

**MINUTES OF THE 94th MEETING OF EXPORT INSPECTION COUNCIL
(23rd April 2003)**

- Chairman** : **Shri L.V.Saptharishi,**
Additional Secretary,
Ministry of Commerce & Industry,
New Delhi.
- Member-Secretary** : **Ms. Shashi Sareen,**
Director (Insp. & QC),
Export Inspection Council,
New Delhi.
- Members Present** : **As per list given at Annex-I.**

ITEM NO. 1 GENERAL

1.1 Opening remarks by Chairman

The Chairman welcomed the members present.

Chairman, while welcoming the members brought out that MOC&I and EIC had made significant efforts as a result of which enhanced grants were sanctioned by the planning commission for upgrading the infrastructural facilities and construction/purchase of buildings in Kochi, Delhi and Chennai for EIAs.

Chairman, further examined that EIC should have informal session with trade representatives in all the four regions to obtain a feed back on the performance of EIC/EIAs.

1.2 Leave of absence.

Leave of absence was granted to:

- (1) Shri B.B. Paul, Acting Director General, National Test House, Calcutta
- (2) Shri J.S.Bhasin, M/s.Bharat Springs Pvt. Ltd., Mumbai.
- (3) Shri Irfan Allana, M/s.Frigorifico Allana Ltd., Mumbai.
- (4) Shri R.K. Bansal, Director, Fruits and Vegetables and Preservation, New Delhi.
- (5) Shri Rajesh Bahl, M/s. Geo Chem Laboratories Pvt. Ltd., Mumbai.

1.3 Report of activities of EIC by Director, EIC

Director, EIC apprised the members of the major developments since the last Council meeting including receipt of grants from planning commission for construction/purchase of buildings for EIAs in Kochi, Delhi and Chennai. EIAs' participation in committee meetings of Codex, progress regarding MOUs with AQIS, SLSI, Italy, South Korea, Canada, Japan and USA, visit of Indian delegation to EU and Japan, participation in international trade fairs at

Sial and Goa and participation in Joint Commission/ inter governmental meetings with EC, Spain, Australia and Sri Lanka, were also highlighted. The financial status of EIAs and the income of EIAs scheme wise and agency wise was also highlighted

1.4 93rd meeting of the Export Inspection Council

1.4.1 Confirmation of the minutes

The Council confirmed the Minutes of the 93rd meeting of the Export Inspection Council as circulated.

1.4.2 Action Taken Report

The Council noted the actions taken on the minutes of the last meeting.

ITEM NO. 2 NOTIFICATIONS

2.1 Notification on Amendment to Maximum Residual Limits for antibiotics, pesticides and heavy metals in fish and fishery products

The Council noted the information.

2.2 Preliminary Notification on Pet food

The Council noted the information.

2.3 Notification on Basmati Rice

The Council noted the information.

ITEM NO. 3 EXPORT CERTIFICATION

3.1 Status of Approvals Under FSMCS of Food Products Processing Units

The Council noted the information.

3.2 Fish & Fisheries Products Certification

The Council noted the information.

3.2.1 *Steps taken by EIC to Minimise Overseas Complaints in F&FP consignments*

The Council noted the information.

3.2.2 *Implementation of Notification on Bivalve Molluscs*

The Council noted the information given under item 3.2.2 of the Agenda. It was further pointed out that although bivalve molluscs were being exported to various countries, exports to EC countries had not so far started. For exports to EC, it was necessary to completely monitor the entire production process including the waters where the products were produced. Further, after our system was established and implemented, EC would send a team for assessment before permitting imports from India.

3.2.3 *Scheme of Approval of Independent Cold Storage*

The Council noted the information.

3.3 Certification of Milk Products for exports to EU

The Council noted the information given under item 3.3 of the Agenda. Members were also informed that a draft RMP had been prepared by EIC, however, a decision had further been taken by MOC&I that, in future, all RMPs would be handled by the Commodity Boards and in view of this the RMP for Milk and Milk Products would be handled by APEDA. EIC would provide all assistance required.

3.4 Scheme for inspection and quality control of fresh fruits & vegetables for exports on a voluntary basis.

The Council considered the scheme for inspection and quality control of fresh fruits & vegetables for exports for implementation on a voluntary basis as given under Item 3.4 of the Agenda. The issue of notification of all standards for export purposes including the proposed Agmark notification for fresh fruits & vegetables under the EIC Act was also considered. The Chairman, APEDA expressed that he was of the view that only compulsory certification should be under the purview of EIC and all notifications should be issued by DGFT in respect to exports and imports, which should also specify the implementation agency.

Specifically with regard to the proposed notification on fresh fruits & vegetables under Agmark, Shri M.V.P.C.Sastry, Joint Secretary, MOC&I informed that Joint Secretary, EP(Agri), MOC&I had requested that as notification was at an advanced stage of publication and would cause delay in case the same is now to be published under the Export (Quality Control & Inspection) Act, it may at the present time, be allowed to be notified under the Agmark Act.

The Council therefore agreed to the same as also that for the time being voluntary inspection be allowed to continue in the area of fresh fruits & vegetables and after six months of implementation, the matter may be re-considered for bringing it under compulsory certification through the EIC Act. It was also expressed that as the EIC's infrastructure was already in existence, this should be utilized for certification of fresh fruits & vegetables and other items under voluntary certification schemes.

Director, EIC further clarified that the Export (Quality Control & Inspection) Act had been enacted to provide for sound development of export trade of India through quality control and inspection and for matters connected therewith. Further, the role of notifying commodities subject to quality control or inspection prior to export and the type of quality control or inspection was the role to be provided through this Act. It was also brought out that with liberalisation, although 1000 commodities were notified under compulsory certification, but these were being implemented as voluntary certification items. It was also pointed out that in Agreements/MOUs being signed by EIC with official agencies overseas like SLSI for recognition of EIC's certification to meet their regulatory standards, there were items/product, which would need to operate voluntary certification schemes. Further, exporters had been requesting EIC to certify various products on a voluntary basis and therefore restricting EIC activities to voluntary certification would not be desirable which was agreed to by the Council.

ITEM NO.4 PEER REVIEW REPORT FOR EIC

Dr. K. Rangarajan made a presentation of the peer review undertaken by the Indian Institute of Foreign Trade (IIFT) before the Council members whereby he highlighted their findings with regard to the purpose, scope of activities, organisational structure, human resources, financial performance, overlap of activities with other organisations, user charges and dissemination of information. The opportunities, strengths, threats and weaknesses were also presented and finally the recommendations as given at Annex II were deliberated at length by the Council and the following was decided:

1. IIFT may be assigned the task of -
 - (a) studying the organisation in detail and proposing the re-structuring of the organisation as recommended in their review.
 - (b) reviewing the user charges keeping in view the services rendered vis-à-vis the amount of fee charged.
 - (c) reviewing the financial control system, which was not found to be in order.

Their recommendations with regard to (c) should be submitted to the Council within a period of 3 months for taking a final decision on accounting procedures and systems. The Financial group constituted for looking into the accounting performance and central fund transfer may also look into the recommendations.

2. A committee consisting of Chairman, APEDA, Chairman, MPEDA, Representative of BIS, Agricultural Marketing Adviser to the Govt. of India, Shri Anil K. Mittal, Shri Elias Sait, President, Seafood Exporters' Association of India and Director, EIC (who would also be convenor) was constituted to address the issue of duplication of inspection and quality control activities of various organisations at Governmental level and suggest the role of various organisations with a view to avoiding overlap. The recommendations will be considered by the Council at its next meeting and finally submitted to the Government for consideration and approval.

This group would also address the area of any promotional services to be provided in addition to database creation.

3. The activities in the training as well as promotional efforts should continue and be further strengthened by EIC.

ITEM NO.5 INTERNATIONAL ACTIVITIES

5.1 MoUs/Agreements with Overseas Bodies

The Council noted the information regarding MOUs/Agreements as given under the item 5.1 of the Agenda.

5.2 Participation in the Second Meeting of India – EC Joint Working Group on Agriculture and Marine Products held on 3rd March at Brussels

The Council noted the information.

5.3 Participation in the 7th Session of Indo-Spanish Joint Commission for economic cooperation.

The Council noted the information.

5.4 Participation in the 35th Session of Codex Committee on Food Hygiene held at Orlando, Florida, USA

The Council noted the information.

ITEM NO.6 ACTIVITIES OF HUMAN RESOURCE & QUALITY DEVELOPMENT CENTRE (HR&QDC) OF EIC

The Council noted the information regarding training programmes carried out for industry as well as internal manpower.

ITEM NO.7 IMPLEMENTATION OF PLAN SCHEMES IN EIC/EIAs

The Council noted the information regarding details of the plan schemes approved for the tenth 5-year plan as well as the progress made on these.

ITEM NO.8 BUSINESS DEVELOPMENT

8.1 Participation in Trade Fairs

The Council noted the information.

8.2 Enlistment With Tea Board

The Council noted the information.

ITEM NO. 9 CERTIFICATE OF ORIGIN ACTIVITY

The Council noted the information.

ITEM NO. 10 FINANCIAL ISSUES

The Council approved the unified accounting formats for implementation with effect from 1st April 2003 and transfer of EIC central fund account from Kolkata to Delhi gradually with transfer of expenditure and receipt account in the first instance.

ITEM NO. 11 ADMINISTRATION

11.1 Proposal for Travelling and Daily Allowances on Tour

The Council considered the proposal for revision of TA/DA on tour as given in Annex-8 of the Agenda and noting that:

- a) the activities of EIC/EIAs are similar to that of BIS of inspection and certification involving extensive fieldwork.,
- b) the TA/DA rates given in BIS have already been approved by the Government and duly notified.
- c) the current expenditure on TA/DA is approximately Rs.12 lakhs per annum which is expected to increase to Rs.30 – 35 lakhs per annum with the revised rates.
- d) EIC/EIAs have generated a surplus of over Rs.4 crores during the year 2002-2003 and have sufficient resources to meet the above financial liability.

observed that since the nature of work of BIS and EIC/EIAs are identical, the rates for travelling and daily allowances formulated by BIS would be most suitable for the officers on tour in EIC/EIAs.

Therefore, the Council decided that the DA rates notified by BIS may be adopted mutatis mutandis by EIC/EIAs subject to the approval of the Ministry.

11.1 a TA/DA to the Members of the Council

The Council also decided that in respect of Council members, EIC may adopt MPEDAs Rules for TA/DA to Council members and proposal may be sent to MOC&I for amending the Rules, if necessary.

11.2 Review of Delegation of Financial Powers

The Council approved the delegation of financial powers as proposed in the Agenda.

11.3 Proposal for Shifting of Sub-Office Bangalore from Jurisdiction of EIA-Chennai to EIA-Kochi

The Council approved shifting of sub-office: Bangalore from jurisdiction of EIA-Chennai to EIA-Kochi as proposed in the Agenda.

11.4 Opening of Camp Office at Aurangabad

The Council noted the information.

11.5 Opening of Camp Office at Jodhpur

The Council noted the information.

11.6 Recognition of Employees' Association by EIC

The Council noted that the Employees', Associations were granted recognition under the Central Civil Services (Recognition of Service Associations) Rules, 1959 and that on revision of the said Rules by the 1993 version, all Associations had to apply for fresh recognition within a stipulated time frame which had not been done. Accordingly, the Council decided that all Employees' Associations may be treated at par and given an opportunity to seek fresh recognition by complying with the latest Rules including the provisions on verification of membership.

ITEM NO.12 HINDI ACTIVITIES

The Council noted the information.

ITEM NO.13 ANY OTHER MATTER WITH PERMISSION OF THE CHAIR

Shri Elias Sait, President, Seafood Exporters Association of India raised the issue of removal of CAP on the inspection fee for marine products which as stated by him was causing hardships to the exporters of this commodity. The request of SEAI was noted. However, the members were of the view that it was not advisable to change the fee structure so early after the notification on removal of CAP done few months back. Further in the light of the views expressed by the members on various options for charging fees, it was decided that a detailed proposal be made by SEAI keeping in view the practice in other organisations as well as reasonableness, which may be considered in due course if felt appropriate.

The meeting ended with a vote of thanks to the chair.

**LIST OF MEMBERS PRESENT AT THE 94TH MEETING OF THE COUNCIL
HELD ON 23RD APRIL 2003**

1. Shri L.V. Saptharishi, - Chairman.
Additional Secretary, Ministry of Commerce & Industry,
New Delhi
2. Ms. Shashi Sareen, Director (I&Q/C), Member Secretary
Export Inspection Council, New Delhi
3. Shri MVPC Sastry, - Member
Joint Secretary (Incharge of Export Inspection), MOC&I
4. Shri K.Jose Cyriac, Chairman, - Member
Marine Products Export Development Authority, Cochin
5. Shri Anil Swarup, Chairman, - Member
Agricultural & Processed Food Products Export
Development Authority, New Delhi
6. Shri P.K.Aggarwal, - Member
Agricultural Marketing Adviser to the Govt. of India,
Ministry of Rural Development, New Delhi.
7. Shri P.P.De, - Member
Director General of Commercial Intelligence and Statistics,
Calcutta-700001.
8. Shri Elias Sait, M/s.Alsa Marine & Harvests Ltd., - Member
AF-54, 11th Main Road, Anna Nagar, Chennai.
9. Shri Anil K.Mittal, - Member
M/s.Khusi Ram Behari Lal Ltd., Delhi.
10. Shri M.A.U Khan, - Member
Deputy Director General,
(Representing Director General, BIS)
11. Shri Balwant Rai, - Member
Director (CMD-1) (Representing Director General, BIS)
12. Dr. S.K. Bhalla, General Manager (QA) - Member
(Representing Shri B.M.Vyas, M/s.Gujarat Co-operative
Milk Marketing Federation Ltd.,)

Recommendations of Peer Review by IIFT

1. EIC/EIAs as facilitator in Quality Assurance have more role to play in the current environment.
2. Concentration in improving voluntary certification base through value added services to exporters.
3. Internal organisation should be restructured to reflect their organisational objectives.
4. The scheme for time-bound Voluntary Retirement should be implemented to reduce the surplus staff.
5. Loss making sub offices with less potential should be closed.
6. Training of HR on the emerging quality issues
7. Promotional efforts should be increased to encourage nearness to the exporters.
8. Possibility of tie ups with other testing laboratories which are meeting international standards
9. At the Government level, duplication of efforts in the quality and inspection related issues should be checked so that budgetary sanctions can be effectively utilised
10. The user charges should be in proportion to the value provided. Currently the user charges are very minimal.
11. EIC should provide promotional services on International/Country – Specific quality requirements, factors which should be kept in mind by exporters to particular market on quality etc.
12. EIC should follow an effective financial control system by adhering to the basic financial requirements.