

**MINUTES OF THE 96TH MEETING OF THE EXPORT INSPECTION COUNCIL
(4 June 2004)**

Chairman : **Shri A. Sengupta,**
Additional Secretary, MOC & I,
New Delhi.

Member Secretary : **Ms. Shashi Sareen,**
Director (Insp. & QC),
Export Inspection Council,
New Delhi.

ITEM 1 GENERAL

Item 1.1 Welcome and Opening Remarks by Chairman.

Shri Abhijit Sengupta, Chairman, EIC welcomed the members present (List enclosed at Annex).

Item 1.2 Leave of absence.

Leave of absence was granted to:

- (1) Shri N.C. Chatterji, Director General, National Test House, Kolkata.
- (2) Shri J.S.Bhasin, M/s. Bharat Springs Pvt. Ltd., Mumbai.
- (3) Shri Irfan Allana, M/s Frigorifico Allana Ltd., Mumbai.
- (4) Shri Rajesh Bahl, M/s. Geo Chem Laboratories Pvt. Ltd., Mumbai.
- (5) Shri P.K. Aggarwal, Agricultural Marketing Advisor to the Govt. of India.
- (6) Shri P.R. Saha, Director General Commercial Intelligence and Statistics, Kolkata.
- (7) Shri B.M.Vyas, M/s Gujarat Co-operative Milk Marketing Federation Ltd.,

The members considered the issue of low attendance in the Council meeting and were of the opinion that in case of Government representatives, if they were not able to participate for any reason, they may nominate a person immediately below in rank to them to attend. However, representatives from the private sector or those in their personal capacity are required to attend this important meeting themselves.

Item 1.3 Report of activities of EIC by Director, EIC.

Director, EIC apprised of the major developments since the last Council meeting to include status of various MoUs, EIA buildings, arrangement with DNA Finger Printing and Diagnostic (Ministry of Science & Technology), Hyderabad for use of their DNA testing facilities for rice, peer review of EIC by IIFT, etc

Item 1.4 95th meeting of the Export Inspection Council.

Item 1.4.1 Confirmation of the Minutes

The Council confirmed the minutes of the 95th meeting of the EIC as circulated.

Item 1.4.2 Action Taken Report

While noting the actions taken on the minutes of the last meeting, the Ministry of Health and Family Welfare representative, Dr S.R Gupta, was requested to expedite the PFA notification for residues in honey. Further, the Chairman desired that an exercise be conducted to assess the space requirements of EIC/EIAs and their sub offices vis-à-vis the present available.

ITEM 2. NOTIFICATIONS ISSUED

Item 2.1 Final Notifications issued and 2.2 Amendment Notification on egg products

The Council noted the information on notifications issued as given under Item No. 2.1 and 2.2 of the Agenda.

ITEM 3. EXPORT CERTIFICATION

Item 3.1 Status of Certification in the area of Food Products

The Council noted the information

Item 3.2 Status of EC Complaints

While going through the status of complaints received from the European Commission as given under Item No.3.2 of the Agenda, a concern was expressed with regard to complaints due to spoilage.

Director, EIC informed that EIAs are only checking for contaminants and other measurable parameters and not organoleptic aspects, which are subjective, based on discussions held during 91st Council meeting, wherein it was decided that specific parameters to be covered under organoleptic evaluation be elaborated in consultation with trade. Further, it was observed that there were two important aspects with regard to complaints received on the spoilage:

- (i) It was seen that consignments rejected for spoilage, when brought back to India, were found to have customs seals intact signifying that the containers were not even opened at the foreign destination.

- (ii) The consignments when tested organoleptically in India were found to be satisfactory. Director, EIC further informed that the issue had been taken up with the health authorities of Germany through our Mission and they have been asked to provide information on the method of testing used by them based on which the consignment was rejected. On receipt of the information, the issue will be re-examined with a view to strengthening our testing methods for organoleptic parameters.

The Council was informed that the SEAI representatives, during their meeting with Director, EIC, had clarified that only one out of six consignments rejected for spoilage had been opened in Germany. Based on the results of this, the importer had decided to send back the other consignments, as he did not want to take any further risk. Shri Elias Sait further clarified that different grades of material were exported as per the requirements of the buyers and these consignments were probably of a lower grade but of permissible quality.

After considering the above background, it was decided that:

- a) SEAI would advise its members that the material exported should be organoleptically sound;
- b) Once EIC gets a response on the method of testing used for determining the spoilage, the issue would be examined in detail and if necessary, trainings of personnel would be organized in India or overseas so as to avoid this problem in future.

Item 3.3 Final testing charges to be levied by EIAs

The Council, while noting the information on testing charges, was informed by Director (EIC) that the charges had been fixed taking into account various factors including manday costs, cost of chemicals and reagents, equipment and their maintenance, electricity cost and profit margin. It was noted that depreciation costs had not been specifically accounted for, however, these would get covered in the profit margin.

Item 3.4 Upgradation of EIA Labs

Director, EIC while informing about the status of HPLC MS MS installed in EIA labs at Kolkata, PTH-Mumbai and Chennai indicated that none of the labs had so far been able to validate the methods for nitrofurans metabolites. It was suggested that EIC may examine the possibility of arranging an expert from EC, for a period of 3 or 4 months, to train EIA officials in this regard.

It was further felt that an assessment of the facilities existing in private and government sectors labs should also be made. It was informed that Ministry of Food Processing Industries had initiated an exercise in this area. The representative of Ministry of Food Processing Industries agreed to provide details of the same. Based on this information, EIC would further examine the issue.

ITEM 4 APPELLATE PANELS – AMENDMENT WITH REGARD TO TIME PERIOD FOR DISPOSAL OF APPEALS

The Council deliberated on this issue and decided to amend various notifications to uniformly prescribe 30 days as the time period for disposal of appeals.

ITEM 5 INTERNATIONAL ACTIVITIES

The Council noted the information.

ITEM 6 ACTIVITIES OF HUMAN RESOURCE & QUALITY DEVELOPMENT CENTRE (HR&QDC) OF EIC

The Council noted the details of activities of Human Resource and Quality Development Centre (HR&QDC). It was suggested that an exercise should be carried out for assessment of training needs of technical manpower, based on which suitable institutions, both in India and overseas should be identified and trainings imparted. A suggestion was also made to explore the possibility of training of EIA lab officials in CFTRI, Mysore.

ITEM 7 BUSINESS DEVELOPMENT

The Council noted the information.

ITEM 8 CERTIFICATE OF ORIGIN ACTIVITY

The Council noted the information.

ITEM 9 COMPUTERISATION

The Council noted the status of computerisation. Chairman, EIC observed that DGCIS-Kolkata had done significant work in computerization and it may be useful to visit their facilities and gain from their experience. It was further suggested that once EIC is ready to execute its various activities on computers, it should hold interactive sessions with the users with the dual objective of getting valuable inputs from them as well as making them aware about this activity of EIC. Director, EIC further informed that the activity was delayed by about 4 months.

ITEM 10 FINANCIAL ISSUES

Item 10.1 Release of Grant-in-Aid to EIC – Decision of MoC&I and thereof

The Council, while noting the decision of MoC&I regarding withdrawal of non-plan support to EIC, observed the need for getting continued support of the government for the following reasons:

- (i) The main functions of the Council is to provide expert and specialised advice/ opinions to Govt. of India on the measures of quality control to be adopted on the exported goods and the schemes implemented on this subject by the trade. As such the Govt. of India is supposed to pay and bear the cost of the service being provided by the Council to the Central Government.
- (ii) As per the Export (Quality Control and Inspection) Act 1963 under Section 10(1) for the purpose of enabling the Council to successfully discharge its functions under the Act, government is required to meet out the expenditure after due appropriation made by Parliament or law in this behalf, pay to Council such sums of money as that Government considers necessary by way of grants/loans or otherwise.
- (iii) The Agencies as such do not have much surplus funds. The surplus in 2003-04 is to the tune of around Rs.8 crores. The surplus cannot be guaranteed, as the income is not under the control of EIC for the following reasons:
 - a) The income is dependent on the export values as inspection fee is based on percentage of f.o.b. value of the consignment.
 - b) In the case of COOs, the pricing structure is not in the hands of Council but is fixed by MOC&I.
 - c) EIC has no control over items to be covered under certification and the same is a government decision.
- (iv) As mentioned above, the Agencies as such do not have much of existing surplus funds. Whatever funds are available over and above the expenditure of Agencies are the reserves of Agencies for their emergencies, since the income of Agencies is not consistent. As such it will not be appropriate to create a huge additional burden of approximately Rs.2.50 crores per annum on EIAs.
- (v) While the Council was fully supported by Government's grant-in-aid, there have been instances when the Council has had to depend on borrowing from EIAs funds and this practice has been, at times, objected to by the audit of CAG.
- (vi) Although, there is presently a yearly surplus, this would be gradually reduced due to increasing expenditures due to rentals, maintenance of offices, maintenance of labs equipment and computers, increase in salaries and increase in payment of pension due to significant retirements in the next couple of years.
- (vii) The employees of the Council are under pension scheme and governed by CCS (Pension) Rules 1972. The Council is not having its own pension fund to meet out the expenditure of payment of pension as well as commutation of pension for the retiring employees and the same is given by government.

- (viii) It is felt that control over the EIAs is more effective when the financial aspect of EIC is de-linked from that of the EIAs, and this become important while negotiating MOUs/MRAs.

The Council recommended that the issue be taken up with the Government.

Item 10.2 Budget Estimate 2003-2004, Revised Estimate 2003-2004 and Budget Estimates 2004-2005 of all Export Inspection Agencies

While approving the RE for 2003-04 and BE for 2004-05, it was observed that EIA-Kolkata was running in losses due to high manpower on the one hand and insufficient work on the other. It was suggested that efforts should be continued to shift excess / surplus staff from EIA-Kolkata to the other Agencies where there are shortages with a view to streamline the staff pattern.

It was further observed that the financial activity/ financial management in EIC needed strengthening. The Council may, if necessary, take outside expert's help for the purpose.

ITEM 11 ADMINISTRATIVE MATTERS

Item 11.1 Special Voluntary Retirement Scheme (SVRS)

The Council noted the information. It was further suggested that an analysis be made to see whether the expenditure of Rs. 3.5 crores for implementation of SVRS was justifiable in terms of actual savings when compared with the expenditure, in case the employees had continued till their regular superannuation.

Item 11.2 Manpower Requirement

While noting the issues relating to manpower requirements as given in item 11.2 of the Agenda, the Council agreed in principle on the need to augment technical manpower in EIC/EIAs. It was agreed that a presentation be made both in MoC&I and Ministry of Finance to project clearly the needs of the organization so that recruitment could be approved. It was also noted that there was excess manpower in group C & D cadres at Kolkata and efforts for redeployment should be continued. Further, it was noted that efforts should continue to improve technical capabilities of existing manpower.

ITEM 12 HINDI ACTIVITIES

The Council noted the information.

ITEM 13 ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR

A delegation of Seafood Exporters' Association of India (SEAI) led by its President, Shri A.J. Tharakan represented before the Council their case for reinstatement of Cap on EIA monitoring charges. A presentation was made by Shri Venkateshan giving a background of the realisation of fee by EIAs' along with their calculations on cost of services rendered by EIAs to the industry as a whole. SEAI representatives also expressed that Seafood industry was made to bear a disproportionately large burden by contributing towards the major chunk of fee being collected by EIAs. Mention was made that in countries like Thailand and Malaysia, which have a similar set up for inspection of fish and fishery products, no charges are levied at all.

The Council felt that the calculations projected and the methodology adopted by the SEAI were not correct as some costs of EIC/EIAs had not been accounted for. SEAI was advised to collect information regarding cess on other commodities, the pattern of costs being levied in other countries, etc and based on this they may make their case to MOC&I as the costing structure was not within the power of the Council.

SEAI also suggested that a delegation should be sent to our competitor countries to survey their procedures and systems with a view to reviewing the EIC/EIA procedures for approval and monitoring. They also suggested that senior functionaries of EIC need to visit major importing countries and develop a one to one contact with their health authorities.

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

ANNEXURE

LIST OF MEMBERS PRESENT AT THE NINETY SIXTH MEETING OF THE COUNCIL HELD ON 4 JUNE 2004

1. Shri A. Sengupta, Additional Secretary, Ministry of Commerce & Industry. - Chairman
2. Ms Shashi Sareen, Director (Inspection and Quality Control), Export Inspection Council - Member Secretary
3. Shri MVPC Sastry, Joint Secretary (Incharge of Export Inspection), Ministry of Commerce & Industry, Department of Commerce. - Member
4. Shri K.S. Money, Chairman, Agricultural & Processed Food Products Export Development Authority - Member
5. Shri S.K. Chaudhary, Deputy Director General Manager, Bureau of Indian Standards. - Member
6. Dr. S.R. Gupta, Joint Drugs Controller, Office of Drugs Controller of India, Ministry of Health & Family Welfare, Department of Health. - Member
7. Shri R.K. Bansal, Director, Fruits and Vegetables and Preservation, Ministry of Food Processing Industries, - Member
8. Shri Anil K.Mittal, M/s. Khushi Ram Behari Lal Ltd., 5190, Naya Bazar, Lahori Gate, Delhi. - Member
9. Shri Elias Sait, M/s. Alsa Marine & Harvests Ltd., AF-54, 11th Main Road, Anna Nagar, Chennai. - Member
10. Shri Raj Singh, Director, Ministry of Commerce & Industry - Special Invitee