LCS	2003-2004	667.00	667.00	0.00	0.00	Completed
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**Maharashtra**

1.	Upgradation and expansion at jetty at village Salav near Revdanda	2003-2004	214.00	107.00	107.00	0.00	Cancelled
2.	Dredging in Kundalika river to facilitate for M/s Vikram Ispat and others	2003-2004	760.00	273.00	487.00	0.00	Completed

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UI=Under Implementation

1	2	3	4	5	6	7	8
3.	Upgradation of approach Rd. to IAP and SEEPZ, Mumbai.	2003-2004	31,000.00	15,500.00	15,500.00	0.00	Completed
4.	Improving connectivity to BT Parks at Hinjewadi.	2005-2006	5,056.00	2,528.00	2,528.00	0.00	Completed
5.	Improvements to Roads leading to JNPT in Uran Taluka, Distt. Raigad. Improvement to Khopta-Koprol-Kelwane Sai Road.	2005-2006	5,185.00	5,185.00	0.00	0.00	UI
6.	Improvement to Thane-Belapur Road in Thane-Belapur Industrial Area Distt. Thane.	2005-2006	9,686.00	4,843.00	4,843.00	0.00	Completed
7.	Widening and Strengthening of Shil Mahape road.	2005-2006	1,922.19	1,441.65	480.54	0.00	Completed
8.	Strengthening and Improving Taloja feeder service road which is approach to Taloja from Kalyan, Dombivali, Ambernath and improving access to JNPT.	2005-2006	2,092.58	1,046.29	1,046.29	0.00	Completed
9.	Upgradation of Infrastructure for Reddi Port.	2005-2006	1,977.60	1,359.60	0.00	618.00	Cancelled
10.	Upgradation of airport infrastructure at Nanded (Project cost change).	2005-2006	4,869.09	2,434.55	2,434.55	0.00	Completed
11.	Upgradation of airport infrastructure at Latur.	2005-2006	1,758.07	879.04	879.04	0.00	Completed



# **Manipur**

1.	Construction of Truck Parking, Improvement of Approach Road	2003-2004	34.16	34.16	0.00	0.00	Completed
2.	Construction of Approach Road at LCS and Improvement of Roads at Moreh and Fencing and Constn. of Security Barrack in LCS	2004-2005	153.01	153.01	0.00	0.00	Completed
3.	Const. of Gate 2 (Two) Nos. at Warehouse, Moreh	2005-2006	2.26	2.26	0.00	0.00	Completed
4.	Const. of slab culvert 2 (two) Nos. at Warehouse, Moreh	2005-2006	6.00	6.00	0.00	0.00	Completed
5.	Const. of Chowkidar Quarters at Warehouse, Moreh	2005-2006	5.11	5.11	0.00	0.00	Completed
6.	Earth work in formation widening (0.00KM-4.678KM)	2005-2006	116.57	116.57	0.00	0.00	Completed
7.	Const. of pavement (0.00KM-4.675KM)	2005-2006	168.59	168.59	0.00	0.00	Completed
8.	Const. of 1.50 M span RCC slab culvert (13 nos.)	2005-2006	7.02	7.02	0.00	0.00	Completed
9.	Const. of 6M span RCC slab culvert	2005-2006	13.87	13.87	0.00	0.00	Completed
10.	Const. of pucca line drain	2005-2006	53.29	53.29	0.00	0.00	UI
11.	Const. of multi span RCC bridge	2005-2006	140.17	140.17	0.00	0.00	UI
12.	Road furniture (signboard and KM stone)	2005-2006	1.40	1.40	0.00	0.00	Completed

UI=Under Implementation

1	2	3	4	5	6	7	8
<b>Madhya Pradesh</b>							
1.	Approach Road for Irradiation Project at AEZ	2002-2003	40.00	40.00	0.00	0.00	Completed
2.	MP Export Facilitation Centre Gwalior	2002-2003	250.00	125.00	125.00	0.00	Completed
3.	Water Supply at Industrial Growth Centre, Mandideep	2003-2004	317.00	306.50	10.50	0.00	Completed
4.	Upgradation of Road at Industrial Growth Centre, Mandideep	2003-2004	248.29	248.29	0.00	0.00	Completed
5.	Infrastructure Development of Govindpura, Phase-II	2004-2005	421.54	421.54	0.00	0.00	Completed
6.	Infrastructure Development of IA, Sawer Road, Indore	2003-2004	700.00	700.00	0.00	0.00	Completed
7.	Trade and Facilities Centre at Bhopal	2003-2004	85.00	65.00	20.00	0.00	Completed
8.	Upgradation of Infrastructure of IA, Mandideep	2002-2003	164.00	164.00	0.00	0.00	Completed
9.	Estt. of Stone park at Gwalior	2005-2006	452.00	386.10	65.90	0.00	Completed
<b>Mizoram</b>							
1.	EPIP, Lengte	2003-2004	1,000.00	910.40	89.60	0.00	UI
<b>Nagaland</b>							
1.	Weigh Bridge at Ganeshnagar, Dimapur	2005-2006	50.00	50.00	0.00	0.00	Completed

**Orissa**

1.	Development of Dhamara Fishing Harbour	2003-2004	150.00	150.00	0.00	0.00	Completed
2.	Dev. of Bahabalpur Fish Landing Centre	2003-2004	151.00	151.00	0.00	0.00	Completed
3.	132/33 Kv sub-station for Daitari Iron ore project	2003-2004	1,829.75	400.00	1429.75	0.00	Completed
4.	Development of Paradip SEZ-Equity participation in Paradip SEZ Limited	2003-2004	400.00	400.00	0.00	0.00	UI
5.	PDF for development of infrastructure projects on PPP basis for IL&FS	2004-2005	200.00	200.00	0.00	0.00	Completed

**Punjab**

1.	Development of Road and other Export Infrastructure at Ludhiana	2003-2004	1,496.00	300.00	1,196.00	0.00	Completed
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**Pondicherry**

1.	Construction of One No. of flatted shed at Electronic Park, Thirubuvanai, Pondicherry	2004-2005	75.00	75.00	0.00	0.00	Completed
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**Rajasthan**

1.	EPIP Boranada (Jodhpur)	2002-2003	2,138.98	1,000.00	333.00	805.98	UI
2.	EPIP, Neemrana	2002-2003	3,486.00	1,743.00	0.00	1,743.00	UI

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UI=Under Implementation

1	2	3	4	5	6	7	8
3.	SEZ for Gem & Jewellery, Sitapura, Jaipur	2002-2003	721.00	250.00	0.00	471.00	Completed
4.	SEZ for handicraft at Boaranada, Jodhpur	2002-2003	1,993.00	500.00	0.00	1,493.00	UI
5.	Export Promotion of Infrastructure Dev. of Stones	2002-2003	600.00	300.00	300.00	0.00	UI
6.	Constn. of link road from IA Khushkherato NH 8 & IA Chopanki to SH-25	2005-2006	1,047.00	1,047.00	0.00	0.00	Completed
<b>Sikkim</b>							
1.	Construction of Border Trade Mart, Sherathang	2002-2003	530.00	530.00	0.00	0.00	Completed
<b>Tamil Nadu</b>							
1.	CETP for Textile dyeing units in Salem (SIPCOT)	2002-2003	190.00	45.00	50.00	95.00	Completed
2	Rubber Product SEZ, Kanyakumari Distt.	2003-2004	2,532.00	215.00	604.00	1,713.00	Cancelled
3.	IT Corridor Project, Chennai	2003-2004	29,000.00	1,250.00	7,150.00	20,600.00	Completed
4.	SEZ at Ennore	2003-2004	95,000.00	200.00	1,100.00	93,700.00	UI

5.	Upgradation of infrastructure facilities in the Fishing Harbour of Chennai	2004-2005	286.00	286.00	0.00	0.00	Completed
6.	Water supply project to export oriented industries in Tuticorin	2004-2005	992.18	892.96	0.00	99.22	Completed
7.	Water Recovery and Secure Landfill system for Perundurai Leather CETP, Perundurai	2005-2006	1,474.00	848.00	0.00	626.00	Cancelled
8.	Upgradation of CETP and Secure Landfill facilities at VISHTEC CETP at Malvisharam, Ranipet	2005-2006	1,041.98	330.00	0.00	711.98	UI
9.	Secure Landfill System for CETP (DINTEC) at Dindigul	2005-2006	402.00	200.00	0.00	202.00	Cancelled
10.	Secure Landfill System for CETP (PTIET) at Pallavaram	2005-2006	101.00	50.00	0.00	51.00	Cancelled
11.	Secure Landfill System for CETP at SIPCOT & SIDCO Phase-II, Ranipet	2005-2006	111.33	46.00	0.00	65.33	UI
12.	Development of Infrastructure facilities at Guindy Industrial Estate, Chennai	2005-2006	1,002.00	212.00	320.00	470.00	Completed

#### Tripura

1.	Construction of Parking place at Agartala LCS	2003-2004	69.10	69.10	0.00	0.00	Completed
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UI=Under Implementation

1	2	3	4	5	6	7	8
2.	Integrated Development at Agartala	2002-2003	438.87	438.87	0.00	0.00	Completed
3.	Development of LCS at Old Raghna Bazar	2002-2003	1,027.00	932.00	95.00	0.00	Completed
4.	Rubber Park	2004-2005	700.00	700.00	0.00	0.00	Sanction 2008-09 completion expected June, 2011 no cost overrun.
5.	Upgradation of Existing Power Substation at Bodh Ind. complex.	2005-2006	358.79	358.79	0.00	0.00	Completed
6.	Export Potential Industrial Park	2005-2006	700.00	700.00	0.00	0.00	Completed
<b>Uttaranchal</b>							
1.	Electronic & IT Park	2002-2003	2,918.00	523.00	275.00	2,120.00	UI
2.	ICD at Pantnagar	2002-2003	939.80	150.00	140.00	649.80	UI
3.	ICD at Haridwar	2002-2003	939.80	150.00	140.00	649.80	UI
4.	Flouriculture, Chaffi, Nainital	2005-2006	1,000.00	1,000.00	0.00	0.00	UI
5.	Central Effluent Treatment Plant, IIE, Haridwar	2005-2006	2,200.00	500.00	0.00	1,700.00	UI

**Uttar Pradesh**

1.	ROB, Shastripuram-Artoni road, Agra	2002-2003	1,792.70	1,639.20	153.50	0.00	Completed
2.	G.B. Trade/Exhibition Centre at Cul. Complex, Varanasi	2002-2003	618.10	618.10	0.00	0.00	Completed
3.	Infrastructure development at Khurja	2002-2003	215.05	104.00	104.00	7.05	Completed
4.	Upgradation of roads & drains of Industrial Estate, Mahamaya Nagar (Hathras)	2004-2005	115.00	97.75	0.00	17.25	Completed
5.	Upgradation of Rd/Drains of BIDA/ Nagar Panchayat	2005-2006	161.00	136.85	24.15	0.00	Completed
6.	Export Promotion Centre for Chikan Lucknow	2005-2006	73.15	73.15	0.00	0.00	Completed
7.	Upgradation of Rds/Drains of Industrial Estate, Chandpur, Varanasi	2005-2006	168.00	166.00	0.00	2.00	Completed
8.	Upgradation of Rds/Drains of Industrial Estate, Aligarh	2005-2006	74.60	63.40	0.00	11.20	Completed

**West Bengal**

1.	Bus Stand at Amtala for decongestion D.H. Road	2002-2003	15.00	15.00	0.00	0.00	Cancelled
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UI=Under Implementation

1	2	3	4	5	6	7	8
2.	Surface Transport facilities Saharhat Birlapur Rd	2002-2003	644.00	644.00	0.00	0.00	Cancelled
3.	Surface Transport facilities Dighirhat Muchisa Rd.	2002-2003	692.00	692.00	0.00	0.00	Cancelled
4.	Permanent Trade Fair Complex (Milan Mela), Kolkata	2005-2006	4,500.00	2,000.00	2,500.0	0.00	Completed

The cost overrun incurred on each projects is not available with the Ministry.



### **Observation/Recommendation**

14. The Committee are constrained to note that the monitoring mechanism under ASIDE Scheme has become virtually defunct and left much to be desired. The number of meetings held by the monitoring bodies like the Empowered Committee (EC) at the Central level and the SLEPC at the State level fell much short of the stipulated requirement. At the project level, inspections of the projects were not carried out properly so much so that out of 520 CIB/ASIDE projects under implementation/completed in 32 States/UTs during the period 2003-04 to 2005-06, the 16 nominated officers could visit only 202 projects in 18 States. The Committee also find that inspection reports in respect of 131 projects were incomplete and not in the prescribed format. Further, there was no record available in the Department of Commerce of the inspection report being forwarded to the concerned State Governments/Nodal Agencies for taking further corrective action. Such kinds of problems also persists in the case of EDF project as well. Out of the total number of 179 quarterly reports that were to be received from the 22 beneficiaries during the years 2001-02 to 2005-06, the Department received only 21 reports from 13 beneficiaries and most of the progress reports submitted by the beneficiaries did not give the physical and financial status of the projects in quantitative terms. The Secretary, (Commerce) during evidence was candid enough to admit all the lapses pointed out by Audit regarding inadequacies in monitoring of ASIDE Scheme and assured to take all measures to correct the mistakes/lapses and irregularities. The Committee have been informed that as a measure for ensuring that all the projects are inspected physically on a regular basis and necessary timely actions taken thereon, the role of various Central Agencies *viz.* Nodal Officer of the Department of Commerce, the Development Commissioners of SEZs and the Joint Directorate General of Foreign Trade has been streamlined for making the monitoring more effective and meaningful. In this connection, the Committee are not satisfied with the so called remedial measures taken by the Department as these are at best perfunctory and are not comprehensive and effective in pinpointing the grey areas and weak points in the system. Apparently no concrete measures have been taken to ensure co-ordination amongst the various authorities that are involved in overseeing the implementation of ASIDE projects. The Committee, therefore, recommend that the Department of Commerce should take urgent and concrete measures for streamlining the existing monitoring mechanism so that the loopholes and deficiencies in the implementation of projects are detected at an early stage and corrective measures taken to remedy them. Responsibility for various lapses and irregularities in the implementation of the scheme should be fixed on the erring officials. The Committee also expect that the meetings of the monitoring bodies of ASIDE Scheme at all levels would be held as per stipulation without fail and the representatives of the Department of Commerce attend all the meetings of SLEPC. The Committee further recommend that all the monitoring bodies/concerned authorities should undertake surprise and random inspections of ASIDE projects on a periodical basis to physically verify their progress.

[Para 14 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

### **Action Taken**

States/UTs are reminded time and again to update Web Enabled Monitoring System (WEMS) and submission of Quarterly report about physical and financial progress of project implementation.

A para has been inserted in Sanction Letter for release of ASIDE fund under central component of ASIDE regarding achievement of physical progress in percentage terms with respect to release of ASIDE fund for the project.

Nodal Officers (Joint Secretaries level) to each State/UT have been reassigned with only two States/UTs with a view to ensure participation of Nodal Officers of Department of Commerce in each SLEPC meeting (Annexure-6)

Empowered Committee on ASIDE met three times in 2010-11:—

12.7.2010; 30.9.2010 and 20.1.2011

Also, various ongoing projects were placed before Empowered Committee on ASIDE for its review and apprise about the physical/financial progress of the project implementation (Annexure-7).

An exhaustive review of all States/UTs were taken at the level of Joint Secretary (ASIDE) and DO letters issued accordingly.

Review Meeting of States/UTs were held at Chandigarh on 27.9.2010 and at Delhi on 4.3.2011 under the Chairmanship of Special Secretary.

Guidelines of the ASIDE scheme are explicit and clearly stipulate the role of various agencies. In order to streamline the implementation of the guideline the following instructions have been issued to DC, SEZs/Jt. DGFTs who represent Department of Commerce in SLEPC meetings:—

- DC(SEZs/EPZs)/JDGFT concerned may regularly monitor the efforts of nodal agencies in selection of location and preparation of shelf of projects to be implemented in next 2-3 years.
- DC(SEZs/EPZs)/JDGFT may impress upon nodal agencies to finalize agenda items 15 days in advance and obtain a copy of same. The agenda items so obtained may be discussed with concerned EPCs and other export bodies so as to assess the outcome of the project. The feedback obtained from EPCs and export bodies may be place before the SLEPC during the meeting which may form as input for prioritization/approval or otherwise of the project.
- DC(SEZs/EPZs)/JDGFT shall send a report to DoC after attending the SLEPC covering the aspects like details of project, physical and financial phasing of the projects and expected outcome from export angle. Any wrong project (having no export content) approved by SLEPC should be brought to the notice of DoC.

- Jt. DGFT/DC may impress upon the nodal agency for convening quarterly SLEPC meetings as envisaged in the ASIDE guidelines.
- Jt. DGFT/DC may impress upon the nodal agency to keep an account of interest accrued on the ASIDE fund and place it before SLEPC and should also ensure that the same is utilized for purpose of funding the ASIDE projects.

A system is in place for monitoring the implementation of projects through physical inspection by nodal officers of Department of Commerce, DC SEZs and Jt. DGFT. Besides, Web Enabled monitoring System is also an effective tool to ensure proper implementation of the scheme. Ministry feels that the measures taken up are comprehensive adequate and effective.

As per sanction order for releases under central component of ASIDE, setting up of project implementation Committee is required to be set up by the implementing agency with a representative from Department of Commerce. As normally such meeting is held in the same town wherein project is being implemented, representative of Department of Commerce therefore makes a site visit during such meeting. Also, photographs of ongoing projects under central component are also sought for assessing the project implementation stage.

#### **Audit Vetted Comments**

No Comments.

Sd/-

Signature of Joint Secretary

[Department of Commerce, OM. No. 10/46/2007-SC, dated 15.07.2011]

ANNEXURE 6

Government of India  
Ministry of Commerce and Industry  
Department of Commerce  
(States Cell)

Udyog Bhawan, New Delhi  
Dated 15 November, 2010

OFFICE MEMORANDUM

Commerce Secretary has approved assignment of Nodal Officers for States/UTs for implementation of ASIDE Scheme as under:—

Sl. No.	Joint Secretary/ CEO/ADG	States (ONER)	States (NER)	UT
1	2	3	4	5
1.	Shri Rajiv Kher	1. Uttar Pradesh 2. Delhi		
2.	Shri Amar Sinha	1. Bihar	2. Nagaland	
3.	Smt. B.S. Sihag	1. Madhya Pradesh 2. Puducherry	3. Sikkim	
4.	Shri Anil Mukim	1. Gujarat		2. Dadara & Nagar Haveli 3. Daman & Diu
5.	Shri Arvind Mehta	1. Himachal Pradesh 2. Odisha	3. Meghalaya	
6.	Shri Sumanta Chaudhary	1. Jharkhand 2. West Bengal	3. Mizoram	
7.	Shri D.S. Dhesi	1. Haryana 2. Punjab		3. Chandigarh
8.	Dr. Shyam Agarwal	1. Maharashtra 2. Rajasthan		3. Andaman & Nicobar Islands
9.	Shri J.S. Deepak	1. Karnataka 2. Goa	3. Tripura	

1	2	3	4	5
10.	Shri Siddharth	1. Tamil Nadu	2. Manipur 3. Assam	
11.	Shri Dinesh Sharma	1. Kerala		2. Lakshadweep
12.	Shri Amitabh Jain	1. Andhra Pradesh 2. Chhattisgarh		
13.	Shri Mukesh Bhatnagar	1. Uttarakhand		
14.	Shri V.K. Gupta		1. Arunachal Pradesh	
15.	Shri V.K. Srivastava	1. Jammu & Kashmir		

No. 10/37/2006-SC

Dated: 15-11-2010

2. The above nodal officers will monitor implementation of ASIDE as follows:—

- (a) Participation in the State Level Export Promotion Committee (SLEPC) Meeting chaired by Chief Secretary.
- (b) Review and monitoring implementation of ASIDE projects with nodal agencies/State Secretary (Industry) and appraising the same to Chairman, SLEPC and DoC, and
- (c) Physical verification of the projects sanctioned under ASIDE.

3. Each state is expected to hold two SLEPC meeting every year for sanction, review and monitoring of the projects under ASIDE. It is enjoined upon officers that at least they should attend one meeting in a year in each State. In case of unavoidable compulsions (for the second meeting), concerned Joint Secretary may depute a Director/Deputy Secretary within his/her division to attend. State Cell may be informed in advance, in case, the nodal officer or representative is unable to attend.

4. This issues in supersession to this Division of even number dated 20th July and 10th August, 2010.

Sd/-

(Anil Bamba)  
Director

1. All Joint Secretaries of Department of Commerce/CEO, PSF/Addl. DGFTs.
2. All Chief Secretaries of the State Government/Administrators of UTs.

3. All Principal Secretaries/Nodal Agencies of the State Government/UT Administrations for information and with request to intimate the dates and agenda of SLEPC meeting in advance to the nodal officer concerning their State.

Copy for information to PPS to CS, PS to AS (DKM), PPS to AS (PKC) and PPS to AS&FA.

Sd/-

(Anil Bamba)  
Director

**Minutes of meeting of the Empowered Committee on ASIDE (EC) held at 2:30 PM on 20.1.2011 under Chairmanship of Dr. Rahul Khullar, Commerce Secretary, in Conference Room No. 141, Udyog Bhavan, New Delhi.**

EC met with Dr. Rahul Khullar, Secretary to the Government of India, Department of Commerce (DoC) in chair, on 20.1.11 in Room No. 141, Udyog Bhavan. A list of participants is at Annex.-I.

2. Dr. Shyam Agarwal, Additional, Secretary welcomed participants and gave brief background of ASIDE fund position.

2.1 Commerce Secretary emphasized the following and policy decisions were taken as under:—

- 2.1.1 Analysis of SEZ-wise Receipt, Expenditure and net funds availability and recommendation regarding a fixed percentage of contribution by all seven Central SEZ authorities towards infrastructure development proposals is necessary and to be done by SEZ division for enabling EC to take a final view for funding such capital projects under ASIDE. Till such time proposals from 7 Central SEZs would be considered case by case basis.
- 2.1.2 All maintenance, upgradation and social infrastructure projects of SEZs would not be considered under ASIDE. Such costs would be borne by concerned SEZ authority.
- 2.1.3 As per ASIDE guidelines, no cost towards establishment, Project implementation, supervision and monitoring charges is payable from ASIDE. Accordingly to additional cost in these regards and Agency charges etc. would be considered under ASIDE assistance. Such costs are to be borne by the respective agency/SEZ authority henceforth.
- 2.1.4 No proposal from State Government (except NER and LCSs) would be considered under Central Component unless convincing justification is made available.
- 2.1.5 Internal infrastructural development of all seven central SEZs is largely being catered to under ASIDE. But nearby/outside infrastructure needs should be matched in all Central SEZs. Development Commissioners of all seven central SEZs may therefore highlight such issues in meeting with concerned Chief Secretary of State Government to improve outside infrastructure either under State Component of ASIDE or other funding under existing programmes.

2.1.6 In case of solar power projects, proposal should be first submitted to Ministry of New and Renewable Energy (MNRE) to secure subsidy available. The proposal would be considered by EC only after firming up MNRE resources and funding from SEZ authority.

2.1.7 Agencies must complete projects sanctioned within stipulated timeline (maximum gestation period should normally be two years) and expedite submission of Utilisation Certificates (UCs).

3. Thereafter, agenda items were deliberated. As no comments have been received regarding minutes of last meeting held on 30.9.2010, the same was confirmed and taken on record. Thereafter, following decisions were taken:—

3.1 Projects considered earlier by EC but decision to be taken:—

(Rs. in lakhs)

Sl. No.	Agency	Project	Total Project Cost (TPC)	Administrative Approval accorded	Release approved (2010-11)
1	2	3	4	5	6
1.	Falta SEZ	Construction of roads in Sector-I & II, FSEZ for smooth container movement	277.84	277.84	150.00
2.	Falta SEZ	Development of junction adjacent to customs gate, Sector-I, FSEZ	302.02	Deferred	
3.	Kandla SEZ	Construction of Two Nos. SDF Building [Ground plus Two] 7500 Sqm each	2786.74	2322.28 ASIDE: 1973.94 Authority (15%): 348.34	600.00
4.	Kandla SEZ	Improvement of security system consisting of: (i) Checkpost with new In and Out gate, fire station near checkpost, (ii) Network and security solutions, (iii) Watch Towers	633.00	386.66	200.00
5.	Kandla SEZ	Green SEZ and Solar Energy System (Phase-I)	1000.00	700.00 MNRE: 300.00	Deferred
6.	MEPZ SEZ	Provision of Fire Hydrant System inside MEPZ SEZ Campus	1277.00	1163.62	300.00
7.	NSEZ	Installation of 1000 KWP x 2 grid connected Solar Plant at J&K Block, NSEZ	580.00	Amount to be finalized after MNRE funding is firmed up.	Deferred
8.	Spices Board	Setting up of Spice Park at Hamirpur, Himachal Pradesh	1700.00 (Original TPC for 10,000 MTS) With reassessed raw material at 3000 MTS, revised TPC yet to firm up.	600.00 (Phase-I)	300.00 subject to land transfer by Govt. of HP.
9.	Govt. of Himachal Pradesh	Construction of Truck Parking at Sandholi (Baddi) District Solan	1184.50 [Eligible TPC: 710.50]	Deferred	



1	2	3	4	5	6
10.	Govt. of Himachal Pradesh	Construction of approach road to ICD at Baddi, HP	320.94 [Eligible TPC: 288.93]	Deferred	
11.	Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO)	Upgradation/Improvement in infrastructure facilities of existing link road connecting Industrial Area Khuskhera to NH-8 (Haryana portion)	1015.41 [Eligible TPC: 945.41]	Deferred	
12.	Jammu & Kashmir State Industrial Development Corporation Ltd. (J&K SIDCO)	Setting up of International Trade Centre at Pampore (J&K)	4000.00	3000.00 (2008-09)	500.00 (2008-09; 26.12.2008) J&K SIDCO <i>vide</i> let. No. SIDCO/ PS/MD/Camp/RoJ/ 11/808-9, dt. 19.1.11 informed that there is no physical progress in absence of Special Purpose Vehicle (SPV); formation (in final stages now). Work is likely to be taken up in Feb.-March, 2011.

### 3.2 NEW PROJECTS:

NEW PROJECTS.

(Rs. in lakhs)					
Sl. No.	Agency	Project	Total Project Cost (TPC)	Administrative approval accorded	Release during 2010-11 & Remarks
1.	Export Promotion Council for Handicraft (EPCH)	Setting up of a Common Facility Centre for Rugs and Durries at Sitapur (Uttar Pradesh)	500.00	280.00	Release to be decided on file after possession of land by EPCH from Govt.of UP.
2.	Handloom Export Promotion Council, Chennai (HEPC)	Establishment of Handloom Resource Centre at Chennai	1940.124 [Eligible TPC: 655.40]	To be considered only after M/o Textiles (MOT) Recommendation	To be decided on file.
3.	Kerala State Industrial Enterprises Ltd. (KSIE)	Setting up Container Freight Station (CFS) at Eloor, Kalamassery, Kerala	4698.00	Rejected	Many ICD/CFS Projects are already being established by Private Sectors/PSUs resorting to institutional finance without any ASIDE support. Hence rejected.
4.	Gems & Jewellery Export Promotion Council (GJEPC)	Developing an Agate Cutting and Polishing Centre at Khambhat, Gujarat	139.50	100.50	100.50 after land is in Possession of GJEPC.
5.	Cashew Export Promotion Council of India (CEPCI)	Up-gradation of the facilities of CEPC laboratory at Kollam	819.00	To be examined on file after seeking comments of EP (Agri.-II), DoC. Also if it caters to private sector entrepreneurs, possibility of financing on User Cost sharing basis should be considered.	—

6. Footware Design and Development Institute (FDDI)	Establishment of Operator Training Centre at Fursatganj (FDDI Campus)	2440.00	Deferred	—
7. Deptt. of Small Scale Industries, Govt. of UP	Upgradation of Tranneries CETP at Jajmau to 65 MLD Combined Waste Water (Effluent + Sewerage) including Effluent Conveyance System, Common Chrome Recovery System	35468.00	Rejected	—
8. Govt. of Mizoram	Setting up of 20 bamboo incense sticks and allied products at various places in Mizoram	1000.00	Govt. of Mizoram should submit their proposal under EDF to Infra-II Division, DoC.	This is not an infrastructure project, including capital cost .
9. Kandla SEZ	Dismantling and recounts of 48 Nos. CIB type sheds	10855.00	KASEZ should prepare separate standalone proposal after seeking technical certification and propose to SEZ Division. Hence, rejected.	—
10. Kandla SEZ	Construction of SDF. Building (Gound plus) 7500 Sqm.	2786.74 [Eligible TPC 2322.28]	Deferred	—

### 3.3 Release for Ongoing Projects:

#### 3.3.1 Wherein Demand was Received:

(Rs. in lakhs)

Sl. No.	Agency	Project	TPC (Approval Year)	Amount approved	Amount released so far	Further release approved (2010-11)
1.	Sikkim Industrial Development and Investment Corporation Ltd., Sikkim (SIDICO)	Border Trade Mart, Nathula	850.00 (2008-09)	850.00	455.00 255.00 (4.12.08) & 200.00 (31.3.09)	395.00 (Final)
2.	Kandla SEZ (KASEZ)	Construction of SDF Building (Ground plus) 6000 Sqm	1393.37 (2009-10)	1393.37	800.00 300.00 (13.1.10) & 500.00 (29.7.10)	361.14 (Final) (Agency charges @20% i.e. 232.23 is to be borne by KASEZ Authority)
3.	Footwear Design and Development Institute (FDDI)	International Design Studio (IDS) at FDDI, Fursatganj, Rai Bareilly, UP	1480.00 (2010-11)	1215.00	500.00 (4.11.10)	150.00 after expenditure report by FDDI.
4.	Govt. of West Bengal	Development of LCS at Phulbari	1403.00 (2008-09)	871.00	600.00 300.00 (6.3.09) & 300.00 (16.12.09)	To be decided after expenditure report/UC by Govt. of West Bengal.

5.	Govt. of West Bengal	Development of LCS at Ghojadanga	505.00 (2008-09)	505.00	200.00 (6.3.09)	Deferred, as no physical progress yet.
6.	Govt. of West Bengal	Development of LCS at Hilli	773.00 (2008-09)	654.00	300.00 (6.3.09)	Deferred, as no physical progress yet.

### 3.3.2 Ongoing Projects, wherein demand was not received

(Rs. in lakhs)

Sl. No.	Agency	Project	TPC (Approval Year)	Assistance sought/ Amount approved	Amount released so far (Date)	Review of Progress
1	2	3	4	5	6	7
1.	CLE	Establishment of Testing Laboratory at Ranipet (Tamil Nadu)	979.00 (2010-11)	734.00	440.00 (12.8.10)	Financial and physical progress report due.
2.	Govt. of Gujarat	Construction of a road from Pragpur Chowkdi to Adani Port, Mundra (Gujarat)	2600.00 (2009-10)	1300.00	450.00 (30.9.09)	A letter may go from AS(ASIDE) to Chief Secretary for seeking personal intervention in regard to financial and physical progress.
3.	Govt. of Tripura	Establishment of Bamboo Park at Bodhjunnagar, Tripura	2935.00 (2009-10)	1,020.00	510.00 (9.3.10)	-do-
4.	Govt. of Tripura	Development of LCS at Srimantpur, Tripura	1600.00 (2009-10)	1200.00	400.00 (9.3.10)	-do-

1	2	3	4	5	6	7
5.	Spices Board	Setting up Lab cum Training Centre, Delhi	500.00 (2007-08)	500.00	350.00 [50.00 (14.11.07), 100.00 (12.2.10) & 200.00 (8.10.10)]	Financial and physical progress report due.
6.	Spices Board	Setting up of Quality Evaluation Laboratory cum Training Centre, Kolkata	500.00 (2008-09)	500.00	250.00 (26.3.09)	-do-
7.	Spices Board	Setting up of Quality Evaluation Lab cum Training Centre at Tuticorin	500.00 (2009-10)	448.00	150.00 [50.00 (12.2.10) 100.00 (8.10.10)]	-do-
8.	Spices Board	Setting up of Spices Park at Guna, M.P.	4518.80 (2010-11)	1900.00	500.00 (13.10.10)	-do-
9.	Spices Board	Setting up of Quality cum laboratory at Kandla	500.00 (2010-11)	498.00	50.00 (7.12.10)	-do-
10.	Spices Board	Setting up of Spices Park at Ramganj Mandi near Kota, Rajasthan	1500.00 (2010-11)	1000.00	500.00 (27.11.10)	-do-
11.	Tea Board	Establishment of Quality control laboratory and Training Centre at DTR&DC, Kurseong, Darjeeling	947.00 (2009-10)	731.00	350.00 [50.00 (9.3.10); 250.00 (17.8.10)]	-do-

All these agencies must expedite Project Implementation and report physical and financial progress/Onsite expenditure atleast on a quarterly basis.

3.4 PHYSICAL PROGRESS of projects wherein total ASIDE Contribution released but progress report/UC (due and pending) not received:—

(Rs. in lakhs)

Sl. No.	Agency	Project	TPC (Approval Year)	ASIDE allocation (Release Date)	Expenditure/Physical Progress report
1	2	3	4	5	6
1.	Cochin SEZ	Augmentation of the CETP treated water discharge system to bring to Zero discharge level— Compliance to Pollution Control Board directives.	180.00 (2010-11)	90.00 (29.7.10)	SEZ Division will take up the matter with CSEZ for status on financial and physical progress of project.
2.	Cochin SEZ	Street light revamping in CSEZ— Introduction of energy efficient Systems and solar power back up.	290.25 (2010-11)	90.00 (29.7.10)	-do-
3.	Falta SEZ	Construction of Second Overhead reservoir.	86.17 (2009-10)	86.17 (29.7.10)	DC, FSEZ would submit UC by Feb. 2011.
4.	Falta SEZ	Construction of 2 nos. three storied buildings (6 dwelling units in each building).	161.91 (2010-11)	161.91 (30.11.10)	DC, FSEZ would report financial/ physical progress.
5.	Falta SEZ	Construction of fire fighting infrastructure at Sector-I in Falta SEZ.	533.80 (2010-11)	485.28 (30.11.10)	-do-
6.	Falta SEZ	Raising of brick boundary wall (0.90m) & fixing of concertina wire over boundary wall (from Gate No. 3 towards river & Gate No. 3 towards Gate No. 2) at Sector-II, FSEZ.	78.64 (2010-11)	78.64 (30.11.10)	-do-

1	2	3	4	5	6
7.	Madras EPZ SEZ (MSEZ)	Main Gate, Security Room & Customs Office Room west side of MEPZ Campus.	175.00 (2008-09)	175.00 (11.9.08)	DC (incharge). MSEZ informed that MSEZ would submit UC by Feb.2011.
8.	MSEZ	Augmentation of Office Building.	200.00 (2008-09)	200.00 (31.3.09)	DC(incharge). MSEZ informed that work completed and would submit UC within a week
9.	MSEZ	CC roads and duct (Electrical/ Communication).	902.70 (2009-10)	902.70 [645.54 (31.3.10) & 257.17 (31.5.10)]	-do-
10.	MSEZ	Street Lights (80 Nos.).	54.00 (2009-10)	54.00 (10.8.09)	-do-
11.	MSEZ	Landscaping.	52.00 (2009-10)	52.00 (10.8.09)	-do-
12.	Noida SEZ	Construction of residential quarters for Staff of SEZ.	110.94 (2007-08)	110.94 (7.1.08)	DC, NSEZ informed that work completed and NSEZ would submit UC by Feb., 2011.
13.	Noida SEZ	Strengthening of existing security road in NSEZ.	116.00 (2008-09)	116.00 (17.8.09)	-do-
14.	Noida SEZ	Erection of road and parking space for installation of weighbridge.	176.35 (2009-10)	176.35 (10.8.09)	-do-
15.	SEEPZ	External and Internal Repairs at SEEPZ Staff Quarter	188.44 (2008-09)	75.00 (23.12.08)	Jt. DC, SEEPZ informed that no fund were released Accordingly, WEMs to be updated.



16.	SEEPZ	Setting up of a Fire Station complete with one Fire Engine, an Ambulance and round-the-clock personnel.	520.00 (2008-09)	520.00 350.00 (10.8.09) & 170.00 (9.2.10)	50% work completed by 29.9.10. SEEPZ were asked to complete work without delay and to furnish UC.
17.	SEEPZ	Providing BM and Asphalt concrete to road and HDPE drainage line	349.00 (2008-09)	315.00 (10.8.09)	90% work completed by 29.9.10. SEEPZ were asked to furnish UC.
18.	SEEPZ	Setting up of four Watch Towers inside SEEPZ for purpose of monitoring.	63.66 (2008-09)	63.66 (9.2.10)	95% work completed by 29.9.10. SEEPZ were asked to furnish UC.
19.	SEEPZ	Construction of Gate No. 2 in SEEPZ SEZ.	69.95 (2009-10)	69.95 (25.2.10)	Jt. DC, SEEPZ would submit UC by Feb., 2011.
20.	SEEPZ	Providing RCC pre-cast cover to close open storm water gutter in SEEPZ SEZ premises.	164.90 (2009-10)	164.90 (25.1.10)	Jt. DC, SEEPZ would submit UC by June, 2011.
21.	SEEPZ	Strengthening the security of SEEPZ premises by providing RCC compound wall with 15 Row barbed wire fencing at East Side of SEEPZ SEZ.	153.44 (2009-10)	153.44 (25.2.10)	Jt. DC, SEEPZ would submit UC by June, 2011.
23.	SEEPZ	Providing, erecting, testing and commissioning of flood lights for building safety to all buildings.	66.45 (2009-10)	66.45 (25.2.10)	Jt. DC, SEEPZ SEZ would submit UC by May, 2011.
24.	SEEPZ	Repairing of G&J Building No. II.	172.50 (2009-10)	172.50 121.00 (5.3.10) & 51.50 (29.7.10)	Fund release has been verified again. SEEPZ to report physical and financial progress.

1	2	3	4	5	6
25.	SEEPZ	Generation of Energy by 100 Kwp Grid Solar Power Generating System at SEEPZ SEZ.	380.95 (2010-11)	310.95 (30.11.10)	Shri Arvind Mehta. JS would visit and review all ongoing projects and report.
26.	APEDA	Up-gradation of National Referral Laboratory (NRL) for exports of fresh fruits & vegetables set up at National Research Centre for Grapes (NRC Grape), Pune.	1568.29 (2009-10)	784.15 Released: 597.75	UC received for Rs. 597.75 lakhs <i>vide</i> letter dated 20.1.11.
27.	CLE	Development of additional infrastructure in the Ambur Trade Centre like fire fighting work, car parking and internal road work at Ambur (TN).	268.00 (2009-10)	201.00 134.00 (9.2.10) & 67.00 (12.8.10)	Work completed CLE would submit UC.
28.	CLE	Infrastructure upgradation of Design Studio in Kolkata.	320.34 (2010-11)	288.30 (12.8.10)	CLE informed that tendering finalized.
29.	SIDICO Sikkim	Infrastructure Development at Nathula Border.	1644.17 2006-07	1644.17 Released: 1636.24 [385.00 (29.3.07) 450.00 (12.10.07) & 801.00 (31.3.09)]	UC Received: 835.24 UC Due: 801.00 Financial and physical progress must be reported.

### 3.5 Utilization Certificate pending:—

(Rs. in lakhs)

Sl. No.	Agency	Project	ASIDE Contribution	Fund Released (Release date)	Expenditure Reported/ UC Received/EC Decision
1	2	3	4	5	6
1.	APEDA	Three infrastructure Projects (i) 11 collection centres for vegetables, M.P. (ii) centre for Perishable Cargo, Cochin and (iii) Centre for perishable cargo, Kolkata Year: 2008-09	1092.00	1092.00 (30.9.08) Expenditure reported: 1039.39	UC Received: 1039.39.  APEDA would further submit UC for Rs. 45.00 lakhs and surrender unutilized amount of Rs. 7,60,597/- (Letter No. APEDA/B&F/2010-11 Dt. 20.1.11).
2.	H.P.	Setting up of Trade Centre at Baddi, Dist. Solan (HP) Year: 2008-09	540.00	540.00 (30.9.08)	A letter from AS (ASIDE) to Chief Secretary to HP for seeking physical/ financial progress of project and UC.
3.	HRDI	Establishment of Super Critical Fluid Extraction Unit (SCFE) Year: 2007-08	240.11	240.11 100.00 (13.2.09) & 140.11 (31.3.09)	Expenditure reported: 0.00 HRDI, Government of Uttarakhand <i>vide</i> its letter dt.19.1.11 informed that process of approval for opening of commercial bids is in progress. Agency may expedite implementation of projects for timely completion of projects.
4.	J&K	Setting up of Common Effluent Plants (CETPs) in Jammu & Kashmir at Industrial Growth Centres at Lasipora (Pulwama) Year: 2008-09	320.00	320.00 193.00 (19.9.08) & 127.00 (30.9.09)	J&K SIDICO <i>vide</i> its letter dt 19.1.11 informed that project is nearing completion and commissioning is expected in May, 2011.

1	2	3	4	5	6
5.	J&K	Development of TFC Salamabad and TFC Chakan-da-bagh Year: 2008-09	500.00	500.00 200.00 (21.11.08) & 300.00 (25.3.10)	J&K SIDICO <i>vide</i> its letter dt. 19.1.11 informed that works at TFC Salamabad are going on and facility is temporarily working for transfer of goods of LOC. Works at Trade Facility at Salamabad will be taken up as soon as winter months will be over in view of recent heavy snowfall.
6.	Spices Board	Setting up of Quality Evaluation Laboratory cum Training Centre at Chennai Year: 2008-09	600.00	600.00 [25.00(25.1.09), 250.00(26.3.09) & 325.00(3.9.09)]	Financial and physical progress need to be reported by Agency.

**Ex-Post facto approval was accorded to following:—**

**3.6.1 Setting Up of Spices Park at Ramganj Mandi near Kota, Rajasthan:** Administrative approval of ASIDE (Central) of Rs. 1000 lakhs against total project cost of Rs. 1500 lakhs and release of Rs. 500 lakhs as 1st instalment to Spices Board, Kochi (Kerala) to be spent on : (i) land development and landscaping (ii) Building construction works (iii) Plant & machinery and (iv) Utilities—Electrification and water supply.

**3.6.2 Government of Manipur:** Administrative approval of ASIDE (Central) of Rs. 363.66 lakhs against total project cost of Rs. 1053.28 lakhs to the State Government. of Manipur for completion of all seven SLEPC approved projects till 2006-07 by 31.3.2011.

(Rs. in lakhs)

Sl. No.	Name of the Project (SLEPC approved projects upto 2006-07 of Manipur)	Total Cost	Amount Approved
1.	Earth Work in formation of Diversion Road from Lalkai Veng to Border Bridge at Moreh	168.35	1.53
2.	Construction of pavement of Diversion of Road from Lalkai Veng to Border Bridge at Moreh	243.48	66.42
3.	Construction of 1.5 mtr. span RCC slab culvert (13 Nos.) along Diversion Road from Lalkai Veng to Border Bridge at Moreh	175.24	3.51
4.	Construction of drainage system of Warehouse at Moreh	22.54	0.53
5.	Construction of pucca-line drain along Diversion Road from Lalkai Veng to Border Bridge at Moreh	76.96	47.19
6.	Construction of multi-span RCC bridge along Diversion Road from Lalkai Veng to Border Bridge at Moreh	336.56	239.60
7.	Construction of Trade Route from Ward No. 1 near water supply to Border Bridge	30.15	4.88
Total		1053.28	363.66

**Note:** Balance Rs. 689.62 lakhs have already been provided from ASIDE-State Component.

**3.6.3 SEEPZ SEZ proposal of Construction of Tower in SEEPZ SEZ near Plot A-I (Constructed Area:11,620 Sq. mtrs):** Administrative approval of ASIDE (Central) of Rs. 1989.00 lakhs against total project cost of Rs. 2341.00 lakhs and contribution of Rs. 351.00 lakhs by SEEPZ Authority.

**3.6.4 Release of Rs. 79.00 lakhs under Central component of ASIDE to the Govt. of Meghalaya for construction of work on Border Haats in favour of Meghalaya Industrial Development Corporation:** Administrative approval of ASIDE (Central) of Rs. 79.00 lakhs on component permissible under ASIDE against total project cost of Rs. 158.00 lakhs and remaining contribution of Rs. 79.00 lakhs by M/o External Affairs.

3.7 Meeting ended with thanks to the chair.

ANNEXURE 8

**List of Participants for 3rd Empowered Committee Meeting of ASIDE held on 20.1.2011 at 2.30 P.M. under the Chairmanship of Dr. Rahul Khullar, Commerce Secretary in Room No. 141, Udyog Bhawan, New Delhi.**

Sl.No.	Name of the Participants	Designation/Organisation
1.	Shri P.K. Chaudhery	Additional Secretary, DoC
2.	Shri Rajan Katoch	AS&FA, DoC
3.	Dr. Shyam Agarwal	Additional Secretary, DoC
4.	Shri Arvind Mehta	Joint Secretary, DoC
5.	Shri Sumanta Chaudhuri	Joint Secretary, DoC
6.	Shri T. Srinidhi	Joint Secretary, DoC
7.	Shri A. Saxena	Joint Secretary, DoC
8.	Smt. Sutapa Majumdar	Director, Planning Commission
9.	Smt. Amrit Raj	Director (Finance), DoC
10.	Shri A.K. Bamba	Director (States Cell), DoC
11.	Shri Ram Lakhan	Under Secretary, DoC
12.	Shri Rajiv Jain	Chairman, G&JEPC
13.	Smt. Swarna	DC, MSEZ
14.	Shri Beela Rajesh	Executive Director, HEPC
15.	Shri Onkar Sharma	Commissioner (Industries) Govt. of HP
16.	Smt. Reshma Lakhani	Jt. DC, SEEPZ
17.	Shri S. Koshore	DC, APSEZ/FSEZ
18.	Shri Ali Ahmad Khan	Executive Director, CLE
19.	Shri S.C. Panda	DC, NSEZ
20.	Shri K. Shashi Verma	Executive Director & Secy., CEPC
21.	Shri P.K. Mittal	Additional Chief Engineer, Govt. of Rajasthan
22.	Shri R.K. Srivastava	Joint Director, EPCH
23.	Shri S.I. Sharma	Managing Director, MANDICO, Govt. of Manipur
24.	Shri B. Sreekumar	Deputy Director, Spices Board
25.	Shri H.L. Rochungunga	Joint Resident Commissioner, Govt. of Mizoram
26.	Shri D.K. Himanshu	Section Officer (States Cell), DoC

### Observation/Recommendation

15. The North Eastern States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura hold huge export potential in respect of high quality horticulture produce like Citrus fruits, Apple, Banana, Passion fruit, Pineapple, Papaya, Jackfruit, Ginger, Turmeric, Chilli, Potato, Green vegetables, Spices, Orchids, Cut flowers, etc., which are available in abundant quantity. Further, being natural home to a variety of rare orchids and considering favourable local climate and geographical conditions export of floriculture produce from these States can also be explored. However, the scope and quantum of exports of the aforesaid produce/articles from this region is currently much below its potential due to various factors/constraints like poor availability of export infrastructure facilities, remoteness of the region, unfriendly terrain, transport bottlenecks etc. This is further worsened by the low technological base and limited market infrastructure with virtually no storage facilities resulting in a very low or even no growth in this sector. As a consequence, the States in the region have not been able to tap the full export potential of their produce. The Committee find that no specific and significant export infrastructure for the purpose has been set up so far in the region under ASIDE scheme. With a view to augmenting export infrastructure in the region especially for horticultural and agro-forestry produce, the Committee desire that possibility of linkages between ASIDE Scheme and the regional schemes of North Eastern Council and those of the respective State Government should be explored so that the systematic chain for exports of the aforesaid items from the region are put in place and operationalised. In this connection, the Committee would like the Department of Commerce to enter into an understanding with the North Eastern States with a view to providing assistance to the exporters in such a way that local bodies/NGOs/private sector are encouraged to come forward and take active part in the production and export of horticultural and agro-forestry produce from the region. The Committee also desire that necessary infrastructure like storage, warehousing and transportation facilities should be created/upgraded in the region to encourage establishment of export-oriented agro-forestry food processing industry in the region.

[Para 15 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### Action Taken

States/UTs have been urged upon to support their own proposal from their own scheme fund also. Infra-II section of Department of Commerce has been entrusted to work upon the possibility of linkages between ASIDE Scheme and the regional schemes of North Eastern Council and those of the respective States.

It is to mention here that Export Development Fund for North Eastern region (EDF-NER) is being managed by APEDA (Agricultural and Processed Food Products Export Development Authority) and the funds are being used for providing assistance to the budding exporters to come forward and take active part in the production and export of horticultural and agro-forestry produce from the region.

APEDA (Annexure-8) has agreed with the suggestion of the Committee that all schemes of assistance for infrastructure development should be converged for

focused development of appropriate export oriented infrastructure. Moreover, under EDF financial assistance to the tune of viability gap of 30% of the project cost is already being extended to the local entrepreneurs of the NER. Further, under APEDA's plan scheme for infrastructure Development, financial assistance is also available to exporters of the NER for development of infrastructure such as intermediate storage sheds, effluent treatment plants, water softening plants, mechanized facilities, pre-shipment inspection facilities, integrated post harvest facilities etc. All registered exporters are free to avail of these facilities.

APEDA has also informed Department of Commerce that it may decide whether a MoU needs to be signed with NE Council and States in this regard. In view of this, the need for an understanding with Ministry of Development of North Eastern region are being explored. The matter is now under examination in Department of Commerce.

Some of the projects approved in the recent past under central component ASIDE for creation of necessary infrastructure in NER are as under:—

Construction of Work on Border Haats at Meghalaya (ASIDE: Rs. 79 lakhs); Setting up of Multi-Storied Market Complex, Moreh (Chandel District), Manipur (ASIDE: Rs. 1954.62 lakhs); Construction of Warehouse at Composite Land Custom Station at Mizoram (ASIDE:Rs 216 lakhs), Establishment of Bamboo Park at Bodhjungnagar, Tripura (ASIDE: Rs 1020 lakhs).

#### **Audit Vetted Comments**

No Comments.

Sd/-

Joint Secretary

[Department of Commerce, OM.No.10/46/2007-SC, dated 15.07.2011]



ANNEXURE-9

एपीडा

कृषि एवं प्रसंस्कृत खाद्य उत्पाद  
निर्यात विकास प्राधिकरण  
(वाणिज्य एवं उद्योग मंत्रालय, भारत सरकार)

APEDA

Agricultural and Processed Food Products  
Export Development Authority,  
(Ministry of Commerce & Industry, Govt. of India)

Mr. Ram Lakhan  
Under Secretary  
Ministry of Commerce & Industry  
Udyog Bhawan  
New Delhi

Ref. No.: Infra-NERMISC/1104

Dated: 21st February, 2011

**Subject:** Recommendations/Observations of the 23rd Report of the PAC on ASIDE

Dear Sir,

Please refer to your letter No. 10/03/2011-Infra. II dated 17th February, 2011 on the subject cited.

Our comments are given below:

We agree with the suggestion of the Committee that all schemes of assistance for infrastructure development should be converged for focussed development of appropriate export oriented infrastructure.

Under EDF financial assistance to the tune of viability gap of 30% of the project cost is already being extended to the local entrepreneurs of the NER. Details of the schemes of NEC and the respective State Government will need to be studied to establish linkage of the same with EDF/ASIDE provisions.

Under APEDA's plan scheme for Infrastructure Development financial assistance is also available to exporters of the NER for development of Infrastructure such as intermediate storage sheds, effluent treatment plants, water softening plants, mechanized handling facilities, pre-shipment inspection facilities, integrated post harvest facilities etc. All registered exporters are free to avail of these facilities.

Further Ministry of Commerce may decide whether an MoU needs to be signed with NE Council and States in this regard.

Thanking you,

Yours faithfully

Sd/-

(Vinod K. Kaul)  
Deputy General Manager

### Observation/Recommendation

16. The Committee observe that the country's exports and foreign exchange earnings in the recent year have adversely been affected by the current global economic recession. This downturn in the country's export performance is certainly bound to deal a heavy blow to the ongoing process of export infrastructure building and more especially the participation of the States in these activities. At this difficult stage, certain urgent remedial measures are desperately required to safeguard the country's distressed export sector. In these circumstances, the purport scope and importance of ASIDE scheme have assumed greater importance. The Committee expect the Department of Commerce would take all out measures to ensure that ASIDE projects are precisely find tuned and synchronized with other related activities in such a way that only those bigger projects having distinct and direct linkage with exports are taken up under ASIDE scheme instead of smaller and fragmented projects so that the scheme does not turn out to be a liability to the Exchequer and the challenges in the export front emanating from the recent global economic crisis are effectively met with. In this context, the Committee welcome the idea of giving focussed attention during the 11th Plan period to the promotion of Agri Export Zones (AEZs) and rural business hubs, which were not given prominence earlier. The Committee desire that the machinery responsible for planning and approval of ASIDE projects and financial transactions should be systematically overhauled and properly monitored. The Committee expect that these measures would be taken expeditiously and their strict and effect compliance by the State is ensured by the Department of Commerce.

[Para 16 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC)  
(15th Lok Sabha)]

### Action Taken

In light of global economic crisis, all ongoing projects were prioritized for early completion and new projects were taken which were big enough and lesser gestation period to generate momentum in export.

Some of non-SEZ projects are as under:—

Sl.No.	Description	Agency	Total Cost (Rs. in lakhs)
1.	International Animation School, Kerala	KINFRA	2057.00
2.	Bamboo Part at Bodhjunnagar, Tripura	Govt. of Tripura	2935.00
3.	City Centre, Indian Diamond Institute (IDI), Surat	IDI	1180.00
4.	Upgradation of Nation Referral Laboratory (NRL) for exports of fresh fruits & vegetables set up at National Research Centre for Grapes (NRC Grape), Pune	APEDA	1568.29
5.	Common Pre-processing Centres (CPCs) at Sakthikalangara & Ambalapuzha in Kerala	MPEDA	586.00
6.	International Design Studio (IDS) at FDDI, Fursatganj, Rai Bareilly, UP	FDDI	1215.00

All States/UTs have been urged to consider project proposals regarding Agri Export Zones (AEZs) and rural business hubs. In case States/UTs are not able to fund such projects, such projects are even considered under central component of ASIDE after having convincing justifications in this regard.

Under State Component of the scheme, SLEPC is empowered to scrutinize and approve the specific projects and oversee the implementation of the scheme. Prior consultation with Department of Commerce is not mandatory for approving projects. However, a representative of Department of Commerce, JT DGFT posted in that State/region and Development Commissioners of SEZ/EPZs in the States (as per specified jurisdiction) are also members of the SLEPC. The Ministry has since strengthened the mechanism so that effective participation of these three Central Government officials are to a large extent, ensured and guidelines are followed by SLEPC.

Besides, Ministry has also appointed the Joint Secretary level Officers of DoC as Nodal Officers allotting them certain State/UTs for overseeing the implementation of ASIDE Scheme. The role of nodal officer of Department of Commerce has been specified as follows:—

- (i) ASIDE Guidelines are followed and projects to be considered have overwhelming export content.
- (ii) Physical and Financial phasing of the projects are defined and gestation period is not more than 2 years.
- (iii) Utilization Certificates (UCs) are furnished in time.
- (iv) Priority is given for funding the ongoing projects.
- (v) States are preparing shelf of projects, and the comments by concerned EPCs/Commodity Board and other Trade Bodies are obtained.
- (vi) Projects to be considered are clear from all requisite clearances and land acquisition, if applicable, has been done.
- (vii) Projects in PPP mode are approved on priority.
- (viii) The users charges are fixed for maintenance of the facility created with funding support of ASIDE Scheme.

#### **Audit Vetted Comments**

No Comments

Sd/-

Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC dated 15.7.2011]

### **Observation/Recommendation**

17. The Committee note that more than 70 per cent of the projects under Central Component of the ASIDE Scheme and a sizable number of State Sector ASIDE Projects have been sanctioned for SEZs which are being developed in few States only. Considering the fact that SEZs have already been extended various benefits in the form of tax holidays, duty exemptions, concessional land and other benefits, the Committee are of the view that concentration of a large number of ASIDE Project in SEZs would result not only in duplication of Central Assistance but also in lopsided growth of export infrastructure and widening of inter-State disparities, which does not augur well for the equitable growth of export infrastructure in the country. To sustain the long-term export development of the country, the Committee believe that apart from SEZs, the Government need to build critical export infrastructure in areas/ regions with higher export potential. The Committee would, therefore, like the Department to fine tune ASIDE Scheme in such a way that greater emphasis is given to the non-SEZ export schemes.

[Para 17 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC)  
15th Lok Sabha]

### **Action Taken**

All seven central SEZs have now become Authority and therefore are now generating their own resources also. In view of above, Empowered Committee on ASIDE has taken a decision that in all future capital infrastructural projects of these SEZs, assistance under ASIDE would be based on sharing basis. Further, small and very big projects of such SEZs are being discouraged under ASIDE.

On the other hand, non-SEZ project proposals are being considered and approved by Empowered Committee on ASIDE in large number.

All States/UTs have been urged to pay greater emphasis to non-SEZ export schemes. State Level Export Promotion Committee (SLEPC) have also shown a trend in this direction.

### **Audit Vetted Comments**

No Comments.

Sd/-

Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC dated 15.7.2011]

### **Observation/Recommendation**

18. As ASIDE Scheme has been in operation since 2002, the Department of Commerce must have come to know by their experience the kind of infrastructure

projects being successful in some States. This experience could have been tried to replicate in other States. The Committee would like to know whether any such efforts has been made by the Government during the last 8 years.

[(Para 18 of the Part II), Twenty-third Report of the Public Accounts Committee (PAC)  
15th Lok Sabha]

### **Action Taken**

Department of Commerce has observed that many States/UTs have earmarked substantial portion of ASIDE fund for approach road/link road etc. connectivity to several export conclave/SEZ/Port/Growth Centres/EPIP etc. Department of Commerce has also found that large projects like establishment of EPIP, Software Technology Park etc. have undergone time overrun due to problems in land availability.

Department of Commerce has considered and approved several projects of Central Agency with wide coverage of the territory of India.

Sl. No.	Description
1.	Setting up of Quality Evaluation Laboratory CUM Training Centre at Kolkata, Tutikcorin, Chennai, Delhi, Guntur, Kandla by Spices Board, Kochhi.
2.	Rubber Park at Tamil Nadu and Tripura by Rubber Board.
3.	Convention Centre at Chennai and Srinagar by ITPO (India Trade Promotion Organisation) New Delhi.

Department of Commerce is now urging States/UTs to share their experiences in regard to successful projects so that the same could be shared among other States/UTs for deriving larger benefits.

### **Audit Vetted Comments**

No Comments.

### **Department of Commerce Further Reply**

A DO letter from Commerce Secretary to all Chief Secretary and Administrator of States/UTs has also been sent requesting therein for identification and showcasing of "best practices" as up-scalable and replicable models under ASIDE which may be emulated by other States/UTs (Annexure-10).

Sd/-

Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC dated 15.7.2011]

ANNEXURE 10

डॉ० राहुल खुल्लर

वाणिज्य सचिव  
भारत सरकार  
नई दिल्ली-110107

Dr. Rahul Khullar

Commerce Secretary  
Government of India  
New Delhi-110107

D.O. No. 13/59/2004-SC

June 29, 2011

Dear Shri Ghosh

As you are aware, this Department is implementing the Assistance to States for Developing Export infrastructure and Allied Activities (ASIDE) Scheme with the objective to involve States/UTs in the export effort by providing assistance to the State Governments for creating appropriate infrastructure for development and growth of exports.

2. The performance to ASIDE Scheme has been reviewed. I am enclosing an executive summary of the review as feedback for necessary corrective measures.

3. The Department of Commerce has set an ambitious target of doubling exports from India by 2014 by US\$ 500 billion. In the context, the urgent need to identify and fill the crucial gaps in the export infrastructure cannot be overstated. The ASIDE Scheme can help play an important role in this regard. Clearly, the scheme needs to be restructured to address the emerging needs of export infrastructure creation. The deliberations for the Twelfth Plan are under way and I would like to take this opportunity to share with you that the Department is approaching the Planning Commission for a substantial increase in total ASIDE fund allocation for the 12th Five Year Plan (FYP).

4. You will also appreciate that "best practices" under ASIDE need to be identified and showcased so that they may be emulated by others. Up-scalable and replicable models under ASIDE need to be shared so that they can serve as examples of "best practices". I request you to please identify such project(s) so that they can be shared and showcased to other States/UTs.

5. The bulk (80%) of ASIDE funds are allocated to States/UTs and a State Level Export Promotion Committee (SLEPC) under your chairmanship approves, implements and monitors the implementation of ASIDE projects out of such funds allocated to your State/UT. I would like to flag the issue that the release of the ASIDE

(State Component) funds allocated to State/UT depends upon: (a) the submission of Utilization Certificates (UC); and (b) Quarterly Progress Report (QPR) through Web Enabled Monitoring System (WEMS) of ASIDE etc. A delay in meeting these requirements leads to an avoidable delay in release of subsequent funds to the State/UT. I would, therefore, urge you to review the status of implementation of ASIDE with your nodal agency and ensure speedy completion of all formalities in this regard.

6. I am directing the nodal officer in this Department for your State/UT to attend the SLEPC meeting regularly. This will also review implementation closely and bring any action points necessary to improve and speed up implementation to your notice.

Regards.

Yours sincerely,

Sd/-

(Rahul Khullar)

Encl: As above

Shri Samar Ghosh,  
Chief Secretary,  
Government of West Bengal,  
Kolkata.

### **CHAPTER III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM  
GOVERNMENT**

-Nil-



## **CHAPTER IV**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Observation/Recommendation**

13. The Committee note with concern the inordinate delays in completion of 18 central and 51 State sector projects ranging between 6 to 78 months due to non-availability of site, delayed release of funds by the State Governments, additional work and heavy rains etc. Further, there were delays in completion of project and escalation of cost of Rs. 0.21 crore in Orissa and Rs. 2.41 crore in Uttar Pradesh. What is disturbing to the Committee is the fact that the total number of ASIDE projects which have exceeded their normal gestation period of 2 years *i.e.* completed beyond their normal date of completion stood at 134 projects as of November 2008 and the Department do not have the details of project-wise cost overrun incurred thereon. In this regard, the Department of Commerce have informed the Committee that the agencies have been requested to get the completion of projects expedited and ensure that in future every project is completed as per the implementation schedule, so that cost escalation is avoided. The Committee regret to note that these glaring lapses and deficiencies in the execution of project are indicative of lack of proper project planning and implementation of ASIDE projects and also absence of mechanism for ensuring synchronized coordination amongst the concerned authorities and Agencies at the Central and State levels to execute the projects. The Committee recommend that responsibility should be fixed on the persons responsible for these serious lapses which had caused not only significant loss to the exchequer in terms of cost overrun but also in slippage or targets with regard to development of export infrastructure. The details of project-wise cost overrun in respect of 134 projects as on November 2008 may also be intimated to the Committee alongwith the reasons therefore. The Committee further recommend that Department of Commerce should beef up their systems and procedure with regard to project planning and management as also the mechanism for monitoring the projects so that there are no cost and time overruns in the implementation of the projects in future.

[Para 13 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC), (15th Lok Sabha)]

#### **Action Taken**

The details of project-wise cost overrun in respect of 134 projects as on November 2008 is enclosed at Annexure-5.

Nodal Officers at the level of Joint Secretaries to each State/UT have been reassigned with only two States/UTs with each Nodal Officers with a view to ensure participation of Department of Commerce in each SLEPC meeting. In exceptional

circumstances, either JT. DGFT/DC, SEZ are requested to attend the SLEPC meeting and to report to Department of Commerce. Further, an Annual review meeting is held at the level of Additional Secretary/Special Secretary of Department of Commerce. Further, DO letters are also sent at Commerce Secretary/Special Secretary/Additional Secretary/Joint Secretary/Directors etc.

Further, States/UTs have been urged to complete projects at first approved by 2006-07 on priority and only thereafter to allot the fund for projects approved by 2007-08 and so on. In this regard, it is reiterated that as per request for additional fund by Manipur, West Bengal, Odisha, Andhra Pradesh and Karnataka, ASIDE fund have been released for completion of ongoing projects, taking projects approved by 2006-07 on priority.

Further, it has been emphasized that fund for the approved projects may only be released after land (if required) comes in actual possession of the Agency. This has sometimes necessitated time overrun.

Roles and responsibilities of DGFT in regard to ASIDE has been finalized and circulated.

#### **Audit Vetted Comments**

Annexure-5 does not have the details of the amount of cost overrun and the reasons thereof. The reply also does not address PAC's recommendation regarding fixing of responsibility for the lapses. The Department may, therefore kindly address these matter for PAC's appraisal.

#### **Department of Commerce Further Reply**

Annexure-5 has been up-dated based on the information available on WEMS (Web Enabled Monitoring System) or submission received so far by concerned State Governments/UT Administration.

Sd/-

Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC, dated 15.7.2011]

## ANNEXURE 5

(Rs. in lakhs)

## COST OVERRUN

Sl.No.	Project	Approval Year	Total Cost	Cost ASIDE	Status
1	2	3	4	5	6
<b>Assam</b>					
1.	Border Trade Centre, Mancachar	2002-2003	326.00 366.00	280.83 320.83	Completed (Dec., 2008)
2.	Dedicated 132 KV power supply to EPIP	2003-2004	120.00 219.00	120.00 120.00	Completed (No cost overrun ASIDE)
3.	Suterkandi Laxmi Bazar Road	2003-2004	300.00 374.68	374.68 374.68	Completed (No cost overrun ASIDE)
<b>Chandigarh</b>					
1.	Entrepreneur Development Centre at Chandigarh Technology Park, Chandigarh	2002-2003	1544.00 1872.00	772.00 936.00	Completed except for some interior work and procurement/installation works due to increase in prices of steel during the construction period resulted revised estimates.
<b>Jammu &amp; Kashmir</b>					
1.	IDC Rangreth, Sri Nagar, J & K	2004-2005	1,460.00 2267.00	1,328.00 2135.00	UI
<b>Jharkhand</b>					
1.	Adityapur Toll Bridge Second New Road Bridge across River Kharkai	2004-2005	5000.00 7,400.00	800.00 800.00	UI (No cost overrun ASIDE)

1	2	3	4	5	6
2.	Adityapur Industrial Water Supply Scheme	2004-2005	13,000.00 24,600,000	500.00 500.00	UI (No cost overrun ASIDE)
<b>Manipur</b>					
1.	Earth work in formation widening (0.00KM- 4.678 KM)	2005-2006	116.57 168.35	116.57 168.35	Completed (St. AC.CC Not included in the original estimate & estimate revised i/c cost of surface dressing.)
2.	Const. of pavement (0.00 KM- 4.675 KM)	2005-2006	243.48	168.59 243.48	UI (St. AC. CC Not included in the original estimate & estimate revised.)
3.	Const. of 1.50 M span RCC slab culvert (13 nos.)	2005-2006	91.26 175.24	91.26 175.24	Completed (St. AC.CC Not included in the original estimate & estimate revised & height of foun- dation & Breadth increase due to topographical condition of the area.)
4.	Const. of 6M span RCC slab culvert	2005-2006	13.87 27.96	13.87 27.96	Completed (-do-)
5.	Const. of Pucca line drain	2005-2006	53.29 76.96	53.29 76.96	UI (St. AC. CC Not included in the original estimate & estimate revised.)
6.	Const. of multi span RCC bridge	2005-2006	140.17 336.56	140.17 336.56	UI (-do-)

7. Road furniture (signboard and KM stone)	2005-2006	1.40 2.02	1.40 2.02	Completed (-do-)
<b>Tamil Nadu</b>				
1. SEZ at Ennore	2003-2004	110,000.00	200.00	UI (No cost escalation report)
2. Upgradation of infrastructure facilities in the Fishing Harbour of Chennai	2004-2005	317.78	286.00	Completed (-do-)
<b>Tripura</b>				
1. Integrated Development at Agartala	2002-2003	488.85	488.85	Completed
2. Rubber Park	2004-2005	1840.00	1840.00	Sanction 2008-09 completion expected June, 2011 (no cost overrun)
<b>Uttar Pradesh</b>				
1. ROB, Shastripuram-Artoni road, Agra	2002-2003	1792.70 1849.91	1639.20 1696.41	Completed (Railway Department took lots of time for furnishing G.A.D. approval and therefore work progress delayed.)
2. Upgradation of Rds./Drains of Industrial Estate, Aligarh	2005-2006	77.60 95.60	63.40 81.26	Completed

**Note:** UI stands for under implementation

## **CHAPTER V**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

#### **Observation/Recommendation**

2. While the ASIDE scheme guidelines clearly envisaged creation of export infrastructure for specific purposes having direct and overwhelming linkage with exports, the Committee, however note that in respect of 57 State Sector projects in 16 States and 22 Central Sector projects involving funding of Rs. 177.59 crore, approvals were given despite these being not covered under the scope of Scheme Guidelines and also not of capital in nature. Further, all the 22 Central Sector Projects were of revenue nature such as preparation of DPR/feasibility reports, development of road, waiting hall, canteen, accommodation for police personnel, purchase of software and hardware, furniture and office equipment etc. Which were not covered under the specified approved activities under the Scheme. Besides, 15 projects under EDF for North East including Sikkim involving Central Assistance of Rs. 1.12 crore were approved for undertaking activities like seminars, workshops, conferences, training programmes, expositions etc. which were not covered under the scope of the guidelines. The Secretary, Department of Commerce during evidence tried to under play the shortcomings in the approval of projects by merely stating that the total amount sanctioned under ASIDE scheme was between Rs. 2000 crore to Rs. 3000 crore only, which constituted a very insignificant portion of the total export infrastructure capital of about Rs. 22,00,000 crore. The Committee do not accept this view of the Ministry as the main objective of ASIDE scheme was to undertake only such Projects which would contribute to development of the country's export infrastructure. The Committee, therefore, recommend that the Ministry should probe into all cases of such ineligible ASIDE projects, which were approved with a view to fix responsibility on the delinquent Officials. The Committee also desire that the Ministry should take all necessary measures to streamline the procedure of approval of the projects under the Scheme so as to ensure that only those Projects are cleared which overwhelmingly contribute to the growth of exports and export infrastructure.

[Para 2 of the Part II, Twenty-third Report of the Public Accounts Committee  
(PAC) (15th Lok Sabha)]

#### **Action Taken**

22 Central Sector projects have been gone through afresh and in consonance of appreciation of facts by Principal Director (Audit), it has been found that reservations in regard to these projects have been removed in almost all projects. In one case of Madras SEZ, as the same has become now an Authority, Department of Commerce is processing the file for reimbursement of the same from Madras SEZ authority fund.

Reservations in regard to most of the 57 State Sector projects have been removed by Principal Director (Audit) and for the remaining, the response from States (Maharashtra, Manipur, Odisha and Uttar Pradesh) are awaited for further examination.

15 Projects under EDF for North East including Sikkim involving Central Assistance of Rs. 1.12 crore approved for undertaking activities like seminars, workshops, conferences, training programmes, expositions etc. have now been explicitly brought under the scope of the EDF-NER guidelines.

**Necessary measures to streamline the procedure of approval of the projects under the Scheme:** ASIDE (State Component): Export Commissioner is expected to make shelf of projects on priority accompanied by executive summary, project phasing, date of completion of project etc. for new projects and report financial/physical progress of ongoing projects for review. S/he is to prepare agenda for the State Level Export Promotion Committee (SLEPC) at least 15 days in advance and circulate among all members, SLEPC under the Chairmanship of the Chief Secretary is expected that projects are approved as per ASIDE guidelines and except in exceptional cases, no new project has a gestation period of more than 2 years. Such provision have been made to help SLEPC to achieve physical target in 2 years for each project.

Each State/UT are required to submit a quarterly report on financial progress in the format as prescribed in the guidelines which is used to review the progress of utilization of the funds released and for taking into consideration of further release of funds of State/UT by the Ministry. The States are required to submit utilization of the funds in the prescribed form GFR-19A in the period clearly stipulated in the sanction. If Utilisation Certificate (UC) becomes due and State/UT fail to produce Utilisation Certificate (UC), no fund under State component of ASIDE is allocated and sanctioned. e.g. In FY 2010-11, 7 States/UTs namely Andaman & Nicobar, Bihar Chandigarh, Dadra & Nagar Haveli, Delhi, Puducherry and Jharkhand have failed to have allocation and Arunachal Pradesh through got 1st installment of ASIDE (State-Component) but 2nd installment were not released due to large unspent balances *vis-a-vis* their committed liability.

Further, State/UTs have been urged to give priority to fund and complete ongoing projects within time bound manner so that projects sanctioned upto 2006-07 are completed by the end of December, 2010 and those sanctioned during 2007-08 are completed by 2010-11. It was also informed that any constraint on the part of State/UT should be brought to Department's notice.

#### **Audit Vetted Comments**

Apart from Maharashtra, Manipur, Odisha and Uttar Pradesh, response was also awaited from West Bengal, in respect of the State Sector Projects.

**Department of Commerce further Reply**

Response received so far from the State Government of Manipur and West Bengal is enclosed as Annexure 9(A) and 9(B) respectively.

Sd/-  
Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC, dated 15.07.2011]



ANNEXURE 9(A)

No. 6/1/2010-COM & IND/1222  
GOVERNMENT OF MANIPUR  
SECRETARIAT COMMERCE & INDUSTRIES DEPARTMENT

Imphal, the 2nd May, 2011.

To

The Under Secretary  
Government of India,  
Ministry of Commerce & Industry  
Department of Commerce (States Cell)  
Udyog Bhavan, New Delhi -110 011.

**Subject:** Examination of report of C&AG of India for the year ended March, 2006 Union Government (Civil) No. 18 of 2007 (Performance Audit) relating to ASIDE Scheme.

Sir,

I am directed to refer to your Office Memorandum No. 10/46/2007-SC dated 5.4.2011 on the above subject and to send herewith the requisite information in respect of Manipur State for taking further necessary action.

Encl: As above.

Yours faithfully,

Sd/-

(H. Rosita)  
Deputy Secretary to the Government of Manipur.

Copy to:-

The Director (Commerce & Industries), Manipur.

#### **UPDATED NOTE ON INTEGRATED CHECK POST AT MOREH**

In order to create an Integrated Check Post (ICP) at Moreh in the pattern of Wagah border, State Govt. has identified 45.50 acres (7.16 acres belong to Government land such as LCS, Commerce & Industries Department, PHED, Sarkari Nala, Foot-path etc. and the remaining 38.34 acres are occupied and recorded in the names of 295 individual land owners, of land near Gate No. 1. The Revenue Department, Govt. of Manipur *vide* their letter No. 4/18/LA/2007-Com(Rev) dated 5/7/2008 assessed compensation to the tune of Rs. 21,47,16,482/- towards acquisition of the land, horticultural plants, forest plants and building structures and the Deputy Commissioner, Chandel District acquired the private land by releasing the compensation amount released by MHA. The land was also handed over to the 31 Assam Rifles, Moreh as per instruction of Department of Border Management, Ministry of Home Affairs, Barbed wire fencing of the acquired land was executed by AR.

Further, the State Govt. has also transferred the State land to the Department of Border Management, MHA *vide* orders No. 21/1/2010 R dated 14/03/2011.

**FACILITIES TO BE PROVIDED:** The Integrated Check Post (ICP) , Moreh shall facilitate all agencies to operate under one roof with an integrated approach. The proposed centre shall have (i) Immigration Department, (ii) Local Police including Women Constable for immediate security, (iii) Land Customs Department, (iv) Customs Preventive Department, (v) Forests, (vi) Narcotics & Drug Control Department, (vii) Postal department, (viii) Bank Counter, (ix) Telecom, (x) Animal Quarantine, (xi) Plant Quarantine, (xii) Quality Certification Inspection Agencies/Export Promotion Councils, (xiii) Trade facilitation Counter and Trade related Public Bodies, (xiv) Food Testing Lab, (xv) Truck Parking facility, (xvi) Staff Quarters basic amenities such as Canteen Truck Drivers' Rest House etc.

#### **VALUE AND ITEM EXPORTED/IMPORTED AT MOREH-TAMU SECTOR**

Main items of Exports and Imports:

Exports: Wheat-flour, Bleaching powder, Fenugreek seeds, Abi seeds, Cumin seeds, Soyabari, Dry Chillies, Agarbati, Suman Rose Powder, Pea Garlic, Dry Buffalo offal etc.

Imports: Betel Nuts, Turmeric, Red Kidney Bean (Rajma), Kuth roots, Gram, Resin, Reed-brooms, Dry Ginger etc.

Year-wise volume of Trade (*source*: LCS, Moreh):

(in Rupees)				
Sl. No.	Period	Export	Import	Total
1.	1995-1996	10,45,27,782/-	5,38,99,029/-	15,84,26,811/-
2.	1996-1997	31,70,51,137/-	15,17,64,094/-	46,88,15,231/-
3.	1997-1998	22,44,72,930/-	35,08,34,823/-	57,53,07,753/-
4.	1998-1999	5,06,09,710/-	3,74,39,616/-	8,80,49,326/-
5.	1999-2000	3,25,65,827/-	3,67,97,316/-	6,93,63,143/-
6.	2000-2001	5,29,17,530/-	19,38,523/-	5,48,56,053/-
7.	2001-2002	1,25,08,345/-	8,29,71,255/-	9,54,79,600/-
8.	2002-2003	3,89,46,060/-	11,90,92,960/-	15,80,39,020/-
9.	2003-2004	9,45,82,647/-	8,85,91,062/-	18,31,73,709/-
10.	2004-2005	6,12,70,400/-	5,48,18,676/-	11,60,89,076/-
11.	2005-2006	3,86,66,699/-	5,21,15,866/-	9,07,82,565/-
12.	2006-2007	61,26,52,642/-	2,69,64,981/-	63,96,17,623/-
13.	2007-2008	4,93,74,078/-	13,46,73,330/-	18,40,47,408/-
14.	2008-2009	1,60,59,236/-	76,14,553/-	2,36,73,789/-
15.	2009-2010	21,50,40,000/-	8,31,52,391/-	29,81,92,391/-

## COMMENTS & STATUS

### 1. Warehouse, Trade Centre and LCS Complex related works:

Warehouse and Trade Centre at Moreh had been constructed under ASIDE fund and Addl. Central Assistance of Planning Commission respectively. The utility of warehouse in terms of its direct linkage with export-import is obvious and does not, therefore, need elaboration. The Trade Centre readily facilitates the exporters to establish direct contact with prospective buyers from across the international border and thus has direct linkage to growth of export. The function of the Land Customs Stations (LCS) is to regulate export-import; its direct linkage to the growth of export-import does not therefore, to be over-emphasized.

Although the area as a whole had a highly undulated topography, it was considered suitable to set up the LCS, warehouse, etc. as explained in LCS, Moreh's letter dated 19/5/2000 and CWC, Guwahati's letter dated 13/5/2002. Further, various facilities to be created within LCS complex, like, truck terminal, weighbridge etc. are listed in the then Joint Secretary, Department of Commerce, Government of India's D.O. Letter dated 5/8/2003. In order to create all such facilities as also to stabilize the surrounding lands, massive land development was necessary. Further, brick-walling of the lands and buildings of the LCS and warehouse was needed for safety and security reasons. Improvement of ceiling was for Trade Centre. It was necessary to stop water leakage in the ceiling and thereby saved the buildings from damages. For this building also, brick wall fencing had to be subsequently constructed for safety and security reasons.

As the above 3 establishments, namely, Warehouse, Trade Centre and LCS have direct linkage to the growth of export-import as stated above, land developments, brick-wall fencings and renovation of building thereof are considered justified to improve their working conditions which have direct linkage to growth of export-import. However, State Govt. had no fund to undertake these works. Therefore, the expenditures were made from ASIDE fund.

### 2. Convention Hall:

The Trade Centre has additional facilities, such as Conference Hall and Stay Facility. The specifications for creating this facility had earlier been intimated to the Department of Commerce, Government of India *vide* the State Govt.'s letter dated 22/9/2003.

There were standard infrastructures for both stay and organizing of meetings. During the visit of the Sub-Committee of the Parliamentary Standing Committee to look into the development of potential for Commerce in the North Eastern Region by encouraging trade with neighbouring and south East Asian countries on 30-31 January 1997, there was serious problems and they had to go back in the hilly and insurgent infested terrain in the night as there was no stay facility. As there was no space for discussion: the consultation took a very long time thereby delaying their departure from Moreh. This led to the State Government to consider for development of at least a reasonably good stay facility where visiting VIPs could stay overnight and a convention hall where meeting could be organized.

Across the border, there were sufficient standard stay facilities and there were halls where meeting could be organized with 40/50 participants. In view of the frequent meetings with the Myanmar counter-parts, it was very embarrassing as Manipur side could not host any such meetings at Moreh. On many occasions, the Myanmar Authority had requested for Manipur to host but all along the State Government had been politely refusing. The need was then more as it was decided to hold ground level meetings every quarters to sort out trade related issues and also to hold workshops/seminars where traders from both sides could participate to familiarize with the laws, rules and regulations of the two countries.

### 3. Improvement of approach roads:

The 3 approach roads, namely (i) Improvement of approach road near Gurdwara in Moreh, (ii) Improvement of approach road from Police Station to Gate No. 1, Moreh, and (iii) Improvement of approach road between NH-39 to Madrasi colony are not PWD roads. The local Small Town Committee was also fund-starved and almost non-functional.

The approach road (1) above links NH-39 to Gate No. 2 which is the most crowded barter trade point of the traditional exchange and solves the traffic problem since the other approach road from Gate No. 2 to NH-39 allows only one-way traffic. The approach road (2) above leads to LCS by avoiding the highly congested single-lane route crowded with human settlements, public bus parking etc. The approach road (3) above also touches the Government Hospital from both NH-39 and the approach road (1) above and thus serves to look after the emergency health care of the traders as well as officials besides lessening the traffic congestion.

Further, a number of industrial units more particularly in food processing and handloom & handicrafts were coming up during the period. Various industrial clusters were also expected to flourish. It was thus expected that development of the road infrastructure in particular were immediately needed to cater to the export of the products.

Therefore, the three approach roads were improved for the exports of exporters and importers as it was considered that these works could be undertaken for the purpose of development of complementary infrastructure which is one of the purpose identified in ASIDE guidelines.

ANNEXURE 9(B)

GOVERNMENT OF WEST BENGAL  
DIRECTORATE OF INDUSTRIES  
New Secretariat Buildings (9th floor)  
1, Kiron Sankar Roy Road, Kolkata-700 001

No. 51/SF/DIPS-67/2010-11

Dated Kolkata, the 13th April, 2011

To

Shri D.K. Verma,  
Under Secretary to the Government of India (ASIDE),  
Ministry of Commerce & Industry, Department of Commerce,  
Udyog Bhawan,  
New Delhi-110 011.

Sub.: Examination of report of C&AG of India for the year ended March 2006. Union  
Government (Civil) No. 18 of 2007 (Performance Audit) relating to ASIDE  
Scheme.

Sir,

Kindly refer to this office earlier letter under memo no. 264/DIPS/1E-196/2003  
dt. 12/08/2009 (copy enclosed) in connection with replies against issues pertaining  
to Performance Audit of ASIDE on the projects found ineligible under ASIDE.

Now, as directed I am further submitting herewith 15 (fifteen) photographs of facility  
created so far in respect of the five fisheries projects, which were not furnished with  
the above letter under reference due to non-availability.

In view of the above, it may be stated that the above information will suffice for  
furnishing the same to Audit/Public Accounts Committee.

Encl.: As stated above.

Yours faithfully,

Sd/-  
(Manirupa Bhattacharjya)  
OSD (Monitoring) &  
Jt. Director of Industries  
West Bengal

GOVERNMENT OF WEST BENGAL  
DIRECTORATE OF INDUSTRIES  
New Secretariat Buildings (9th floor)  
1, Kiron Sankar Roy Road, Kolkata-700 001

No. 264/DIPS/1E-196/2003

Dated Kolkata, the 12th August, 2009

To

Shri D.K. Verma,  
Under Secretary to the Government of India (ASIDE),  
Ministry of Commerce & Industry, Department of Commerce,  
Udyog Bhawan,  
New Delhi-110011.

Sir,

In your letter dated 19th July, 2009, you have referred to our FAX message No. 216/DIPS/1E-196/2003 dt. 16th June, 2009 on the subject mentioned above and sought for details of expenditure incurred on components like repair, maintenance and purchase of vehicles in each of these projects. It may be mentioned that the total amount provided to the so-called ineligible five projects was Rs. 500.00 lakhs and not Rs. 538.00 lakhs as stated in your letter.

We are now furnishing you with the details sought for:—

**1. Digba Fisheries Project:**

Estimated project cost	:	Rs. 136.21 lakhs
Capital cost (including repair & maintenance and transportation cost)	:	Rs. 65.88 lakhs
Repair & Maintenance cost	:	Rs. 11.60 lakhs
Transportation cost	:	Rs. 3.00 lakhs
Amount approved for funding from ASIDE	:	Rs. 60.00 lakhs

The rest of the project cost, *i.e.*, Rs. 76.21 lakhs was provided by the SFDC. The project is in operation and products are being regularly exported (export figures are being attached).

**2. Digha Brackish Water Fisheries Project:**

Estimated project cost	:	Rs. 136.17 lakhs
Capital cost (including repair & maintenance and transportation cost)	:	Rs. 76.79 lakhs
Repair & Maintenance cost	:	Rs. 8.68 lakhs
Transportation cost	:	Rs. 0.50 lakhs
Amount approved for funding from ASIDE:		Rs. 70.00 lakhs

The rest of the project cost, *i.e.*, Rs. 66.17 lakhs was borne by the SFDC. The project is operating in full swing and products are being regularly exported (export figures are being attached).

**3. Alampore Fisheries Project:**

Estimated project cost	:	Rs. 261.66 lakhs
Capital cost (including repair & maintenance and transportation cost)	:	Rs. 141.55 lakhs
Repair & Maintenance cost	:	Rs. 12.86 lakhs
Transportation cost	:	Rs. 4.50 lakhs
Amount approved for funding from ASIDE	:	Rs. 130.00 lakhs

The rest of the project cost, *i.e.*, Rs. 131.66 lakhs was borne by the SFDC. The project is in operation and products being regularly exported (export figures are being attached).

**4. Frasergunge Fisheries Project:**

Estimated project cost	:	Rs. 122.56 lakhs
Capital cost (including repair & maintenance and transportation cost)	:	Rs. 63.22 lakhs
Repair & Maintenance cost	:	Rs. 15.48 lakhs
Transportation cost	:	Rs. 0.50 lakhs
Amount approved for funding from ASIDE:		Rs. 60.00 lakhs

The rest of the project cost, *i.e.*, Rs. 62.56 lakhs was borne by the SFDC. The project is in operation and products being regularly exported (export figures are being attached).



### 5. Henry's Island Fisheries Project:

Estimated project cost	:	Rs. 298.36 lakhs
Capital cost (including repair & maintenance and transportation cost)	:	Rs. 198.31 lakhs
Repair & Maintenance cost	:	Rs. 23.20 lakhs
Transportation cost	:	Rs. 5.00 lakhs
Amount approved for funding from ASIDE:		Rs. 180.00 lakhs

The rest of the project cost, *i.e.*, Rs.118.36 lakhs was borne by the SFDC. The project is in operation and products being regularly exported (export figures are being attached).

All the projects had used a part of the allotment in repairing their existing infrastructure. This had been done with the consent of the West Bengal SLEPC which was convinced of the necessity of doing so. A major portion of the amount received was expended for enhancing the infrastructure by new additions, repair and maintenance of the existing infrastructure.

It may be kept in mind that none of the projects were allotted the total amount of the estimated capital cost which was the amount sought for. Thus, though nominal expenditure against transportation had been included in the capital project cost, such cost was presumably not approved by the SLEPC and allotment from ASIDE was not made against such cost.

None of the five projects were completely new. When they sought for ASIDE funds in the years 2002-03 and 2003-04, they did so to enhance their export potential. That they succeeded in their goal is evident from the attached export figures which show remarkable improvement in production and revenue earnings after 2002-03 and 2003-04, *i.e.*, after receiving the allotment from ASIDE.

We hope we have been able to provide all the information sought for. We may also take the opportunity of emphasizing a few more points:

- (1) West Bengal is a major exporter of fish and the SLEPC (in the year 2002) had not found it improper to fund fisheries projects under ASIDE as such projects contributed considerably in export earnings.
- (2) The ASIDE guidelines have categorically emphasized on giving impetus to schemes of importance and West Bengal earns considerably from export of fish.
- (3) The five fisheries projects under review were funded from ASIDE in the year 2002-2003 the initial years of the operation of the scheme. Deliberations on the functioning of the scheme over the years have gradually made it well-defined and specific. This was perhaps not so during the initial years when guidelines were more general in nature and nothing in the said guidelines stated anything

to mark the fisheries projects as '*ineligible*'. Rather, under the head 'Approved purpose of the scheme', it was clearly stated 'the activities aimed at development of infrastructure for exports can be funded from the scheme provided such activities have an overwhelming export content and their linkage with exports is fully established'. "Among the various specific purposes named, for which the funds allocated under the scheme can be sanctioned and utilized", "projects of national and regional importance" received special mention.

We hope the above information will suffice in explaining away the tag of '*ineligible*' which is being attached to the funding of fisheries projects in West Bengal.

Yours faithfully,

Sd/-

Director of Industries  
West Bengal.

No. 264(4)/DIPS/1E-196/2003

Dated Kolkata, the 12th August, 2009

Copy forwarded to:

1. Sri Bhaskar Khulbe, I.A.S., Advisor (Industry), Government of West Bengal.
2. Joint Secretary to the West Bengal, Commerce & Industries Department.
3. Secretary, Department of Fisheries, West Bengal.
4. Managing Director, The State Fisheries Development Corporation Ltd.

Sd/-

Director of Industries  
West Bengal.

**Export of Prawn and Mullet of SFDC Ltd. during 2001-2002—2004-05 (4 Years)**

Name of Project	Species	2001-2002		2002-03		2003-04		2004-05	
		Production Kg	Revenue Rs. (Lakh)	Production Kg	Revenue Rs. (Lakh)	Production Kg	Revenue Rs. (Lakh)	Production Kg	Revenue Rs. (Lakh)
1	2	3	4	5	6	7	8	9	10
Alampur & UNDP	Tiger Prawn	2900.15	5.8	3000.25	6.30	3500.35	7.30	4400.15	8.30
	Scampi	3750.25	8.0	4050.00	8.20	4500.15	9.20	5850.00	11.10
	Mullet	9000.35	6.0	9800.00	6.10	10500.35	7.35	11000.25	8.00
	<b>Total</b>	<b>15650.75</b>	<b>19.80</b>	<b>16850.25</b>	<b>20.60</b>	<b>18500.85</b>	<b>23.85</b>	<b>21250.40</b>	<b>27.40</b>
Digha	Tiger Prawn	1800.25	3.60	2000.15	4.00	2300.00	4.70	2500.15	5.20
	Scampi	1000.35	2.10	1150.25	2.35	1300.15	2.70	1500.00	3.30
	Mullet	1300.15	0.80	1500.15	0.90	1600.55	1.00	1590.35	1.00
	<b>Total</b>	<b>4100.75</b>	<b>6.50</b>	<b>4650.55</b>	<b>7.25</b>	<b>5200.70</b>	<b>8.40</b>	<b>5590.50</b>	<b>9.50</b>
Digha	Tiger Prawn	500.15	0.95	535.50	1.10	540.10	1.05	550.50	1.10
Brackish	Scampi	1150.25	2.15	1250.50	2.40	1300.50	2.60	1400.50	2.90
Water F.P.	Mullet	1375.50	0.80	1450.00	0.85	1600.10	0.95	1700.25	1.05
	<b>Total</b>	<b>3025.90</b>	<b>3.90</b>	<b>3236.00</b>	<b>4.35</b>	<b>3440.70</b>	<b>4.60</b>	<b>3651.25</b>	<b>5.05</b>
Henry's	Tiger Prawn	4000.50	8.00	4500.50	9.10	4800.50	9.75	5300.15	10.60
Island	Scampi	400.50	0.80	430.50	0.98	490.00	1.00	500.50	1.05
Project	Mullet	4000.50	2.40	4100.00	2.50	4500.50	2.80	4700.25	2.95
	<b>Total</b>	<b>8401.50</b>	<b>11.20</b>	<b>9031.00</b>	<b>12.58</b>	<b>9791.00</b>	<b>13.55</b>	<b>10500.90</b>	<b>14.60</b>

1	2	3	4	5	6	7	8	9	10
Fresurgunj	Tiger Prawn	3000.50	6.00	3450.50	7.00	3700.00	7.50	4000.15	8.15
F.P.	Scampi	700.25	1.45	875.25	1.75	850.50	1.75	900.35	1.85
	Mullet	1700.25	1.02	1750.25	1.05	1900.50	1.15	2050.50	1.25
	<b>Total</b>	<b>5401.00</b>	<b>8.47</b>	<b>6076.00</b>	<b>9.80</b>	<b>6451.00</b>	<b>10.40</b>	<b>6951.00</b>	<b>11.25</b>

**Export of Prawn and Mullet of SFDC Ltd. for last 3 years**

Name of Project	Species	2005-06		2006-07		2007-08	
		Production (in Kg.)	Revenue (in Rs.)	Production (in Kg.)	Revenue (in Rs.)	Production (in Kg.)	Revenue (in Rs.)
1	2	3	4	5	6	7	8
Alampur F.P.	Tiger Prawn	4125.15	859775.65	9751.30	2625379.65	7208.20	1723254.15
	Scampi	2763.70	606098.2	2122.45	488053.50	2477.35	501718.20
	Mullet	11857.80	707070.00	10383.55	673887.25	10850.85	779872.25
	<b>Total</b>	<b>18746.65</b>	<b>2172943.85</b>	<b>22257.30</b>	<b>3787320.40</b>	<b>20536.40</b>	<b>3004844.60</b>
UNDP	Scampi	1697.25	411774.9	954.65	242526.60	1826.70	384302.65
	Tiger Prawn	4245.55	819440.4	6140.33	1661339.14	4446.85	988153.65
	Mullet	6702.55	393178.3	2231.30	166352.60	7118.45	545403.95
	<b>Total</b>	<b>12645.35</b>	<b>1624394.90</b>	<b>9326.28</b>	<b>2070218.34</b>	<b>13392.00</b>	<b>1917860.25</b>
Digha	Tiger Prawn	3840.05	860901.40	1990.00	567378.15	2818.60	447801.66
	Scampi	2626.57	519349.85	2518.99	609853.50	2478.95	560986.80
	Mullet	2238.55	129433.00	7156.85	464004.50	8811.85	668498.00
	<b>Total</b>	<b>8705.17</b>	<b>1509684.25</b>	<b>11665.84</b>	<b>1641236.15</b>	<b>14109.40</b>	<b>1677286.46</b>
Digha	Tiger Prawn	599.505	132011.15	1615.655	433068.20	1529.29	359754.75
Brackish	Scampi	1473.00	304537.20	493.745	108197.95	150.28	29005.85
Water F.P.	Mullet	1840.150	124393.95	3398.700	222815.95	2378.40	183464.40
	<b>Total</b>	<b>3912.655</b>	<b>560942.30</b>	<b>5508.10</b>	<b>764082.10</b>	<b>4057.97</b>	<b>572225.00</b>

1	2	3	4	5	6	7	8
Henry's	Tiger Prawn	7440.05	1820154.75	5505.50	1449365.40	3353.35	856445.00
Island	Scampi	808.60	181854.85	2610.00	538480.00	913.25	184762.50
Project	Mullet	5806.95	464514.20	3181.45	307370.05	1879.20	181550.35
	<b>Total</b>	<b>14055.60</b>	<b>2466523.80</b>	<b>11296.95</b>	<b>2295215.45</b>	<b>6205.80</b>	<b>1222757.85</b>
Fresurgunj	Tiger Prawn	4153.67	1044304.00	3159.20	950983.50	5223.55	1338703.00
F.P.	Scampi	983.00	229463.00	1024.50	208899.60	1560.80	272750.50
	Mullet	2533.45	199041.85	1477.85	144280.20	905.60	83718.75
	<b>Total</b>	<b>7670.12</b>	<b>1472808.85</b>	<b>5661.10</b>	<b>1304163.30</b>	<b>7689.95</b>	<b>1695172.25</b>

### **Observation/Recommendation**

3. The Committee's examination of the subject has revealed that the definition of projects which can be taken up under ASIDE scheme appears to be too vague and general as the types of projects/works, which can be covered under the scheme, has not been precisely delineated. Similarly, no specific or clear cut criteria for approving the projects of "national and regional importance" have been incorporated in the scheme guidelines. As a result, there is lot of scope for misinterpretation of the scheme guidelines and any project remotely connected to exports can be accorded approval in the guise of developing and promoting exports and export infrastructure. As such, the State Level Export Promotion Committees and the Department of Commerce have been freely approving any project under a mistaken notion that anything directly or indirectly associated with exports can be deemed as export infrastructure. This lacuna appears to be the main cause of approving the ineligible projects under ASIDE scheme and also for the thin spread of resources amongst small and insignificant projects. The Committee do not accept the Department of Commerce' contention that the existing guidelines are adequate, comprehensive, explicit and realistic and hence no modification is required. The Committee need hardly emphasize that the aims and objectives of ASIDE scheme should not be diluted or compromised and the type and nature of projects that can be taken up under the scheme, subject to location variations, should be clearly spelt out and delineated so that only those schemes, which would directly contribute to the country's long term export infrastructure for achieving accelerated growth of exports, are taken up under the scheme. Necessary measures for ensuring strict compliance by the States/SLEPC to these specific guidelines in letter and spirit should be taken and enforced invariably.

[Para 3 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

### **Action Taken**

Necessary measures for ensuring strict compliance by the States/SLEPC to ASIDE guidelines in letter and spirit are as under:—

- (i) The above observation and recommendation has been forwarded to all States/UTs for information and compliance. States/UTs have ensured compliance of it in future also.
- (ii) In a review meeting taken by the Special Secretary regarding performance of States/UTs in regard to ASIDE Scheme dated 27.9.2010 and 4.3.2011, States/UTs have been emphasized for compliance of ASIDE guidelines while considering proposal for approval under State component of ASIDE, particularly type and nature of projects among others.
- (iii) Joint Director General of Foreign Trade (Jt. DGFT)/Development Commissioner (DC) of Special Economic Zones (SEZs) are sensitized in this regard and asked to report Department of Commerce any discrepancies, if they think so. Department of Commerce will act on the report and take corrective action(s).

- (iv) Nodal Officers at the level of Joint Secretary (JS) of Department of Commerce and DGFT have been assigned two/three States/UTs for participating in SLEPC Meeting. This has been done in light of more frequency of SLEPC meetings and ensuring participation of Nodal Officers in SLEPC meetings.

#### **Audit Vetted Comments**

The reply does not explicitly address the PAC's recommendation. As the Committee has not accepted the Department's contention that the existing guidelines are adequate, comprehensive, explicit and realistic and hence no modification is required it has recommended the "the type and nature of projects that can be taken up under the scheme, subject to location variations, **should be clearly spelt out and delineated**" and that "necessary measures for ensuring strict compliance by the States/SLEPC to these specific guidelines in letter and spirit should be taken and enforced invariably". However, in reply, the Department has mentioned about the necessary measures taken by them for ensuring strict compliance to the existing ASIDE guidelines in letter and spirit. Therefore, the Department may kindly give a specific reply to the PAC for their appreciation.

#### **Department of Commerce Further Reply**

The objective of ASIDE scheme is to actively involve States/UTs in export effort by providing assistance to the State Governments/UT Administrations for creating appropriate infrastructure for development and growth of exports. In pursuance of this objective, guidelines for ASIDE scheme has been formulated. Based on implementation process of the scheme and after due consultation, modifications/additions to guidelines are undertaken.

A mid-term appraisal of the Scheme for 11th Five Year Plan (FYP) period had been commissioned by Department of Commerce, New Delhi. Its findings are under examination. Further, all State Governments/UT Administrations are being consulted in the process and wherever necessary, modifications of ASIDE guidelines are to be carried out so as to ensure the objective laid down in the scheme are fully addressed. The recommendation of PAC in this regard will be duly incorporated in the above process.

Sd/-

Signature of  
Joint Secretary

[Department of Commerce, OM No. 10/46/2007-SC dated 15.07.2011]

#### **Observation/Recommendation**

12. Another area of concern relating to implementation of the Scheme is cancellation and non-commissioning of large shelf of projects. The Committee are perturbed to note that out of total 848 State sector projects approved upto 2006-07, 99 had been cancelled and 29 projects had not been started. As regards Central Component projects, out of 349 projects approved till 2009-10 (as on 26.2.2010), 13 projects had been cancelled. The Committee are dismayed at the cancellation of large number of projects



which had led to sheer wastage of huge sums of public money. This could have been avoided, had the Department of Commerce and the respective SLEPCs followed the norms of project management. As this reflects poor project planning and management on the part of States and Implementing Agencies, the Committee recommend that all the cases of cancellation of ASIDE projects should be gone into with a view to fixing responsibility on the delinquent officials. While cautioning the Department of Commerce not to resort to indiscriminate sanctioning and consequential abandoning of ASIDE projects, the Committee recommend that the Department should follow due diligence while preparing/approving the Detailed Project Reports of the projects to be undertaken under ASIDE Scheme. As far as possible only such projects which are economically feasible should be taken up for implementation supported by best management practices.

[Para 12 of the Part II, Twenty-third Report of the Public Accounts Committee (PAC) (15th Lok Sabha)]

#### **Action Taken**

The status of cancelled projects (13) under Central Component of ASIDE may be seen at Annexure-4.

Project Proposals are being called as per prescribed format under ASIDE guidelines alongwith Detailed Project Report (DPR) and are examined in Department of Commerce taking into account of cost benefit analysis, details of cost of each component of the project benefits accruing both in qualitative and quantitative terms, among others. After detailed examination, the project proposals are being placed before Empowered Committee on ASIDE for its Consideration. Moreover, States/UTs have also been stressed upon to go for the same before placing the project proposal for consideration of SLEPC.

#### **Audit Vetted Comments**

Department of Commerce may also kindly address PAC's recommendation regarding fixing of responsibility.

#### **Department of Commerce Further Reply**

Comments of all States/UTs have been sought for further examination of the matter. Moreover, Department of Commerce is also strengthening the monitoring mechanism through WEMS (Web Enabled Monitoring System) and participation of Nodal Officers in DoC/Jt. DGFT/DC SEZ in SLEPC meeting and other available opportunities.

Sd/-

Signature of  
Joint Secretary

[Department of Commerce, OM.No. 10/46/2007-SC dated 15.07.2011]

NEW DELHI;  
28 March, 2012  
8 Chaitra, 1934 (Saka)

DR. MURLI MANOHAR JOSHI  
Chairman,  
Public Accounts Committee.

ANNEXURE 4

S.No.	Project Name	Agency	Status
1.	Establishment of two CETPs/Leather Industrial Park at Industrial Growth Centre, Lassipora, Pulwama and Industrial Growth Centre, Samba, J & K	Council for Leather Exports (CLE) Chennai	ASIDE fund surrendered by CLE.
2.	Proposal of the CLE for undertakinhg Animal Welfare Projects in West Bengal and Karnataka	-do-	ASIDE fund surrendered alongwith UC of Rs 10 lac.
3.	Modernization of Puthiyappa Fisheries Harbour	Govt. of Kerala	No ASIDE fund released.
4.	Modernization of Beypore Fisheries Harbour	-do-	-do-
5.	Modernization of Sakhtikulangara side of Neendakara Fisheries Harbour	-do-	-do-
6.	Privatisation of Operation and Maintenance services of KSEZ	Kandla SEZ	Cancelled.
7.	Setting up of Incinerator	-do-	No ASIDE fund released.
8.	Purchase of V set of 12 modules from NBCC	Madras SEZ	Utilisation Certificate (UC) for released ASIDE fund received.
9.	Network of ducts for electrical cables	-do-	
10.	Setting up of 33 KVA sub-station	-do-	ASIDE fund surrendered by Madras SEZ.
11.	Restoration, renovation and augmentation of electricity supply & distribution system in NOIDA	Noida SEZ	No ASIDE fund released.
12.	Widening of Approach Road to VEPZ to the main gate near Railway Crossing	Visakhapatnam SEZ	-do-
13.	Setting up of Auction Centre in Mallickghat Flower Market at Kolkata	West Bengal Food Processing Industries and Horticulture Development Corporation Ltd.	Amount Surrendered by Agency.

## APPENDIX I

### MINUTES OF THE NINETEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2011-12) HELD ON 22ND MARCH, 2012

The Public Accounts Committee sat on Thursday, the 22nd March, 2012 from 1500 hrs. to 1600 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

#### PRESENT

Dr. Murli Manohar Joshi — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Shri Bhartruhari Mahtab
4. Shri Shripad Yesso Naik
5. Shri Jagdambika Pal

##### *Rajya Sabha*

6. Shri Tariq Anwar
7. Shri Prasanta Chatterjee
8. Shri Naresh Gujral
9. Shri Prakash Javadekar
10. Shri J.D. Seelam
11. Prof. Saif-ud-Din Soz

#### SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri H.R. Kamboj — *Additional Director*
4. Shri D.R. Mohanty — *Deputy Secretary*

#### **Representatives of the Office of the Comptroller and Auditor General of India**

1. Shri Gautam Guha — *Director General of Audit*
2. Shri R.S. Mathrani — *Director General of Audit (Report Central)*
3. Ms. Ila Singh — *Principal Director of Audit*

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the sitting of the Committee. Apprising that the

meeting had been convened to consider and adopt three Original Draft Reports on 'Training of Pilots in the Indian Air Force', 'Abnormal Delay in Execution of Ordnance Factory Nalanda', and 'Member of Parliament Local Area Development Scheme (MPLADS)' and one Action Taken Report on 'Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme', the Chairman thanked the Convenor and the Members of the Sub-Committee who took evidence of the representatives of various Ministries/Departments in connection with the examination of the above original subjects, especially 'MPLADS' and finalized the Draft Reports for being placed before the Main Committee for their consideration. The Chairman, then, suggested that the Draft Report on 'MPLADS' be taken up first for consideration/discussion. The Members concurred and the Chairman, thereafter, requested the Convenor, Sub-Committee-I to give a brief overview of the issues contained in the Draft Report.

- |    |     |     |     |
|----|-----|-----|-----|
| 3. | *** | *** | *** |
| 4. | *** | *** | *** |
| 5. | *** | *** | *** |
| 6. | *** | *** | *** |
| 7. | *** | *** | *** |

8. The Committee, thereafter, took up for consideration the following other Draft Reports and adopted the same:

- |       |                                                                                                                                                                                                                                              |     |     |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| (i)   | ***                                                                                                                                                                                                                                          | *** | *** |
| (ii)  | ***                                                                                                                                                                                                                                          | *** | *** |
| (iii) | Action Taken by the Government on Observations/Recommendations of the Committee contained in their Twenty-third Report (15th Lok Sabha) on 'Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme'. |     |     |

9. The Committee, then, authorized the Chairman to finalise the adopted Draft Reports in light of the views expressed by the Members and factual verifications made by Audit and present them to Parliament on a date convenient to him.

10. The Chairman thanked the Members for their active participation in the discussions and valuable suggestions on the Draft Reports.

*The Committee, then, adjourned.*

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\*\*\*Matters not related to this Report.

## APPENDIX II

(Vide Paragraph 5 of Introduction)

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR TWENTY-THIRD REPORT (FIFTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations:	18
(ii)	Observations/Recommendations, which have been accepted by the Government:	
	Recommendation Paragraph Nos.: 1, 4—11 and 14—18	
	Total:	14
	Percentage:	77.78
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:	
	Recommendation Paragraph No.: Nil	
	Total:	Nil
	Percentage:	Nil
(iv)	Observations/Recommendations in respect of which the replies of the Government have not been accepted by the Committee and which require reiteration:	
	Recommendation Paragraph No.: 13	
	Total:	1
	Percentage:	5.56
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies:	
	Recommendation Paragraph Nos.: 2,3 and 12	
	Total:	3
	Percentage:	16.67