

**COMMITTEE ON PAPERS LAID ON THE TABLE  
(2019-2020)**

**SEVENTEENTH LOK SABHA**

**8**

**EIGHTH REPORT**

**Report on Delay in laying of the Annual Reports and Audited  
Accounts of the Export Inspection Council (EIC)**

**(Presented on 20.03.2020)**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI  
March, 2020/ Phalguna, 1941(Saka)**

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**COMPOSITION OF COMMITTEE ON PAPERS LAID ON THE TABLE**  
**(2019-2020)**

**CHAIRPERSON**

Shri Shyam Singh Yadav

**MEMBERS**

2. Shri Shafiqur Rahman Barq
3. Shri Margani Bharat
4. Dr. A. Chellakumar
5. Shri Pallab Lochan Das
6. Shri Chowdhury Mohan Jatua
7. Choudhary Mehboob Ali Kaiser
8. Dr. Amol Ramsing Kolhe
9. Shri Raja Amareshwara Naik
10. Shri Jamyang Tsering Namgyal
11. Smt. Aparupa Poddar
12. Shri T.N. Prathapan
13. Shri S. Ramalingam
14. Shri Saptagiri Ulaka
15. Shri Ashok Kumar Yadav

**SECRETARIAT**

- |    |                          |   |                             |
|----|--------------------------|---|-----------------------------|
| 1. | Shri B. Srinivasa Prabhu | - | Joint Secretary             |
| 2. | Shri Kushal Sarkar       | - | Director                    |
| 3. | Shri Munish Kumar Rewari | - | Additional Director         |
| 4. | Smt Rajni Bhagat         | - | Committee Officer           |
| 5. | Shri Darpan Sharma       | - | Assistant Executive Officer |

## **INTRODUCTION**

I, Chairperson of the Committee on Papers Laid on the Table of the House (2019-20), having been authorized by the Committee to present this Report on their behalf, present this Eighth Report in respect of delay in laying of the Annual Reports together with Audited Accounts of the Export Inspection Council, an autonomous organisation under the Ministry of Commerce and Industry.

2. In terms of the recommendation of the Committee on Papers Laid on the Table contained in its First Report, Second Report (5th Lok Sabha) and Second Report (6th Lok Sabha) presented to the House on 08 March 1976; 12 May 1976 and 22 December 1977 respectively, the Annual Report and Audited Accounts of the Organization/Company are required to be laid on the Table of the House within nine months of the closure of Accounting Year.

3. The Committee considered the matter of delays in laying of the Annual Reports and Audited Accounts of the Export Inspection Council for the year 2012-13 to 2016-17 and took oral evidence of the representatives of the Ministry of Commerce and Industry at their sitting held on 18th December, 2018 in this connection.

4. The Committee considered and adopted this Report at their sitting held on 04.03.2020.

5. The Committee wish to express their thanks to the officers of the Ministry of Commerce and Industry for furnishing the written replies, other material/information and for placing their views in the matter before the Committee.

6. The Observations / Recommendations of the Committee have been printed in bold letters at the end of the Report.

**New Delhi**  
**March, 2020**  
**Phalguna, 1941 (Saka)**

**Shyam Singh Yadav**  
**Chairperson**  
**Committee on Papers Laid on the Table**  
**Lok Sabha**

**Report**  
**Delay in laying of the Annual Reports and Audited Accounts of the  
Export Inspection Council (EIC).**

The Export Inspection Council (EIC) was set up by the Government of India under Section 3 of the Export (Quality Control & Inspection Act, 1963) with the objective of sound development of the export trade of India through quality control and inspection and for matters connected therewith.

2. The Ministry of Commerce and Industry provides funds to the EIC. The statement showing the funds released to the Council by the Ministry for the years 2012-13 to 2016-17 is at **Annexure-I**.

3. The Ministry in its written submission apprised the Committee that EIC forwards its Annual Reports and Audited Accounts for laying in both the Houses of Parliament through Department of Commerce, Ministry of Commerce & Industry under Rule 17 of the Export (Quality Control & Inspection) Rules, 1964 which stipulates that:

*"The Annual Reports and Audited Accounts of the Export Inspection Council/Agencies shall be laid before the House of Parliament nine months from the closing of the accounting year"*

4. In terms of the recommendations of the Committee on Papers Laid on the Table [Second Report (6<sup>th</sup> Lok Sabha), para 1.12], presented to the House on 22 December, 1977, all Statutory /Autonomous Organisations, Public Undertakings, Corporations, Joint Ventures, Societies, etc., which are financed out of funds drawn from the Consolidated Fund of India, after being voted by the Parliament, in the form of shares, subsidies, grants-in-aid, etc., either wholly or partly should lay their Annual Reports/Audit Reports (both English and Hindi versions).

5. The Committee have, in their First Report (5<sup>th</sup> Lok Sabha) presented to the House on 08 March, 1976, emphasized that the Autonomous Organizations should lay their Annual Report, Audited Accounts and Review within nine months of the close of the respective Accounting Year. Further, it is the responsibility of the Administrative Ministry to lay the Annual Report and Audited Accounts of the Organisation on the Table of the House. However, if for any reason, the Annual Reports and Audited Accounts could not be laid within the prescribed period of nine

months, the Ministry concerned should lay a Statement within 30 days of the expiry of the said period or as soon as the House meets, whichever is later, explaining the reasons as to why the documents could not be laid in time.

6. The examination of the Annual Reports and Audited Accounts of the EIC for the years 2012-13 to 2016-17 by the Parliamentary Committee on Papers Laid on the Table (Lok Sabha) revealed repeated inordinate delays in laying of these documents. The Annual Reports and Audited Accounts of the EIC for the years 2012-13 to 2016-17 were laid on the Table of the House with delays ranging from 11 months to 35 months.. The dates of laying alongwith extent of delay in laying of the Annual Reports/Audited Accounts of the EIC have been given at **Annexure-II**.

7. On being asked about the information in chronological sequence of time taken at each stage in respect of finalization of Annual Reports and Audited Accounts of EIC for the years 2012-2013 to 2017-2018, the Ministry submitted that due to paucity of time the desired detailed information couldn't be compiled. The statement showing normal and actual time taken at the stage of auditing and issuance of Audit Report furnished by the Ministry for the year(s) 2012-13 to 2017-18 is placed at **Annexure-III**.

8. The Ministry in its written note have submitted the reasons for delay in laying of the Annual Reports and Audited Accounts of EIC for the year(s) 2013-14 to 2016-17 as under:-

*" The reasons for delay can be classified into two broad categories:*

*(i) Administrative Reasons: For the annual report for the year 2013-14 and 2014-15 the delay is attributable to the fact that notified Council expired on 7th June 2014. Because of various administrative exigencies the notification of the new Council could not be done and it was notified only in February 2016. Thus there was a delay in approval of the accounts which resulted in delay in laying of Annual Report and Audited Accounts in the Parliament.*

*There was a delay in receiving the Separate Audit Report (SAR) from C&AG for the year 2015-16 which resulted in delay in laying of Annual Report & Audited Accounts. For the year 2016-17, the Annual Report is ready but the SAR is yet to be received from C&AG in absence of which, it could not be laid before Parliament.*

*(ii) Delays beyond Control of EIC: Issuance of Audit certificate by the C&AG is the other aspect which causes delays. Such delays are beyond control of EIC. For instance in the year 2016-17, the audit certificate has not been issued so far, thereby causing a delay in laying of the Annual Reports and Audited Accounts in the Parliament."*

9. The Committee desired to know whether the Ministry has drawn up any time schedule to be followed by organisations under it for completion of work at each stage regarding preparation of Annual Reports and Audited Accounts, and if not, the reasons there of. The Ministry in its written reply submitted as under :-

*"As laid down under Rule 17 of The Export (Quality Control and Inspection) Rules, 1964 the Annual Reports and Audited Accounts of the Export Inspection Council/Agencies shall be laid before the House of Parliament nine months from the closing of the accounting year."*

10. As regard to monitoring mechanism to ensure timely laying of the documents, the Ministry in its written note stated as under:-

*"The activities including those concerning Annual Report and Audited Accounts are regularly monitored by Governing Council which is headed by Chairman EIC who is nominated by Government of India. Such monitoring is being enforced regularly to ensure that time lines laid down are strictly adhered to. However the delay which is beyond the control of EIC cannot be envisaged and thus there are certain cases of delay."*

11. Regarding remedial measures proposed to be taken/proposed to be taken both by the Ministry and the Council to ensure timely laying of the documents before Parliament within the prescribed period in future, the Ministry in its written note stated as under :-

*" Information technology tools are being used to compile and finalise the books of accounts of EIC and EIAs at an early date so as to reduce normative time lines for audit. A proposal for merger of accounts of EIAs is also under active consideration which would reduce the audit locations from current level of 6 to 2. This would ensure reduced timelines for issue of audit certificates by C & AG offices."*

12. The Committee considered the matter of delays in laying of Annual Reports and Audited Accounts of EIC for the years 2012-13 to 2016-17, and took oral evidence of the representatives of the Ministry of Commerce and Industry and EIC on this issue on 18th December, 2018.

13. The Secretary, Ministry of Commerce deposing before the Committee regretted the delay in laying of Annual Reports and Audited Accounts of EIC and assured the Committee as follows:

*"As soon as we receive the Audit Report for the year 2016-17, we will present it to the House without any delay. We have made efforts in this connection by holding meeting personally with the CAG and written letter also to them. We hope we will receive CAG report soon. As soon as the Report is received, we will present accounts without any delay. Our all efforts are that we will do so before the adjournment of this session*

*Now the audit for the year 2017-18 is going on. We will try to extend our full cooperation to CAG so that preparation as well as submission of the said Audit Report could be ensured on time*

*There are internal auditors separately for the Council. The Council uses also its own software for preparing its accounts. We have issued warning to all for causing any delay in future. We will particularly keep it in mind in future."*

14. The Committee, however, note that the Annual Report and Audited Accounts of EIC for the year 2017-18 and 2018-19 have not been laid on the Table of the House till date.

## Observations/Recommendations

15. The Committee note that the Export Inspection Council (EIC) under the Ministry of Commerce and Industry has failed to comply with the time frame prescribed in the recommendations of this Committee and Rule 17 of the Export (Quality Control & Inspection) Rules, 1964 regarding laying of Annual Reports and Audited Accounts within nine months from the closure of the accounting year. The Annual Report and Audit Accounts for the year(s) 2012-13 to 2015-16 were laid with excessive delays ranging between 11 to 35 months. The Committee is disappointed to note that despite the assurance given by the Secretary during the evidence, these documents for the year 2016-17 have been laid with delays of 18 month. Further, the documents for the year 2017-18 and 2018-19 have not been laid as yet. Timely submission of the Annual Report and Audited Accounts of an organization is required to enable scrutiny of these documents by the House at the time of consideration of demands for grants pertaining to the Ministry.

16. The Committee was apprised that the delay for the year 2012-13 occurred in compilation of Annual Accounts, however, the Committee note that after receipt of Audit Certificate from CAG, the EIC/Ministry took about three years in processing of the Report and its presentation before the Parliament. The Committee would like to be apprised about the detailed reason behind the prolonged delay.

Further, the Committee note that the delay for the years 2013-14 and 2014-15 occurred due to absence of a notified Council which resulted in delay in approval of the accounts for these years. The Committee failed to understand why it took twenty months in notification of a new Council. The Committee directs the Ministry to give priority to formation of a new Council to avoid delays in future.

17. The Committee note that the delay for the year 2015-16 and 2016-17, and non-submission of Annual Report and Audited Accounts for 2017-18 was due to non availability of audit certificate by CAG in time. The Committee urge the

**Ministry to follow up the matter with the C&AG at the highest level to ensure that the audit work is completed by C&AG in a time bound manner, as the efforts put in so far by the Ministry have not brought the desired result. The Ministry should frame both, a time schedule and also maintain a chronological sequence under the control of the Ministry. The Committee would like to be apprised of the action taken in this regard.**

**18. The Committee also impress upon the Ministry to note that in case of delay in laying of the Annual Reports and Audited Accounts of the Council due to unavoidable reasons, a statement explaining the reasons as to why the requisite documents could not be laid within prescribed period should be laid on the Table of the House strictly within 30 days as recommended by the Committee in its earlier reports.**

**New Delhi**  
**\_\_\_\_\_ , 2020**  
**\_\_\_\_\_ , 1941 (Saka)**

**Shyam Singh Yadav**  
**Chairperson**  
**Committee on Papers Laid on the Table**  
**Lok Sabha**

**Annexure-I**  
**vide para 02 of the Report**

**Statement showing the funds/Grant-in-aid released by the Ministry of Commerce and Industry to the Export Inspection Council (EIC) for the years 2012-13 and 2016-17.**

<b>Year</b>	<b>Grant-in-aid released (In Crores-Rupees)</b>
<b>2012-2013</b>	6.28
<b>2013-2014</b>	3.20
<b>2014-2015</b>	6.64
<b>2015-2016</b>	9.99
<b>2016-2017</b>	4.75

**Annexure-II**  
**vide para 06 of the Report**

Statement showing the dates of laying of the Annual Reports and Audited Accounts of the Export Inspection Council (EIC) for the years 2012-13 to 2017-18.

<b>Year</b>	<b>Actual Date of laying of Annual Reports and Audited Accounts</b>	<b>Date by which Annual Reports and Audited Accounts were required to be laid</b>	<b>Extent of delay (in months)</b>
<b>2012-2013*</b>	05.12.2016	31.12.2013	35 months
<b>2013-2014*</b>	05.12.2016	31.12.2014	23 months
<b>2014-2015*</b>	05.12.2016	31.12.2015	11 months
<b>2015-2016*</b>	05.01.2018	31.12.2016	12 months
<b>2016-2017*</b>	08.07.2019	31.12.2017	18 months
<b>2017-2018</b>	Not laid	31.12.2018	-
<b>2018-2019</b>	Not laid	31.12.2019	-

**\* Period under examination by the Committee**

**Annexure-III**  
**vide para 08 of the Report**

**The chronological sequence in respect of finalization of Annual Reports and Audited Accounts of the Export Inspection Council (EIC) for the year 2012-13 to 2017-18.**

Year	Audit of Accounts		Issuance of SAR	Actuals	Laying of Annual Report	Remarks
	Normative	Actuals	Normative		Actual	
2012-13	30 <sup>th</sup> September 2013	October 2014	November 2013	December 2013	05/12/2016	Delay due to compilation of accounts
2013-14	30 <sup>th</sup> September 2014	12 <sup>th</sup> October 2014	November 2014	27 <sup>th</sup> December 2014	05 <sup>th</sup> December 2016	*As mentioned in Para 12 of the reply.
2014-15	30 <sup>th</sup> September 2015	28 <sup>th</sup> August 2015	November 2015	18 <sup>th</sup> December 2015	05 <sup>th</sup> December 2016	*As mentioned in Para 12 of the reply.
2015-16	30 <sup>th</sup> September 2016	04 <sup>th</sup> October 2016	November 2016	January 2017	05/01/2018	Delayed due to non-availability of audit certificate.
2016-17	30 <sup>th</sup> September 2017	August 2017	November 2017	January 2018	SAR is yet to be received	Delay due to non-availability of audit certificate
2017-18	30 <sup>th</sup> September 2017	October 2017	November 2018	Audit commenced	Shall be submitted on receipt of SAR	Delay due to non-availability of audit certificate

*\*Provided at Para 10 of the Report*

Year	Received in DoC	Laid on the table of both the house of parliament	Remarks
2012-13	22.11.2016	05.12.2016	
2013-14	22.9.2016	05.12.2016	Could not be laid in the ongoing session due to shortage of time and laid in the next session.
2014-15	22.9.2016	05.12.2016	
2015-16	17.11.2017	05.01.2018	

**EXTRACTS OF MINUTES OF THE 2ND SITTING OF THE  
COMMITTEE ON PAPERS LAID ON THE TABLE (2018-2019)**

The Committee sat on Tuesday, 18 December, 2018 from 15:00 hrs to 16:30 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Chandrakant Khaire - **Chairperson**

**MEMBERS**

2. Shri Dushyant Chautala
3. Shrimati Veena Devi
4. Shri P.C. Gaddigoudar
5. Smt Mausam Noor

**SECRETARIAT**

1. Dr. Preeti Srivastava - Joint Secretary
2. Smt. Maya Lingi - Additional Director
3. Shri Munish Kumar Rewari - Deputy Secretary

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

1. Dr. Anup Wadhawan - Secretary
2. Shri S K Sarangi - JS
3. Shri N Ramesh - Director
4. Shri S. K Saxena - Director

X X X X

2. At the outset, Chairperson welcomed the Members to the sitting of the Committee.

3-5. X X X X

6. The Committee then called the representatives of the Ministry of Commerce and Industry (Department of Commerce) and Export Inspection Council of India(EIC), New Delhi

7. The Chairperson welcomed the representatives of the Ministry and EICI to the sitting of the Committee and explained the purpose of convening the meeting. The Chairperson also explained to the witnesses the provisions of Direction 58 of Directions issued by the Speaker, Lok Sabha regarding confidentiality of the proceedings.

8. At first, the representatives of the Ministry during the evidence admitted that there is a delay in finalisation of Annual Reports and Audited Accounts due to non-formation of the Council. The representative rendered their apologize for such delays and assured that the Annual Reports and Audited Accounts for the years 2016-17 will be laid on the Table of the House during Winter Session of the Parliament. Further it was submitted that the Audit of the year 2017-18 is still going on and the Ministry is in constant touch with C&AG in order to expedite the matter.

9. Thereafter, the Hon'ble Chairperson thanked the representatives of the Ministry and EICI for useful discussion - in connection with examination of the subject. The Chairperson also directed to the representatives of the Ministry and EICI to furnish the information on other points raised by the Committee, which could not be furnished in the meeting.

The witnesses then withdrew.

10-12. X X X X

13. A copy of the verbatim proceedings of the sitting of the Committee has been kept on record.

**The Committee then adjourned.**