

**COMMITTEE ON PAPERS LAID ON THE TABLE**  
**(2020-2021)**

**SEVENTEENTH LOK SABHA**

**41**

**FORTY FIRST REPORT**

**[Action Taken by Government on the Recommendations/  
Observations made by the Committee in their Eighth Report  
(Seventeenth Lok Sabha) on delay in laying of the Annual Reports  
and Audited Accounts of the Export Inspection Council (EIC)]**

**(Presented on 10.08.2021)**



सत्यमेव जयते

**LOK SABHA SECRETARIAT**  
**NEW DELHI**  
**August, 2021/ Shravan, 1943(Saka)**

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**COMPOSITION OF THE**  
**COMMITTEE ON PAPERS LAID ON THE TABLE**  
**LOK SABHA**  
**(2020-2021)**

**Shri Ritesh Pandey** - **Chairperson**

**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. Smt. Suman Arora - Joint Secretary
2. Smt. B. Visala - Director
3. Shri Munish Kumar Rewari - Additional Director
4. Smt. Manjinder Pubbi - Under Secretary
5. Smt. Rajni Bhagat - Committee Officer
6. Shri Darpan Sharma - Assistant Executive Officer

## INTRODUCTION

I, Chairperson of the Committee on Papers Laid on the Table of the House (2020-21), having been authorized by the Committee to present this Report on their behalf, present this Forty First Report in respect of the action taken by Government on the Recommendations/Observations contained in the Eighth Report (Seventeenth Lok Sabha) of the Committee.

2. The Committee considered and adopted this Report at their sitting held on 20.07.2021.

3. For facility of reference, observations/recommendations of the Committee have been printed in bold type in the body of the Report.

**New Delhi  
29 July, 2021  
07 Shravana, 1943 (Saka)**

**Ritesh Pandey  
Chairperson  
Committee on Papers Laid on the Table  
Lok Sabha**

## REPORT

This Report of the Committee deals with the Action Taken by the Government on the Recommendations/Observations made by the Committee on Papers Laid on the Table in its Eighth Report (17<sup>th</sup> Lok Sabha) that was presented to Lok Sabha on 20.03.2020. The Eighth Report (17<sup>th</sup> Lok Sabha) dealt with the matter of delay in laying of the Annual Reports and Audited Accounts of Export Inspection Council (EIC) for the years 2012-13 to 2016-17.

2. The Committee had made 04 Observations/Recommendations in its Eighth Report (17<sup>th</sup> Lok Sabha). The Action Taken replies were received from the Government in respect of all the Recommendations/Observations made in the aforesaid Report. Accordingly, the Statement showing the action taken by the Government on the Recommendations/Observations contained in the Eighth Report (17<sup>th</sup> Lok Sabha) is given in Appendix.

3. The Committee note that after the presentation of the Eighth Report (17<sup>th</sup> Lok Sabha) before the Parliament on 20.03.2020, the requisite documents of EIC, for the year 2017-18, had been laid before the Parliament on 21.09.2020, nearly 21 months after the stipulated date of laying of these documents. The Committee, further, observe with strong discontent that the Ministry is still lagging behind its scheduled date of laying of the requisite documents of EIC for the years 2018-19\* and 2019-2020 i.e., 31.12.2019 and 31.12.2020, respectively.

4. The Government has assured that it has duly noted the observations made by the Committee in the aforesaid Report for strict compliance. However, the Committee directs the Ministry to strictly monitor and intervene in the matters pertaining to timely holding of meetings and timely constitution of new Council/Board of EIC, as these have been the major reasons, put forth by the Ministry, besides administrative exigencies, which have caused delay in laying of requisite documents of EIC. Further, the Committee also directs the Ministry/EIC to chalk out an effective mechanism for timely compilation of information from various EIAs (Export Inspection Agencies) required for finalising the reports and accounts of EIC within the stipulated time period.

5. The Committee strongly desire that the time schedule should be drawn up, as was recommended by the Committee in its original Report and should also be strictly adhered to and the target dates set therein be duly met, so that, henceforth, the Annual Report and Audited Accounts of EIC are laid within the stipulated time. The Committee would like to be apprised of the further action(s) taken by the Ministry/EIC in this regard.

New Delhi  
20 July, 2021  
29 Ashadha, 1943 (Saka)

Ritesh Pandey  
Chairperson  
Committee on Papers Laid on the Table  
Lok Sabha

*\*Annual Report and Audited Accounts for 2018-2019 is laid before Parliament on 17.03.2021*

**APPENDIX**  
**(Vide Para 02 of the Report)**

**STATEMENT SHOWING ACTION TAKEN ON THE  
RECOMMENDATION /OBSERVATION CONTAINED IN THE EIGHTH  
REPORT OF THE COMMITTEE ON PAPERS LAID ON THE TABLE.**

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**Recommendation No. 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 months. 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.

**Reply of the Government**

The Annual Report and Audited Accounts for the year 2017-18 were required to be laid by 31<sup>st</sup> December 2018. However, the accounts and audited report could not be laid by due date, mainly, because a fact finding exercise was initiated to investigate into the allegations of administrative and financial irregularities against the then Director, Export Inspection Council (EIC). The documents pertaining to several financial transactions were requisitioned by the fact finding team for scrutiny which also caused some delay in the finalization of accounts. Further, the EIC has to prepare the Annual Audit Reports and Annual reports after compilation of the information obtained from the Export Inspection Agencies (EIAs) located at Delhi, Chennai, Kochi, Mumbai and Kolkata. The work for printing of annual report got delayed due to compilation of information from various EIAs.

The annual accounts were submitted to Principal Director of Commercial Audit on 18<sup>th</sup> Oct. 2018. C & AG had furnished the consolidated Draft Separate Audit Report (DSAR) on the accounts of EIC & EIAs, requesting EIC for comments and confirmation on facts & figures mentioned in the accounts. EIC submitted the comments, along with the supporting documents on the observations of audit made in the DSAR, on 22.11.2019. C & AG submitted the consolidated audit report on the accounts of EIC and its EIAs (Delhi, Chennai, Kolkata, Kochi and Mumbai), only on 6<sup>th</sup> May, 2020. The Annual Report and Audited Accounts, for the year 2017-18, were laid in Lok Sabha/ Rajya Sabha on 21.09.2020 and 22.09.2020, respectively.

W.r.t. the Financial year 2018-19, it is submitted that, due to administrative exigencies and frequent changes of incumbents in the post of Chairman, EIC and Director, EIC since April 2019, there was delay in organizing the Council/Board meeting. In the meantime, the tenure of the Council/Board expired on 2<sup>nd</sup> Feb. 2020. Since, the Council has now been reconstituted vide notification dated 29<sup>th</sup> September 2020, the approval of the Council will be obtained in the next meeting of the Council and duly approved records, will be submitted to C&AG, for Audit. The observations of Hon'ble Committee have been noted for strict compliance.

(Ministry of Commerce and Industry, Department of Commerce O.M. No. K-16013/09/2018-Exp. Ins. Dated 05.10.2020)

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### **Recommendation No. 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/Min. took about three years in processing of the Report and its presentation before the Parliament. The Committee would like to apprise 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 20 months in notification of the new council. The Committee directs the Ministry to give priority to formation of a new council to avoid delays in future.

### **Reply of the Government**

Export Inspection Council prepares the Annual Accounts and Annual Reports after compilation of the information obtained from the Export Inspection Agencies (EIAs) located at Delhi, Chennai, Kochi, Mumbai and Kolkata. The work of printing of Annual Audit Accounts report got delayed due to compilation of information from various EIAs. The final Separate Audit Report (SAR) for the year 2012-13 could only be issued by the Office of C & AG on 1<sup>st</sup>Sept. 2014. The notified Council expired on June 2014 and because of various administrative exigencies, the notification of new Council could not be done and it was notified only in February 2016. The Annual Accounts and Annual Reports for the year 2012-13, 2013-14 and 2014-15 were laid in the Parliament on 05.12.2016.

The Council was formed for a period of two years vide notifications No. S.O. 410(E) dated 5<sup>th</sup> Feb. 2016 and S.O. 488(E) dated 1<sup>st</sup> Feb. 2018. The tenure of the last council/board expired on 02.02.2020. The Council has been reconstituted vide notification dated 29th September 2020. The observations of Hon'ble Committee have been noted for compliance.

(Ministry of Commerce and Industry, Department of Commerce O.M. No. K-16013/09/2018-Exp. Ins. Dated 05.10.2020)

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### **Recommendation No. 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 Ministry to follow up the matter with 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.

### **Reply of the Government**

The Department regularly follow up with C & AG, to ensure that the audit is completed in a time bound manner. The suggestions of the Hon'ble Committee are noted for compliance.

In order to reduce normative time lines for audit, information technology tools are being used to compile and finalise the books of accounts of EIC and EIAs. Further, EIC has been directed to follow a strict time schedule of compilation, follow-up and submission of Annual Audited Accounts and Annual Report, so that the same could be laid before the Parliament, within nine months from the closing of the accounting year (copy enclosed).

(Ministry of Commerce and Industry, Department of Commerce O.M. No. K-16013/09/2018-Exp. Ins. Dated 05.10.2020)

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### **Recommendation No. 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.

### **Reply of the Government**

The observations of the Hon'ble Committee have been noted for compliance.

(Ministry of Commerce and Industry, Department of Commerce O.M. No. K-16013/09/2018-Exp. Ins. Dated 05.10.2020)



4. Thereafter, the Committee took up for consideration xxxx Action Taken Reports regarding Recommendations/Observations made by the Committee in their original Reports regarding delay in laying of the Annual Reports and Audited Accounts of the:-

- a) X X X X X
- b) Export Inspection Council (EIC).

After deliberations, the Committee adopted the xxxx Action Taken Reports without modifications.

5. The Committee authorized the Hon'ble Chairperson to present xxxx Reports to the Parliament.

6-10. X X X X X

**The Committee then adjourned.**

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