

50571



सत्यमेव जयते



Fresh Fruits & Vegetables

Floriculture

Processed Foods

Organic Products

Animal Products

Cereals

Other Processed Foods

Performance Audit of Agricultural and Processed Food Products Export Development Authority (APEDA)

Report of the
Comptroller and Auditor General of
India

Union Government (Civil)
Autonomous Bodies
No. PA 29 of 2008-09
(Performance Audit)

**Performance Audit of
Agricultural and Processed Food Products Export
Development Authority (APEDA)**

**Report of the
Comptroller and Auditor General of India
For the year ended March 2008**

Presented in Parliament On -- -- --

१० जुलाई २००९
१० JUL २००९

**Union Government (Civil)
Autonomous Bodies
No. PA 29 of 2008-09
Performance Audit**

Contents

Sl No.	Subject	Page No
	Preface	iii
	Executive Summary	v
1	Introduction	1
2	Audit Approach	4
3	Audit Findings - Financial Assistance and other Schemes	5
4	Audit Findings - General	15
	Appendices	19
	List of abbreviations	42

PREFACE

This Report of the Comptroller and Auditor General of India containing the results of the performance audit of the Agricultural and Processed Food Products Export Development Authority (APEDA), has been prepared for submission to the President of India under Article 151 of the Constitution.

The performance audit was conducted between May and November 2008 through test check of records of the APEDA Headquarters at New Delhi and one regional office at Bengaluru covering the period 2003-2008.

Executive Summary

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established in 1986 with the responsibility of export promotion and development of various scheduled products. APEDA carries out its activities primarily by providing financial assistance to exporters under five schemes viz. transport assistance, market development, infrastructure development, quality development and Research & Development.

A performance audit of APEDA, covering the period from 2003-04 to 2007-08, was carried out between May and November 2008.

Audit found some instances of non-compliance with the financial assistance scheme guidelines under different schemes – primarily those relating to infrastructure development and market development. Audit also found that APEDA's IT systems for financial assistance schemes were not capturing most of the financial assistance payments. Significant deficiencies in design and documentation of APEDA's IT systems, and general IT controls

were also found. Audit also noticed deficiencies in the processes for registration of exporters and collection of statistics on export of scheduled products.

The response of APEDA to the recommendations arising out of the performance audit has been generally positive. APEDA has revised the checking procedures for scrutiny of financial assistance payment cases by officers. Further, routing of all financial assistance cases through its IT based Integrated Financial Assistance System has commenced and a computerized cheque printing system for capturing all payments electronically is to be introduced from April 2009. Guidelines drawn up for assistance during the XI Plan are more exhaustive, making prior In Principle Approval (IPA) mandatory in all cases. As regards the Agri Export Zones (AEZ) concept, APEDA has identified 10 potential products and associated clusters for development in an integrated fashion. Audit welcomes the action taken in response to its recommendations. The progress thereagainst would be watched in future audits.

Chapter 1. Introduction

1.1 Overview of APEDA

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established in 1986 by the Government of India (GoI) under the Agricultural and Processed Food Products Export Development Authority Act.

Under this Act, the main functions of APEDA are:

- Development of industries relating to export of scheduled products
- Registration of exporters of scheduled products (see **Box-1**)
- Fixing of standards and specifications for scheduled products
- Carrying out inspections of meat and meat products for ensuring quality
- Improving packaging of scheduled products
- Promotion of export oriented production and development of scheduled products
- Improving marketing of scheduled products outside India
- Collection and publication of statistics relating to production and export of scheduled products.

1.2 Organizational setup

The Authority consists of 40 members - a Chairman, the Agricultural Marketing Advisor of the GoI, three Members of Parliament, 14 members representing different Ministries, States/ UTs and the Planning Commission, and 21 members representing the industry, technical institutions and others.

APEDA is headquartered at New Delhi and has five regional offices at Mumbai, Kolkata, Hyderabad, Bengaluru and Guwahati.

Box 1 - Scheduled Products

APEDA is mandated with the responsibility of export promotion and development of the following scheduled products:

- Fruits, vegetables and their products;
- Meat and meat products;
- Poultry and poultry products;
- Dairy products;
- Confectionery, biscuits and bakery products;
- Honey, jaggery and sugar products;
- Cocoa and its products and chocolates;
- Alcoholic and non-alcoholic beverages;
- Cereals and cereal products;
- Groundnuts, peanuts and walnuts;
- Pickles, papads and chutneys;
- Guar gum;
- Floriculture and floriculture products;
- Herbal and medicinal plants; and
- Rice (non-basmati)

In addition, APEDA has been entrusted with the responsibility of monitoring export of some non-scheduled items e.g. basmati rice, wheat and coarse grains, as well as import of sugar.

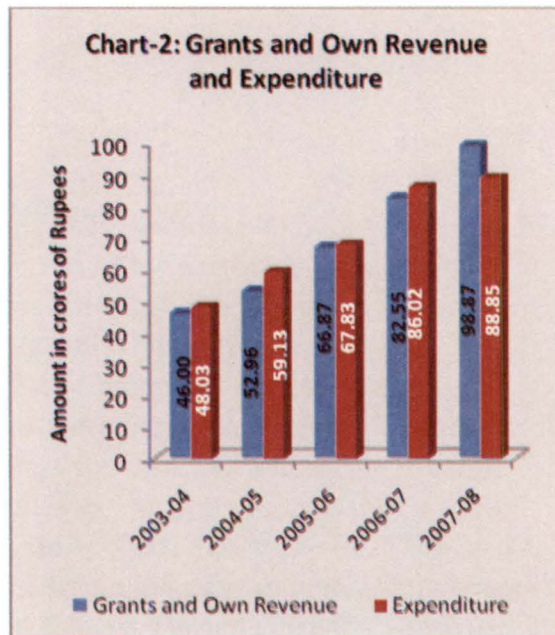
In addition, it has 13 virtual offices at different locations¹ in association with the State Governments along with their staff, where basic information about APEDA and its schemes are made available to entrepreneurs and prospective exporters.

1.3 Export of Agricultural Products

A profile of the exports during 2003-08 of the agricultural products monitored by APEDA is given in **Chart-1**.

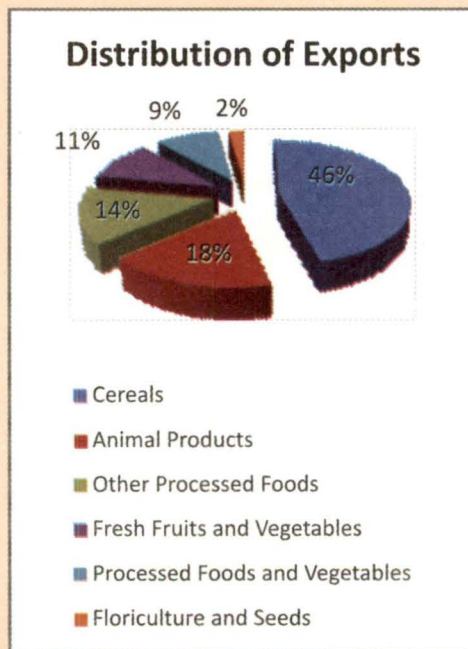
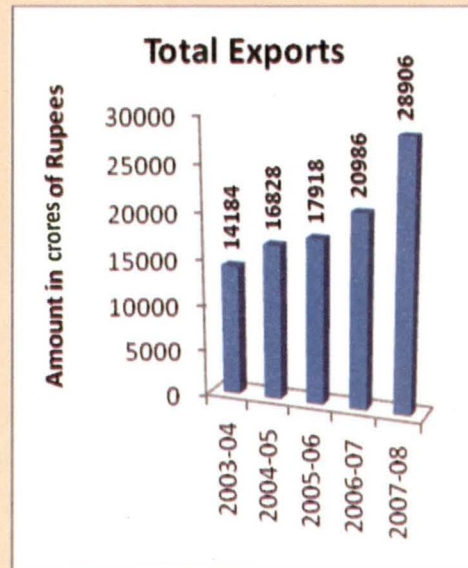
1.4 Financial Position

APEDA receives grants from the Government of India in terms of Section 15 of the APEDA Act for carrying out its activities. It also generates its own revenue by way of registration fees and processing fees etc. (**Chart -2**).



The main activities of APEDA are discharged through its financial assistance schemes (see **Box-2**).

Chart-1: Export of agricultural products monitored by APEDA (2003-08)



Source: This data has been compiled by APEDA from data reported by the Directorate General of Commercial Intelligence & Statistics (DGCI&S).

¹Agartala, Ahmedabad, Bhopal, Bhubaneswar, Chandigarh, Chennai, Imphal, Kohima, Lucknow, Panaji, Raipur, Srinagar and Thiruvananthapuram.

Box 2- Financial Assistance Schemes of APEDA

Transport Assistance Scheme

Financial assistance is provided for export of identified products to compensate exporters against disadvantages faced in respect of sea and air freight rates.

Infrastructure Development Scheme

Financial assistance is provided for developing post-harvest infrastructure; sorting and grading lines; intermediate storage sheds; effluent treatment and water softening plants; laboratory equipment; pre-cooling units; high humidity cold storages; refrigerated transport etc.

Scheme for Market Development

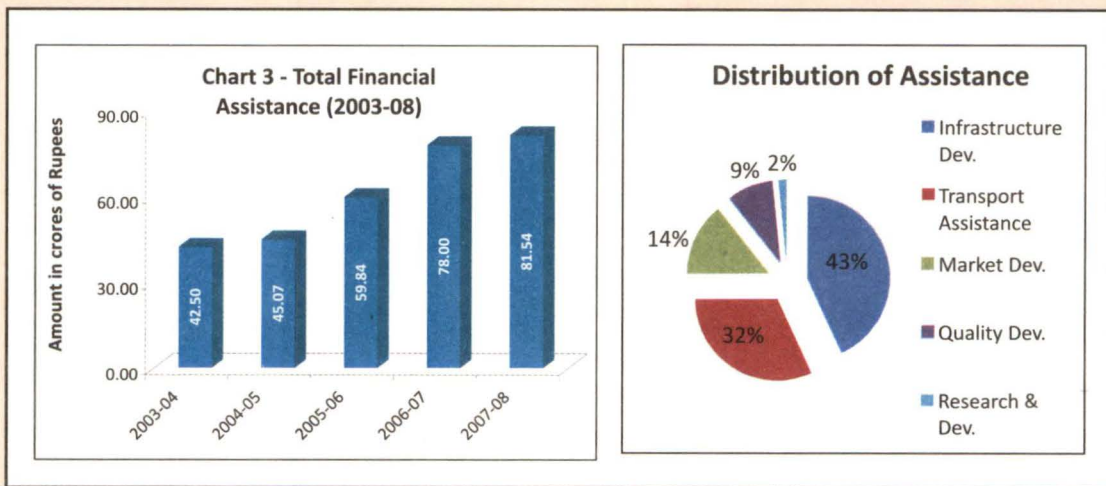
Financial assistance is provided to exporters for development of packaging standards and use of modern packaging material; development and dissemination of market information; holding of buyer-seller meets; participation in exhibitions and fairs etc.

Quality Development Scheme

Financial assistance is provided for purchase of laboratory equipment, adoption of quality control systems (ISO, HACCP, EUREGAP etc.²) and testing of products for meeting importing country requirements of product standards, pesticide residue etc.

Research & Development

Financial assistance is provided for R&D projects in the Government and co-operative/private sector having direct impact on export promotion of agricultural and processed food products.



²ISO – International Organization for Standardization; HACCP – Hazard Analysis and Critical Control Points; EUREGAP – Euro Retailer produce Good Agricultural Practices.

Chapter 2. Audit Approach

2.1 Audit Jurisdiction

The accounts of APEDA are subject to the audit jurisdiction of the Comptroller and Auditor General of India under Section 18(2) of the APEDA Act, 1985, read with Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

2.2 Audit Objectives and Scope

A performance audit of APEDA, covering the period from 2003-04 to 2007-08, was carried out with the objective of assessing:

- adequacy and effectiveness of the procedures for registration of exporters;
- effectiveness of processes for formulation of standards and specifications and monitoring compliance;
- economy, efficiency, and effectiveness of Financial Assistance Schemes for development of exports of scheduled products ;
- adequacy and effectiveness of procedures for collection of statistics on exports of scheduled products;
- effectiveness of other schemes e.g. Agri Export Zones (AEZs) and Centres for Perishable Cargo (CPCs); and
- effectiveness of IT applications developed for various activities of APEDA.

2.3 Audit Criteria

The audit criteria used for the performance audit included:

- the APEDA Act and
- the guidelines for Financial Assistance Schemes.

2.4 Audit Methodology

The performance audit commenced with an entry conference with APEDA in May 2008, wherein the audit scope, objectives, criteria and methodology were explained. During this meeting, APEDA also made a presentation on its activities.

The records of APEDA at Headquarters and one regional office (Bengaluru) were scrutinized from May to November 2008. Further, in order to assess the effectiveness of IT applications, data relating to these applications was downloaded and imported into Microsoft Access 2003 for audit analysis.

The draft performance audit report was issued to the Ministry, with a copy to APEDA, in November 2008. The reply of APEDA to the draft report was received in February 2009. Further, an exit conference was held with APEDA in December 2008 to discuss the main audit findings and recommendations. The response of APEDA has been suitably incorporated in this report.

Audit acknowledges the co-operation and assistance by APEDA during the course of this performance audit.

Chapter 3. Audit Findings – Financial Assistance and other Schemes

3.1 Internal Controls for Payment

Disbursements under Financial Assistance Schemes constituted the majority of APEDA's expenditure during 2003-08. The responsibility for exercising the requisite checks vis-à-vis the scheme guidelines in respect of individual cases of payment of assistance had been delegated to a third-party audit firm, designated by APEDA as its internal audit firm.

Audit scrutiny revealed that in the test-checked sample, the supervisory checks by APEDA officials had not been appropriately documented.

Recommendation - 1

APEDA should strengthen the system of supervisory checks by APEDA officials of financial assistance payment cases, so as to provide assurance that the internal audit firm is indeed carrying out the requisite checks vis-à-vis the scheme guidelines, adequately and effectively. Further, APEDA may also consider documenting the supervisory checks to be exercised by different levels of APEDA officials, so that responsibility for failures can be fixed easily.

Response: APEDA stated that the checking procedures had been revised to include scrutiny by officers at various levels. In particular, a new format had been introduced for processing transport assistance cases, making random checking of records by different levels of officials mandatory.

Audit welcomes the action taken by APEDA for strengthening supervisory checks of payment cases.

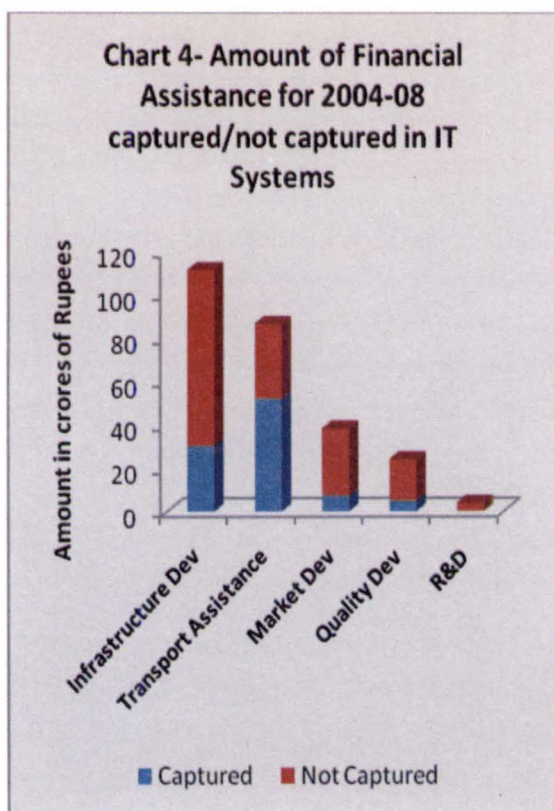
3.2 Inadequate capture of assistance cases in IT systems

APEDA has an IT-based Integrated Financial Assistance System (IFAS) to capture information relating to the financial assistance provided under 34 components of the different schemes to exporters. On an average, APEDA receives about 1000 applications annually, which are processed by six product divisions.

The Financial Assistance System (FAS) application was initially developed in 1998-99 on Oracle/ Power Builder/ Lotus Notes with both database and workflow capabilities, and was upgraded in March 2001. The application was redesigned as IFAS in 2003-04. Subsequently in 2005, the database was divided into two parts – IFAS, which currently handles the Transport Assistance Scheme (TAS) and Laboratory Testing for Grapes (LTG), and IFASNEW, which handles other Financial Assistance Schemes and Market Development Assistance.

Despite the fact that the IT applications for the different Financial Assistance Schemes had been developed and implemented by 2003 or earlier, APEDA was unable to ensure the capture of most of the financial assistance cases in the IT databases.

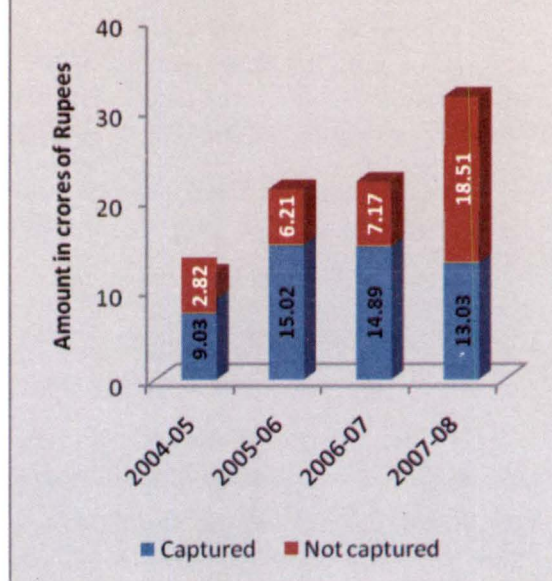
Chart-4 shows the amount of expenditure during 2004-08 under different Financial Assistance Schemes, which had been captured/ not been captured in the IT systems.



In particular, although the IFAS had been redesigned for online entry of Transport Assistance Scheme cases by exporters, only about 60 per cent of the cases had been captured in the IT system, as shown in **Chart-5**.

Clearly, as long as all data on financial assistance cases is not captured electronically, the IT systems are of limited value, and APEDA would be unable to effectively monitor the receipt, processing and payment of financial assistance cases.

Chart 5- Transport Assistance for 2004-08 captured in IT System



Recommendation – 2

APEDA should have a time-bound programme for ensuring that all financial assistance cases are captured electronically, and that the IT systems become the primary systems of record, rather than manual records. This would enable it to exercise effective and strict control on the processing of financial assistance.

Response : APEDA stated that with immediate effect, routing of all financial assistance files, including those pertaining to common infrastructure, seminars, R&D etc, through the IFAS software had been started. Necessary measures had been initiated to ensure that the IT systems become the primary systems of records. A computerized cheque printing system integrated with IFAS had been developed, which would require processing at all stages and release of payments to be captured electronically.

This system would be introduced on 1st April 2009, after performing test runs during February and March 2009.

Audit welcomes the action initiated by APEDA, the implementation of which would be verified in future audits.

In the case of resubmissions, penalty at the rate of one *per cent* per submission is to be levied; a maximum of two resubmissions are allowed.

Year-wise payments of transport assistance during 2003-08 are given in **Chart-6**.

3.3 Transport Assistance Scheme

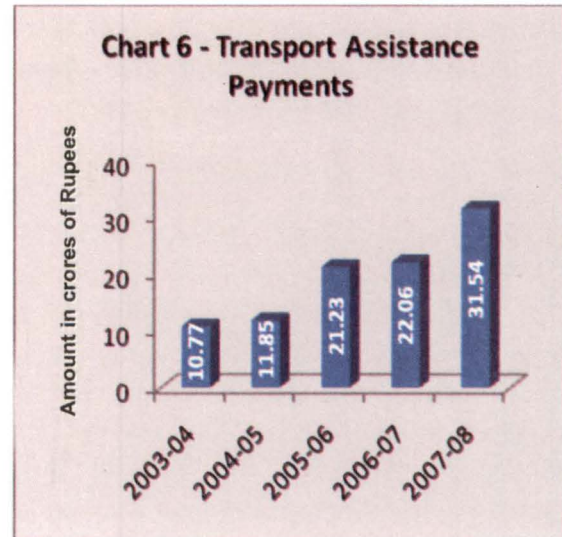
The Transport Assistance Scheme (TAS) was introduced by the Government of India with effect from April 2002 to compensate exporters against disadvantages faced in respect of sea and air freight rates. The salient features of the scheme are as follows:

Applications for TAS are to be supported by copies of relevant documents, e.g. shipment bills/ airway bills, commercial invoices, freight forwarding bills, bank realization certificates etc.

Applications for assistance are to be submitted within 180 days from the last date of the fortnight in which the shipment takes place. For cases pertaining to the period from 1 April 2002 to 15 June 2003, applications could be submitted up to 15 December 2003 and the cases pertaining to the period 1 April 2004 to 28 February 2005, applications could be submitted upto 27 August 2005. For export oriented units, the time limit was extended to 365 days from 1 April 2006.

In the case of delayed submissions, penalty is leviable at the rate of 5 *per cent* for delays of upto 30 days; 10 *per cent* for delays of 31 to 60 days; and 20 *per cent* for delays of 61 to 90 days;

Applications received with delays of more than 90 days are to be rejected.



Audit scrutinized records in APEDA Head quarters and Regional Office Bengaluru (379 cases at APEDA Headquarters involving assistance of Rs. 2.27 crore, and 153 cases at the Regional Office involving assistance of Rs. 9.53 crore) pertaining to 532 files³ for the period 2003-08, involving transport assistance of Rs. 11.80 crore. The audit revealed that all the test-checked cases had copies of the documents required as per the scheme guidelines. Further, in the test-checked cases, resubmission penalty, wherever applicable, was levied correctly. However, audit detected a total overpayment of transport assistance of Rs. 0.18 crore in 16 cases. These cases of overpayment fell into two categories:

³ Each file pertains to a single exporter, and deals with one or more shipments.

- Five cases, which were time-barred, and should have been rejected outright, but were irregularly accepted, involving overpayment of Rs. 0.12 crore.
- Eleven cases, where penalty was leviable but was not levied, or the penalty imposed was less than what was due in terms of the delay in submission of applications, involving over payment of Rs. 0.06 crore.

Details are given in **Appendix -1**.

In response, APEDA stated that no overpayments had been made in these 16 cases. The response is not tenable, as in these 16 cases, shipping bills pertaining to the previous fortnights were incorrectly certified by the internal auditor for the succeeding fortnight, thus irregularly extending the timeframe for submission of the applications.

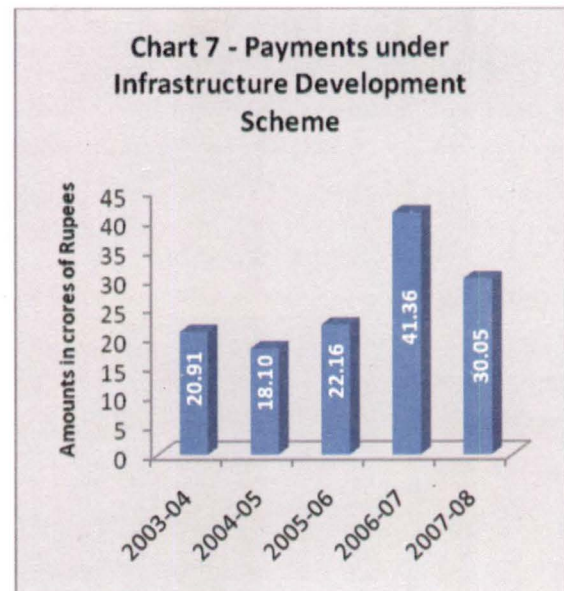
3.4 Scheme for Infrastructure Development

Under this scheme, APEDA provides financial assistance for various items e.g. post-harvest infrastructure, sorting and grading lines, intermediate storage sheds, effluent treatment and water softening plants, laboratory equipment, pre-cooling units, high humidity cold storages, refrigerated transport etc.

The rates of assistance vary, depending on the components and whether the executing agency is a public sector agency or not. In Principle Approval (IPA) is a pre-condition for eligibility for financial assistance, and no expenditure are to be incurred or payments made or financial commitments (e.g. opening of Letter of Credit) made before the date of issue of the IPAs. The

IPA has a validity of six months, which may be extended on request. Assistance would be admissible only once in a Plan period. However, multiple processing/manufacturing units at geographically segregated locations would qualify separately.

Year-wise payments under the scheme during 2003-08 are given in **Chart-7**.



Audit scrutinized 92 cases, involving financial assistance of Rs. 27.08 crore, and found non-compliance with the guidelines in 47 cases, involving assistance of Rs. 4.38 crore (16 per cent), as summarized below:

- In 24 cases involving assistance of Rs. 2.28 crore, assistance was released to exporters who had incurred expenditure or made financial commitments prior to the date of the IPAs.
- In 11 cases involving assistance of Rs. 0.91 crore, the final claims were submitted after the last dates stipulated in the IPAs.
- In six cases involving assistance of Rs. 0.63 crore, bills were submitted without details.

- In six other cases, involving assistance of Rs. 0.56 crore, there were other discrepancies e.g. expired registration, ineligible items covered, two units located in the same geographical area etc.

Further, in nine cases involving assistance of Rs. 13.04 crore to various Central/ State Government agencies for construction of infrastructural facilities like post-harvest facilities, cold storage and pack houses, common facilities and nurseries, the projects were lagging behind the targeted completion date, and the benefits of the facilities were not yet available to the targeted beneficiaries.

Details are given in **Appendices 2 (a) to (d)**.

Recommendation - 3

APEDA should ensure that guidelines for the infrastructure development scheme and the terms of individual sanctions are complied with in each case.

Response : APEDA stated that while in the past, the guidelines were not exhaustive, in the XI Plan, the guidelines explicitly state that the IPA is mandatory, and that no commercial activities should be undertaken prior to the date of the IPA.

As regards the individual cases mentioned by audit, APEDA stated that relaxations were approved in accordance with decisions taken by the competent authority. The fact, however, remains that the guidelines were not complied with.

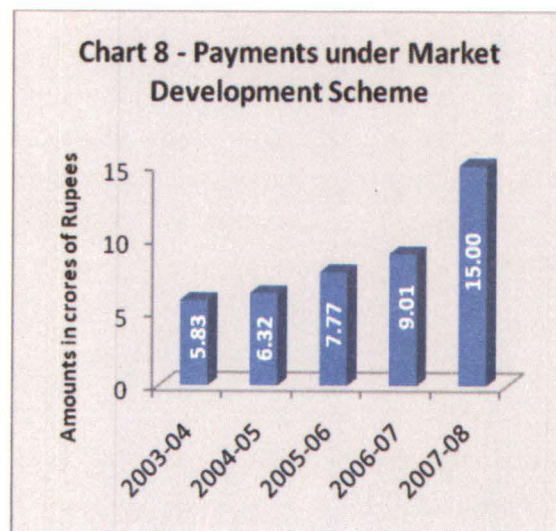
Audit notes the guidelines for assistance in the XI Plan, the compliance of which would be watched in future audit.

3.5 Scheme for Market Development

Under this scheme, financial assistance is provided to exporters for promotion of Indian products in various international markets. These cover a wide variety of activities:

- Development of packaging standards and design and use of modern packaging material;
- Development and dissemination of market information;
- Holding of buyer-seller meets, participation in exhibitions and fairs, exchange of delegations etc.

Year-wise payments during 2003-08 under the Scheme for Market Development are given in **Chart-8**.



3.5.1. Development of Packaging Standards and Design

Under this component, financial assistance is provided to exporters for use of packaging material, complying with standards and specifications developed or adopted by APEDA. The assistance is limited to 30 per cent of the cost of packaging

material, subject to a ceiling of Rs. 1.50 lakh per beneficiary. For release of assistance, exporters are required to submit copies of the invoices, bills of lading, and laboratory test reports certifying compliance with the specifications for the packaging material.

Audit scrutinized 152 cases of assistance of Rs. 1.79 crore for use of modern packaging material and found no significant deficiencies.

3.5.2 Intermediate Packaging Material

Under this component, assistance is provided to exporters, producers etc. for purchase of intermediate packaging material for domestic transportation of produce. The assistance is limited to 50 per cent of the cost of material, subject to a ceiling of Rs. 5 lakh per beneficiary. The scheme envisages issue of IPAs by APEDA for individual projects, which contain the detailed terms and conditions and also stipulate the last dates for submission of relevant documents for claiming assistance.

Audit scrutiny of 20 cases involving assistance of Rs. 0.61 crore revealed that in four cases involving assistance of Rs. 0.13 crore, the claims were entertained and irregularly paid:

- In three cases, they were submitted after the last date stipulated in the IPA;
- In one case, the expenditure was incurred before the issue of the IPA.

Details are given in **Appendix 3(a)**.

In response, APEDA stated that the gaps had been plugged in the XI Plan guidelines.

3.5.3 Export Promotion and Market Development

Under this component, APEDA provides financial assistance for activities like holding of buyer-seller meets, product promotion, exchange of delegations, participation in exhibitions and fairs etc.

Audit scrutiny revealed the following:

- During 2006-07, the Ministry of Commerce accorded approval for APEDA's participation in 20 fairs, with an expenditure ceiling of Rs. 10 lakh per fair. However, in five out of 20 fairs, the expenditure limit was substantially exceeded (**Appendix- 3(b)**).
- During 2007-08, the Ministry accorded approval for APEDA's participation in 15 fairs at a cost of Rs. 3.62 crore. While the detailed expenditure on individual fairs was not made available to Audit, APEDA incurred a total expenditure of Rs. 11.05 crore on these fairs, which exceeded the sanctioned cost by Rs. 7.43 crore.
- The sanctions of the Ministry stipulated that outcome reports were to be submitted in respect of each fair. However, as against participation in 35 fairs during 2006-08, only five outcome reports were made available to Audit. Even these reports were of a routine nature, and did not clearly indicate how the objectives of APEDA's participation in the fair had been achieved.

Recommendation – 4

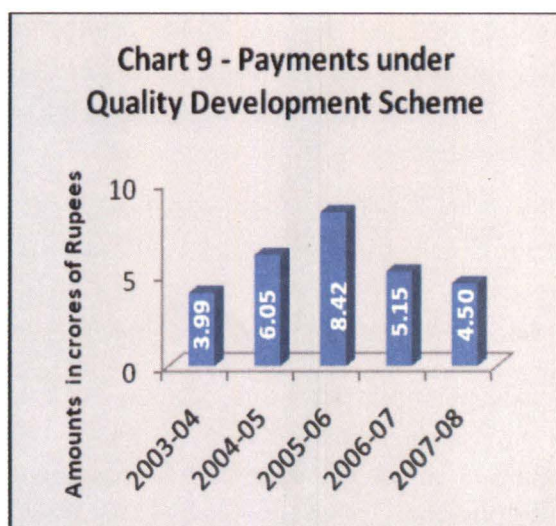
APEDA should ensure that guidelines for the market development scheme are complied with in each case of payment of financial assistance.

Response : APEDA stated that wherein excess expenditure above the prescribed limit was incurred, it was borne by the other participating organizations like Ministry of Food Processing Industries, Ministry of Agriculture, All India Rice Exporters Association. However, details of excess expenditure so shared were not enclosed.

3.6 Scheme for Quality Development

Under this scheme, APEDA provides financial assistance to exporters for purchase of laboratory equipment, adoption of quality control systems (ISO, HACCP, EUREGAP etc.) and testing of products for meeting importing country requirements of product standards, pesticide residue etc. As in the case of the Scheme for Infrastructure Development, IPA is a pre-condition for eligibility and assistance is admissible only once in a Plan period, with exceptions for processing / manufacturing units at geographically different locations.

Year-wise payments under the Quality Development Scheme during 2003-08 are given in **Chart-9**.



3.6.1 Promotion of Quality and Quality Control

Under this component, assistance is provided to exporters, producers, trade associations, public institutions etc. for setting up or strengthening laboratories. Assistance is limited to 50 *per cent* of the cost, subject to a ceiling of Rs. 5 lakh per beneficiary.

Audit scrutiny of 18 cases involving financial assistance of Rs. 0.78 crore revealed that financial assistance of Rs. 0.17 crore was irregularly paid in four cases, as the final claims were submitted by the exporters after the last dates stipulated in the IPAs. Details are given in **Appendix-4**.

In response, APEDA stated that the relaxations were made with the approval of the competent authority. The fact, however, remains that the guidelines were not complied with.

3.6.2 Upgradation and Recognition of Laboratories for Export Testing

Under this component, assistance of up to 50 *per cent* of the cost for private laboratories, subject to a ceiling of Rs. 50 lakh, and 100 *per cent* of the cost for Central and State Government/ University laboratories is provided.

Audit scrutiny of 10 cases involving assistance of Rs. 9.95 crore revealed that in one case, assistance of Rs. 3.62 crore was provided for a sample testing machine, which was not functioning due to non-receipt of National Accreditation Board for Testing & Calibration Laboratories (NABL) certificate by the laboratory as of date. This resulted in blockage of funds of Rs. 3.62 crore. In the remaining nine cases, audit found no significant deficiencies.

3.6.3 Testing of Samples

APEDA provides financial assistance to exporters for testing for pesticide residue, antibiotics, hormones and drugs. The assistance is limited to 50 *per cent* of the cost of the test, with a ceiling of Rs. 7,000 plus taxes.

Audit scrutinized payments of Rs. 3.64 crore for 11,043 tests during 2005-08 made to four laboratories and did not find any significant deficiencies in the payment process.

3.6.4 Organisational Building and HRD

Under this component, APEDA provides assistance to:

- exporters, growers, manufacturers etc. for upgradation of technical and managerial processes through training; and
- recognized associations of growers/exporters for seminars and group activities and for bringing out information literature.

Audit scrutiny of 10 programmes revealed that in one case, training was provided to participants from laboratories which were not recognized by APEDA.

3.7 Research & Development

Under this scheme, APEDA provides financial assistance for R&D projects having direct impact on export promotion of agricultural and processed food products. Assistance is up to 100 *per cent* of the cost in the Government sector, and 50 *per cent* of the cost in the private sector subject to a ceiling of Rs. 10 lakh.

Between 2001-02 and 2007-08, APEDA had sanctioned 12 projects worth Rs. 5.60 crore and provided assistance of Rs. 4.08 crore to them.

Of these projects,

- Seven projects, involving assistance of Rs. 1.95 crore were completed.
- two projects, involving assistance of Rs. 0.06 crore, were abandoned.
- three projects, involving assistance of Rs. 2.07 crore, were in progress. Of these, one project on "Research for stone weevil for mangoes" had been delayed by more than two years. APEDA admitted that the project report was vital for negotiations with importing countries.

3.8 Other Schemes

3.8.1 Agri Export Zones (AEZs)

In its Exim Policy 2001, the Government of India initiated the concept of Agri Export Zones (AEZs) with the objective of focusing on particular products located in contiguous areas for the purpose of developing and sourcing raw materials, processing, packaging and export. State Governments were to evolve projects with a cluster approach for identified products with export potential and APEDA was nominated as the nodal agency for AEZs.

So far, the Gol has sanctioned 60 AEZs with an anticipated investment of Rs. 1,718 crore, of which APEDA's share is Rs. 121 crore. These AEZs were to result in incremental projected exports of Rs. 11,821 crore over the five-year period 2001-2006.

Audit scrutiny revealed that the performance of AEZs was, in practice,

uneven. Against the projected exports of Rs. 11,821 crore over a five-year period, the actual exports upto March 2008 amounted to Rs. 10,691 crore. Of the 60 AEZs:

- eight AEZs (gherkins and rose onions in Karnataka, grape/ grapewine, and onions in Maharashtra, mango pulp/ fresh vegetable in Andhra Pradesh, walnuts in Jammu & Kashmir, value added onions in Gujarat, and horticulture products in Kerala) contributed Rs. 8,352 crore (78 per cent) of exports, against the projections of Rs. 1,048 crore in respect of these zones.
- The remaining 52 AEZs had exports of only Rs. 2,339 crore, against the projections of Rs. 10,774 crore. Of these, 13 AEZs had no exports at all, against the projected exports of Rs. 2,447 crore.

In view of the performance of the AEZs, a Committee of Joint Secretaries under the Ministry of Commerce conducted a peer review of 25 AEZs in 2005. They found the main problems to be lack of ownership and co-ordination between the Central and State Governments, lack of project orientation in the conceptual design, lack of interest due to non-allocation of separate funds to the States, and lack of public participation.

Subsequently, in March 2007, ASSOCHAM conducted another review of the AEZ concept. They found the main shortcomings to be lack of ownership, co-ordination and monitoring, poor infrastructure, absence of incentives, and absence of investment windows.

Recommendation – 5

APEDA may evolve a time-bound action plan for ensuring that the AEZs, which are non-operational or lagging behind in export performance, are revitalized.

Response : APEDA stated that in order to review the AEZ concept, it had identified 10 potential products and clusters corresponding to each product and aimed to develop these clusters in an integrated manner to boost exports. Further, APEDA had entrusted the responsibility for monitoring the project in these clusters to specified nodal officers.

Audit notes the action taken by APEDA, the progress of which would be watched in future audit.

3.8.2 Centres for Perishable Cargo (CPCs)

In order to maintain the cold chain upto the exit points at airports, APEDA decided to set up Centres for Perishable Cargo (CPCs) at different airports in the country. The funding pattern for CPCs involved cost sharing between APEDA and the implementing agencies.

Till date, APEDA had sanctioned 13 CPCs at a cost of Rs. 61.83 crore, including Rs. 26.53 crore as its contribution. Of these,

- nine CPCs⁴, involving Rs. 33.79 crore from APEDA, had been set up. The CPCs at Hyderabad and Bengaluru had been closed, due to closure of the old airports at these locations.

⁴ At Amritsar, Bengaluru, Chennai, Cochin, Delhi, Hyderabad, Kolkata, Mumbai, and Thiruvananthapuram

Work in respect of two CPCs at Bagdogra and Nashik was in progress. These CPCs were to be completed within one year, failing which the grant was to be recovered, along with penal interest, from

the implementing agencies; however, this had not been done by APEDA.

The CPC project at Goa was likely to be completed, while the one in Haldia had been terminated.

Chapter 4. Audit Findings - General

4.1 Registration of Exporters

In order to become eligible for APEDA's Financial Assistance Schemes, exporters of scheduled products are required to get registered with it; this enables APEDA to collect detailed statistics of exports of scheduled products. A registration fee of Rs. 5,000 is payable for this purpose. Registration can be done either manually or online.

APEDA has an IT application, whereby exporters with valid IE (Importer – Exporter) code from DGFT⁵ can register online on their website, and pay the registration fees by credit cards. The IE code is used for online verification of the exporters' details with the DGFT database, and thereafter, the exporters are granted their APEDA registration codes. The application stores exporter details like name, company, address etc. The application, originally designed in 1998-99 on Oracle/ Power Builder platform, was redesigned in March 2001 on Lotus Notes and again upgraded in October 2001 to SQL/ASP platform for enabling online registration.

Audit had pointed out in January 2007, the large number of inactive exporters registered with APEDA, who were not filing their Monthly Party Returns (MPRs). On being pointed out by audit, APEDA de-registered such exporters, and the number of registered exporters came down from 22,340 in April 2007 to 5,799 as of March 2008.

Audit scrutiny of electronic data revealed several significant deficiencies:

- In 49 cases, the validity dates of registration had elapsed as of March 31, 2008. However, in 40 of these cases, the registration dates were blank and the status of the exporters was shown as 'registered'.
- In 5,027 cases, the validity dates were missing. Other elements of information were also missing in several records, as indicated in **Appendix- 5(a)**.

This was corroborated by manual scrutiny of 154 registration files, out of which, in 36 cases, the APEDA registration certificates did not indicate the validity dates, as detailed in **Appendix-5(b)**.

Recommendation – 6

APEDA should streamline the registration process to ensure that (a) complete and accurate data is captured (b) validity dates are invariably indicated on all registration certificates (c) the validity of registration is co-terminus with that of the manufacturers' status certificates in the case of manufacturer-exporters.

Response : APEDA stated that efforts had been initiated to update the missing clauses of information, by either updating the same from physical records, or by seeking the same from exporters. A large number of specific cases mentioned in the report were expected to be resolved within six months.

⁵ Directorate General of Foreign Trade

Audit welcomes the commitment by APEDA to rectify the deficiencies in the registration database. Progress thereagainst would be watched in future audits.

4.2 Collection of Statistics for Scheduled Products

APEDA's activities, as per the APEDA Act, include the collection and publication of statistics relating to export of scheduled products. For this purpose, exporters are required to file monthly party returns (MPRs) of exports, which would enable APEDA to collect statistics in respect of export of scheduled products by volume and value.

A Monthly Party Return database was implemented in 1998-99 to enable exporters to file these returns online.

However, audit analysis of the online exporter and MPR databases revealed that out of the 5,799 registered exporters as of March 2008, 2,005 exporters (34 per cent) had never filed their MPR. Even the remaining 3,794 exporters were filing MPRs only occasionally. Consequently, APEDA was not compiling statistics of exports of scheduled products from the MPRs, but was adopting the export statistics of the DGCI&S for its annual publication '*Export Statistics for Agro and Food Products*'. Considering that the DGCI&S statistics also covered exports from exporters not registered with APEDA, the reliability of these figures with regard to export of scheduled products is open to question.

Thus, the MPRs were not serving the objective of providing statistics of exports of scheduled products to APEDA, and, were ineffectual.

Incidentally, audit analysis of electronic data revealed 153 cases of payment of financial assistance of Rs. 12.82 crore to exporters, who had never filed MPRs.

Recommendation - 7

APEDA should ensure that all registered exporters file MPRs on time, failing which, they should be rendered ineligible for all forms of assistance.

Response : APEDA stated that MPRs were sought to comply with the requirements of the APEDA Act and also to ascertain the active/passive status of registered exporters. DGCI&S statistics do not provide exporter-wise and state-wise statistics and hence MPR data was relevant. In 2006-07, APEDA had already deregistered exporters who were not filing MPR returns, and efforts were being made to deregister the exporters on a regular basis. Such exporters would not be eligible for APEDA assistance. In the exit conference, APEDA also stated that efforts would be made to remove the deficiencies in the registration database in the next six months

Audit notes the commitment made by APEDA.

4.3 Financial Management and Control

Grants-in-aid given by the Ministry of Commerce to APEDA are to be utilized for the purposes specified in the sanction orders. However, audit found that APEDA wrongly booked Rs. 1.83 crore of expenditure incurred during the period 2005-08 on various Non-Plan activities e.g. remuneration to consultants/ contract employees, payment of professional

charges etc. under the Plan Scheme of Market Development.

4.4 IT Systems

Audit review of the IT systems developed by APEDA for its various activities revealed several significant deficiencies.

4.4.1 Deficiencies in Design and Documentation

No documentation relating to software development, testing or implementation for the two IFAS databases – IFAS and IFASNEW – was available, except for a “Manual for IFAS”, which was limited in its scope and coverage. Also, no documentation regarding changes to the software and their approval was available.

APEDA had developed an IT System called GrapeNet as an Internet-based residue traceability software for monitoring fresh grapes exported from India to the European Union. This software integrated all stakeholders in the supply chain of grape exports, viz. the farmer, the State Horticulture Department, testing laboratories, the Agmark Certification Department, the Phytosanitary Department, pack houses, exporters and APEDA to ensure that APEDA could trace details of export consignments right upto the plot level.

While independent modules of GrapeNet were functional from the 2005 grape season, GrapeNet was formally launched in 2007.

The database for Grapenet had not been properly designed, as there were no formal relationships between the individual tables. No development documentation was available, and no documentation regarding

changes to the software was available. According to APEDA,

- the system was not developed as a full life cycle software project in one go and evolved over the last three years. Further, the database was kept without any controls so as to enable future changes in design and structure.
- Since grape production and export was a short season process, the problems in the software were being addressed on an urgent basis without any documentation.

4.4.2 General IT Controls

Despite the fact that computerization started in 1998-99, APEDA did not have:

- a formal IT strategy;
- policies and procedures for development and operation of IT systems;
- a Disaster Recovery and Business Continuity Plan.

Recommendation - 8

For its numerous IT systems, APEDA needs to ensure the following at the earliest:

- Adherence to a structured system design methodology by itself and its vendors;
- A formal IT Strategy, along with supporting policies and procedures;
- A Disaster Recovery and Business Continuity Plan;
- Complete and detailed system and user documentation;

- Formal procedures for approval of major changes to systems, and documentation of changes;
- Strict measures to ensure that all data is captured electronically, and that the electronic database becomes the primary system of record.

Without these measures, the IT systems of APEDA will serve only a limited purpose, and the integrity of its data cannot be assured. Further, in the absence of a structured system design methodology and a Business Continuity Plan, the effective and viable operation of these IT systems in the future would be at high risk.

The matter was referred to the Ministry in November 2008; their reply was awaited as on April 2009.

New Delhi
Dated: 3 June 2009



(K.R.SRIRAM)
Principal Director of Audit
Economic & Service Ministries

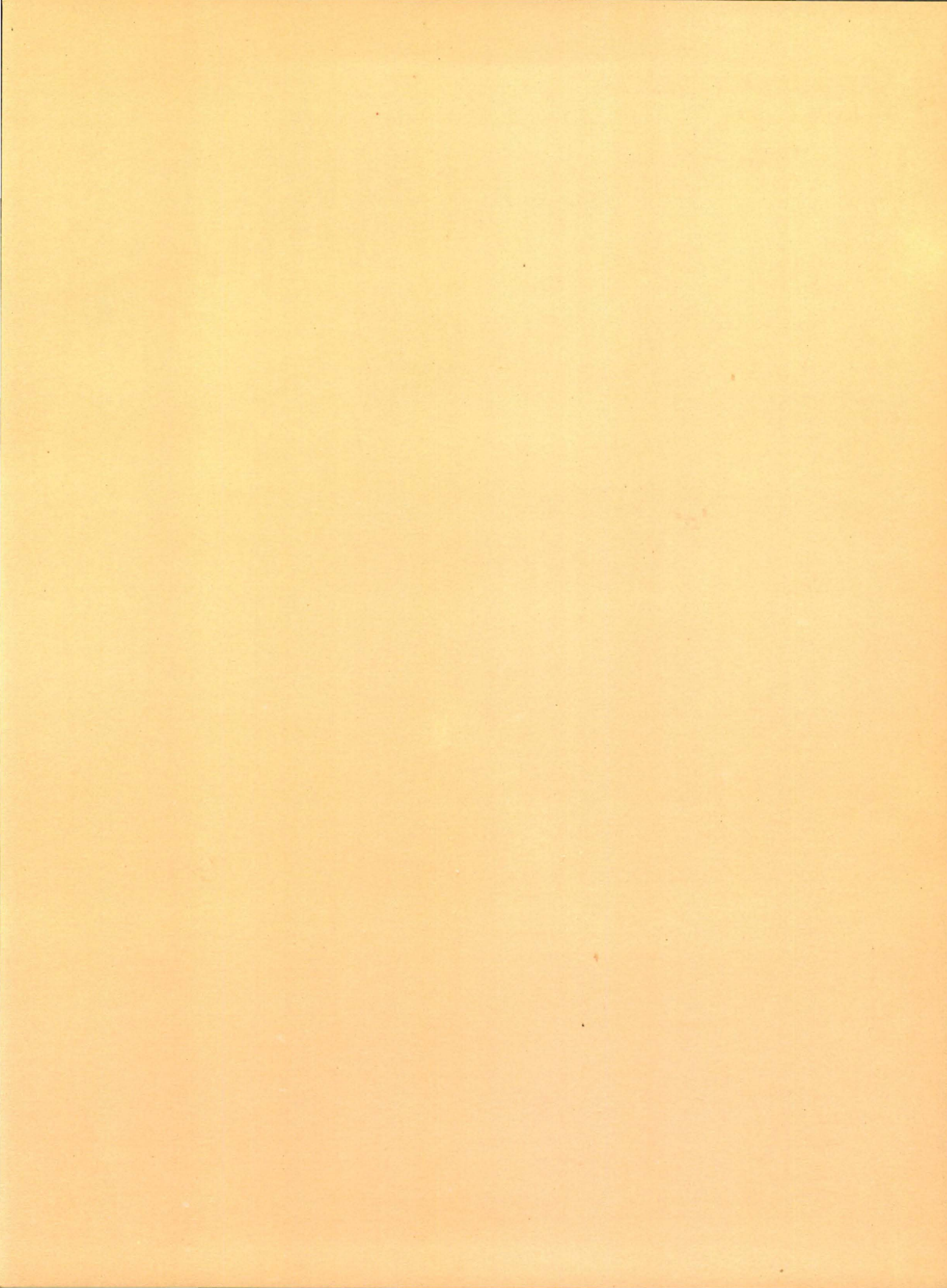
Countersigned

New Delhi
Dated: 16 June 2009



(VINOD RAI)
Comptroller and Auditor General of India

APPENDICES



Appendix -1

List of time-barred/short levy/non levy of penalty cases pertaining to Transport Assistance Scheme (refer Para 3.3)

(Amount in Rs.)

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
1		2	3	4	5	6	7	8	9	10
1.	Agro Dutch Industries Ltd	18223	05/10/2005	21/7/06	19818				19818	19818
	TAS/06-07/830	18423	07/10/2005	(18)	16792				16792	16792
		18424	10/10/2005		16837				16837	16837
		18425	06/10/2005		24606				24606	24606
		18426	06/10/2005		19819				19819	19819
		18502	07/10/2005		19873				19873	19873
		18701	11/10/2005		16837				16837	16837
		18702	11/10/2005		16792				16792	16792
		18722	11/10/2005		19873				19873	19873
		18723	11/10/2005		16838				16838	16838
		18725	11/10/2005		27977				27977	27977
		18831	14/10/2005		26004				26004	26004
		18832	14/10/2005		17531				17531	17531
		18835	14/10/2005		16837				16837	16837
		18895	15/10/2005		26004				26004	26004
		18896	15/10/2005		26004				26004	26004

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recomm- ended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		18897	15/10/2005		26004				26004	26004
		18898	15/10/2005		26004				26004	26004
2.	Agro Dutch Industries Ltd	17806	29/09/2005	21/7/06	15593				15593	15593
	TAS/06-07/1132	17809	30/09/2005	(28)	15593				15593	15593
		17933	01/10/2005		15635				15635	15635
		17934	01/10/2005		15635				15635	15635
		18052	01/10/2005		15635				15635	15635
		18054	03/10/2005		31264				31264	31264
		18236	04/10/2005		15671				15671	15671
		18238	05/10/2005		31377				31377	31377
		18280	05/10/2005		15688				15688	15688
		18281	05/10/2005		15688				15688	15688
		18282	05/10/2005		31377				31377	31377
		18465	07/10/2005		31377				31377	31377
		18466	07/10/2005		31377				31377	31377
		18503	07/10/2005		15688				15688	15688
		18504	07/10/2005		15688				15688	15688
		18595	10/10/2005		15956				15956	15956
		18596	10/10/2005		15956				15956	15956
		18600	10/10/2005		15956				15956	15956
		18700	11/10/2005		31912				31912	31912
		18724	11/10/2005		15956				15956	15956

Sl No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		18789	14/10/2005		15938				15938	15938
		18790	13/10/2005		15938				15938	15938
		18834	13/10/2005		31877				31877	31877
		18894	14/10/2005		31877				31877	31877
		18900	14/10/2005		31877				31877	31877
		18901	14/10/2005		31877				31877	31877
		19008	15/10/2005		31764				31764	31764
		19009	15/10/2005		31764				31764	31764
3.	Agro Dutch Industries Ltd	1503897	24/06/2005	31/3/06	21265				21265	21265
	TAS/05/06/1980	1504236	27/06/2005	(5)	21265				21265	21265
		1504848	29/06/2005		16855				16855	16855
		1504930	29/06/2005		16855				16855	16855
		1506658	30/06/2005		16855				16855	16855
4.	Agro Dutch Industries Ltd	16649	15/09/2005	23/5/06	22639			2515		2515
	TAS/06-07/0679	16648	15/09/2005	(11)	22639			2515		2515
		16348	09/09/2005		17471			1941		1941
		16427	12/09/2005		17499			1944		1944
		16428	12/09/2005		17499			1944		1944
		16542	13/09/2005		17511			1945		1945
		16543	20/12/2005		35022			3891		3891
		16547	13/09/2005		17511			1945		1945
		16647	15/09/2005		17511			1945		1945

Sl No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		16650	14/09/2005		35061			3895		3895
		16651	15/09/2005		17511			1945		1945
5.	Agro Dutch Industries Ltd	19640	25/10/2005	21/7/06	35838			3982		3982
	TAS/06-07/1267	19641	25/10/2005	(31)	35838			3983		3983
		19950	27/10/2005		18019			2002		2002
		19647	25/10/2005		17919			1991		1991
		19649	26/10/2005		17951			1999		1999
		19741	25/10/2005		17919			1991		1991
		19742	25/10/2005		17919			1991		1991
		19743	25/10/2005		17919			1991		1991
		19863	26/10/2005		17991			1999		1999
		19862	26/10/2005		17991			1999		1999
		19858	26/10/2005		17991			1999		1999
		19859	26/10/2005		17991			1999		1999
		20334	02/11/2005		18099			2011		2011
		19951	27/10/2005		18099			2011		2011
		19953	27/10/2005		18019			2002		2002
		20043	28/10/2005		36039			4004		4004
		20041	28/10/2005		18019			2002		2002
		20137	31/10/2005		36198			4022		4022
		20723	09/11/2005		22327			2480		2480
		20846	10/11/2005		27827			3091		3091

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		20450	08/11/2005		27958			3106		3106
		20546	08/11/2005		27958			3106		3106
		20548	08/11/2005		27958			3106		3106
		20550	08/11/2005		13979			1553		1553
		20847	10/11/2005		14114			1568		1568
		20916	14/11/2005		21117			2346		2346
		20917	14/11/2005		21117			2346		2346
		20722	10/11/2005		27827			3091		3091
		20919	11/11/2005		22327			2480		2480
		20986	14/11/2005		45451			5050		5050
		20987	14/11/2005		45451			5050		5050
6.	Agro Dutch Industries Ltd	22439	02/12/2005	5/9/06	18457			2050		2050
	TAS/06-07/1890	22440	02/12/2005	(6)	18457			2050		2050
		22441	02/12/2005		18457			2050		2050
		22553	05/12/2005		18528			2058		2058
		22552	05/12/2005		18528			2058		2058
		22875	09/12/2005		18047			2005		2005
7.	Agro Dutch Industries Ltd	20138	31/10/2005	15/9/06	23737				23737	23737
	TAS/06-07/1987	22963	13/12/2005	(13)	36095				36095	36095
		23054	14/12/2005		36095				36095	36095
		23315	19/12/2005		36095			4010		4010
		23570	20/12/2005		36095			4010		4010

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		23567	20/12/2005		18170			2018		2018
		24091	31/12/2005		36095			4010		4010
		24092	27/12/2005		18131			2014		2014
		24093	27/12/2005		18131			2014		2014
		24288	31/12/2005		18047			2005		2005
		24628	03/01/2006		35840			3982		3982
		84	05/01/2006		14310			1590		1590
		608	13/01/2006		17709			1967		1967
8.	Agro Dutch Industries Ltd	1902	06/02/2006	15/9/06	93188		4905			4905
	TAS/05-06/2006	1905	31/01/2006	(35)	56425		2970			2970
		2253	04/02/2006		14404		758			758
		2460	07/02/2006		14404		758			758
		2461	07/02/2006		14475		762			762
		2462	07/02/2006		14404		758			758
		2464	07/02/2006		38960		2050			2050
		2465	07/02/2006		38960		2050			2050
		2492	07/02/2006		19614		1032			1032
		2491	07/02/2006		19614		1032			1032
		2493	09/02/2006		19614		1032			1032
		2495	09/02/2006		19614		1032			1032
		174	07/01/2006		37471			5916		5916
		1521	25/01/2006		18710		985			985

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		1705	28/01/2006		37337		1965			1965
		136	31/01/2006		37245		1960			1960
		2496	07/02/2006		37320		1964			1964
		2646	10/02/2006		18975		999			999
		2695	10/02/2006		37950		1997			1997
		2696	10/02/2006		18975		999			999
		2787	13/02/2006		18975		999			999
		2903	14/02/2006		19082		1004			1004
		1903	08/02/2006		93645		4929			4929
		2463	08/02/2006		14475		762			762
		2783	13/02/2006		67088		3531			3531
		2835	14/02/2006		67088		3531			3531
		2836	14/02/2006		44815		2359			2359
		2837	15/02/2006		44755		2355			2355
		2842	14/02/2006		14475		762			762
		2843	14/02/2006		14475		762			762
		2844	14/02/2006		14455		761			761
		2845	14/02/2006		14475		762			762
		3094	15/02/2006		14455		761			761
		3095	15/02/2006		14455		761			761
		2788	13/02/2006		23362		1230			1230
9.	Agro Dutch Industries Ltd.	19493	21/10/2005	3/8/06	17990				17990	17990

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
	TAS/06-07/1415	20727	09/11/2005	(19)	18369			2041		2041
		20724	09/11/2005		18369			2041		2041
		20845	10/11/2005		18369			2041		2041
		20726	10/11/2005		18369			2041		2041
		20725	10/11/2005		18369			2041		2041
		20843	11/11/2005		36738			4082		4082
		20918	11/11/2005		18369			2041		2041
		21344	18/11/2005		18720			2030		2030
		21454	19/11/2005		36627			4070		4070
		21524	21/11/2005		36659			4073		4073
		21565	22/11/2005		36627			4070		4070
		21566	22/11/2005		18314			2035		2035
		21567	22/11/2005		18314			2035		2035
		21568	22/11/2005		18314			2035		2035
		21661	23/11/2005		36627			4070		4070
		21737	24/11/2005		18314			2035		2035
		21191	30/11/2005		18389			2043		2043
		22192	30/11/2005		18389			2043		2043
10.	Himalaya International	1272824	16/04/2003	16/12/03	69560		3478			3478
	TAS/03-04/2134	1272823	16/04/2003	(2)						
11	Agro Dutch Industries Ltd.	1367788	05/04/2004	31/8/05	233453	11673				11673
	TAS/05-06/1980	1368340	06/04/2004	(9)						

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		1368346	06/04/2004							
		1368617	08/04/2004							
		1368729	08/04/2004							
		1369112	12/04/2004							
		1369124	12/04/2004							
		1369395	13/04/2004							
		1370820	16/04/2004							
12.	Agro Dutch Industries Ltd.	6442	15/04/2005	17/1/06	14749				14749	14749
	TAS/05-06/909	6446	15/04/2005	(7)	14749				14749	14749
		1474339	24/03/2005		14223				14223	14223
		1474342	24/03/2005		14223				14223	14223
		1477420	28/03/2005		14206				14206	14206
		1477742	30/03/2005		14222				14222	14222
		1477806	30/03/2005		14223				14223	14223
13.	Agro Dutch Industries Ltd	12250	21/07/2005	31/3/06	939962			104440		104440
	TAS/05-06/2040	12324	20/07/2005	(39)						
		12505	25/07/2005							
		12637	20/07/2005							
		12506	20/07/2005							
		12807	26/07/2005							
		12808	23/07/2005							
		12809	26/07/2005							

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recomm- ended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		12913	25/07/2005							
		12916	23/07/2005							
		13017	25/07/2005							
		13018	25/07/2005							
		13019	25/07/2005							
		13020	25/07/2005							
		13021	25/07/2005							
		13079	25/07/2005							
		13080	25/07/2005							
		13081	25/07/2005							
		13082	25/07/2005							
		13083	26/07/2005							
		13084	26/07/2005							
		13085	26/07/2005							
		13201	28/07/2005							
		13202	28/07/2005							
		13203	28/07/2005							
		13204	28/07/2005							
		13370	29/07/2005							
		13371	29/07/2005							
		13372	29/07/2005							
		13440	30/07/2005							

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recommended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		13441	30/07/2005							
		13443	30/07/2005							
		13444	30/07/2005							
		13445	30/07/2005							
		13630	03/08/2005							
		13737	03/08/2005							
		13738	03/08/2005							
		13739	03/08/2005							
		12805	28/07/2005							
14.	Agro Dutch Industries Ltd. TAS/05-06/755	1472909	15/03/2005	15/12/2005	14497				14497	14497
15.	Agro Dutch Industries Ltd. TAS/ 05-06/762	6163	12/04/2005	15/12/2005	23177			2577		2577
		6166	11/04/2005	15/12/2005	50707			5634		5634
		6277	12/04/2005	15/12/2005	21528			2392		2392
		1477744	29/03/2005	15/12/2005	16011			1779		1779
		1477745	29/03/2005	15/12/2005	16011			1779		1779
16.	Agro Dutch Industries Ltd. TAS/06-07/1813	23251	16/12/2005	5/9/06	11982			1331		1331
		23316	16/12/2005	(26)	11982			1331		1331
		23496	17/12/2005		37206			4134		4134
		23497	19/12/2005		18155			2017		2017
		23781	22/12/2005		20091			2232		2232
		23783	22/12/2005		20091			2232		2232

SI No/	Name of the exporting firm	Invoice / Shipping bill/ ADIL No	Date of bill of lading	Date of submission of physical claim in APEDA	Amount of subsidy recomm- ended	Case falls in 5% cut	Case falls in 10% cut	Case falls in 20% cut	Case falls in rejected category	Amount of excess payment by APEDA
		23875	23/12/2005		20091			2232		2232
		23876	23/12/2005		51259			5695		5695
		23877	23/12/2005		25759			2862		2862
		23964	24/12/2005		51259			5695		5695
		23963	24/12/2005		39923			4435		4435
		23089	27/12/2005		37853			4205		4205
		24090	27/12/2005		18927			2103		2103
		24094	27/12/2005		24451			2716		2716
		24095	27/12/2005		24451			2716		2716
		24096	27/12/2005		24451			2716		2716
		24097	29/12/2005		18929			2103		2103
		24098	29/12/2005		18929			2103		2103
		24186	28/12/2005		18927			2103		2103
		24187	28/12/2005		18927			2103		2103
		24188	29/12/2005		37853			4205		4205
		24385	31/12/2005		18927			2103		2103
		24287	31/12/2005		23530			2614		2614
		24383	31/12/2005		23530			2614		2614
		24382	31/12/2005		23530			2614		2614
		24384	31/12/2005		25249			2805		2805
	Total			255						1798986

Appendix -2A

Infrastructure Development (Refer Para 3.4)

Cases of financial assistance (prior to issue of IPA)

Sl No.	File No.	Name of exporter	Component	Overpayment (Rs. in Lakh)
1.	FFV/SCH/307/05-06	M/s G.S. Grapes	High humidity cold storage	3.62 (04/07)
2.	FLR/SCH/ 0017/05-06	M/s Appian Exports Mumbai	Pre cooling facility with proper air conditioning facility	7.50 (5/07)
3.	CR/2004-05-0201	M/s Mansa Quality Enterprises, Kakinada, AP	Sortex Machine	10.00 (11/06)
4.	CR-2003-04-0023/ETP/03-04.	M/s Satnam Overseas Limited	ETP Plant	9.60 (3/05)
5.	CR 2005-06/0-076	M/s Balaji Rice Mills, Andhra Pradesh,	Sortex Machine	10.00 (4/07)
6.	CR 2005-06/52	M/s sifty Rice Mills, Amritsar	Sortex Machine	10.00 (2/07)
7.	CR 2004-05/107	M/s Sree Murli Mohana Boiled & Rice Mills Andhra Pradesh	Sortex Machine	10.00 (10/06)
8.	CR 2004-05/0080	M/s Goyal Udyog, Raipur, MP	Sortex Machine	10.00 (2/06)
9.	BDF -04-05/0070	M/s Chaman Lal Setia, Amritsar, Pb.	Sortex Machine	7.84 (3/06)
10.	CR 2004-05/0023	Khosla Agro Overseas, Amritsar,Punjab	Sortex Machine	10.00 (9/05)
11.	FFV/SCH/190/04-05	M/s Kalya Exports, Nashik	Pack House	5.29 (3/05 & 8/05)

12.	FFV-05-06/255	M/s PPF export	Pack House	3.11 (5/07)
13.	FFV/SCH/04-05/32	SACO Fruits Nashik	Integrated Post Harvest Handling System (Pack House)	17.76 (3/06)
14.	FFV/SCH/4070/02-03	Farmsons farming Pvt. Ltd	Pack House	8.68 (1/04)
15.	CR-04-05/0101	Mallidi Suryanarayan Reddy	Sortex Machine	10.00 (10/06)
16.	CR -5-06/ 0163	Narula Oil Fats Pvt Ltd	Sortex Machine	10.00 (06/07)
17.	FFV/SCH/04-05/0046	Kashmir Kesar Mart	Mechanized Handling Facility (Sortex Machine)	9.80 (3/05)
18.	CR -04-05/0132	Pallavi Exports	Sortex Machine	10.00 (02/06)
19.	CR 05-06/0169	Habib rice Mills	Sortex Machine	7.03 (9/07)
20.	CR 04-05/0103	Kodanadarama boiled & rice mills	Sortex Machine	10.00 (04/07)
21.	CR 04-05/0138	Veenu industries Hyderabad	Sortex Machine	10.00 (4/07)
22.	CR 05-06/0039	Satya Srinivasa Raw & Boiled Mills	Sortex Machine	6.33 (4/07)
23.	CR 04-05/0061	Jayalakshmi hi tech rice mills	Sortex Machine	6.57 (5/07)
24.	FFV/SCH/201/06-07	Galla Foods Pvt Ltd.	VHT Plant	25.00 (7/07)
			Total	228.13

Appendix -2B

Infrastructure Development (Refer Para 3.4) Cases of submission of documents after the expiry of IPA

Sl No.	File No.	Name of exporter	Component	Overpayment (Rs. in Lakh)
1.	FFV/SCH/147/06-07	Kshrisagar Agro Process Industries	Shed for intermediate storage	4.77 (07/07)
2.	FFV/SCH/076/05-06	M/s Pheonix	Setting up of sheds for intermediate storage	5.00 (06/07)
3.	FFV/SCH/313/05-06	M/s Rahul Exports	Pre cooling pack-house	10.00 (3/07)
4.	FFV/SCH/159/04-05	M/s Ashu-tosh Agro Exports	High humidity cold storage	7.35 (3/05)
5.	FFV/SCH/158/04-05	M/s Ashu-tosh Agro Exports, Latur	Pack House/Pre cooling	10.39 (3/05)
6.	FFV/SCH/0181/03-04	M/s K Dharma Reddy & Sons	Setting up of pack house	25.00 (5/04)
7.	FFV/SCH/4303/02-03	Kashipur Agro Industries Pvt Ltd	Pack house and high humidity cold storage	8.36 (3/04)
8.	CR 05-06/0136	Vardan Industries	Sortex machine	9.13 (8/07)
9.	CR 06-07/0120	GV God Vishnu	Intermediate storage shed	5.00 (7/07)
10.	CR 06-07/72	Ferozpur foods pvt ltd	ETP Plant	2.58 (9/07)
11.	CR 2005-06/0008	Patel Flour Rice Mills	Sortex machine	2.88 (11/06)
			Total	90.46

Appendix -2C

Infrastructure Development (Refer Para 3.4) Ineligible/ Overpayment

Sl No.	File No.	Name of exporter	Component	Overpayment (Rs in lakh)
1.	FFV/SCH/0080/05-06	M/s Ashirwad Agro Exports	Pack House	0.55 (7/06)
2.	CR/2005-06/0041	M/s Kirpa Rice Mills, Amritsar	Setting up of sheds for intermediate storage	5.00 (2/06)
3.	FFV/SCH/74/06-07	M/s Gangotri Agro Export	Pack house	25.00 (7/07)
4.	CR-2004-05-0130-ETP	M/s KRBL	ETP Plant	25.00 (5/06)
5.	FFV/SCH/234/607	Vijay Laxmi Agri Services	Setting up of Shed	5.00 (9/07)
6.	FFV/SCH/171/05-06	M/s Veerapa Munda Agro Exports	high humidity cold storage facility	2.18 (4/07)
7.	CR-06-07/0032	Shiv Shankar Rice Mills	Storage Shed	4.90 (06/07)
8.	FFV/SCH/251/06-07	M/s Satya Bhama Export	Pre cooling with proper handling system	3.16 (07/07)
9.	FFV/2004-05/233 FFV/SCH/178/2006-07	Bhandari Cold Storage Bhandari Cold Chain	Pack House- Pack House-	25.00 (9/07)
10.	FLR/INFR/070/05-06	M/s dewdrops Agritech Pvt Ltd	Pre cooling facility	3.77 (4/07)
11.	FFV/SCH/189/04-05	West Bengal State Food Processing and horticulture development corporation	Setting up of multi purpose infrastructure facility at malda	10.32 (01/05) 4.36 (3/04)
12.	CR-2005-06/167	M/s Kissan Rice Mills, Karnal,	Setting up of sheds	5.00 (9/07)
Total				119.24

Appendix -2D

Infrastructure Development (Refer Para 3.4) Cases of delay in completion of projects

Sl No.	File No.	Implementing agency	Component	Amount released/date by APEDA (Rs in lakh)
1	FFV/SCH/ CI/0039/04-05	Maharashtra State Agricultural Marketing Board	Post harvest facility	18.99 (2/06)
2	FFV/PIU/SCDVFP MCS/06-07	NAFED	Common infrastructure facility-- 7 collection centres	425.00 (1/08)
3	FFV/SCH/011/2006-07	Rajasthan State Agricultural Marketing Board	Pack House facility	123.72 (2/07)
4	FFV/SCH/286/2003-04	WB Food processing & Horticulture Dev Corp.	Multipurpose cold storage and pack house	29.33 (11/05) 51.34 (3/06) 46.93 (7/06)
5	FFV/SCH/0071/05-06	Maharashtra State Agricultural Marketing Board	Pack-house	127.47 (2/07)
6	AEZ/Walnut R&D/04-05	Nursery/J&K/ J&K Horticulture Department	Walnut Nursery in J&K	32.65 (11/04)
7	APEDA/J&K/apples/06-07	Jammu & Kashmir Horticulture Produce Marketing & Processing corporation ltd.	Pack house at Shopian	142.61 (9/05)
8	FFV/SCH/0145/2004-05	Assam State Industrial Dev. Corporation	Post harvest infrastructure facility (pack house)	157.50 (4/06)
9	PFV/INF/2005-06	Naddukkara Agro Processing Co. Ltd, Kerala	Common infrastructure facility	148.32 (5/06)
Total				1303.86

Appendix -3A

Market Development (Refer Para 3.5.2)

Intermediate Packaging Material (invalid IPA)

Sl No.	Component	Name of the exporter	File No	Assistance released (Rs in lakh)
1.	Intermediate Packaging Material	Chand Fruit Co	FFV/05-06/352	4.62
2	Intermediate Packaging Material	Chand Fruit Co	FFV/05-06/353	4.62
3.	Intermediate Packaging Material	Lusi Grapes Pvt Ltd	FFV/SCH/343/05-06	0.80
4	Intermediate Packaging Material	Santosh Exports, Sangli	FFV/SCH/68/05-06	3.35
			Total	13.39

Appendix -3B

Details of fairs attended in 2006-07 in which expenditure exceeded the ceiling(Refer Para 3.5.3)

Sl No.	Name of the Fair	Prescribed Ceiling	Actual Expenditure (Rs. in Lakh)
1	Bio Fach 2007, Germany	10.00	41.68
2	International Horticulture Fair, Netherland	10.00	35.61
3	International fancy food and confectionery show USA, July 2006	10.00	27.50
4	International fancy food show USA, May 2006	10.00	15.87
5	International food and drink exhibition, UK	10.00	16.42

Appendix -4

Quality Development

Submission of documents after expiry of IPA (Refer Para 3.6.1)

Sl No.	Name of the exporter	File No.	Payment released (Rs in lakh)
1	M/s United Exports, New Delhi Purchase of lab equipments	CR 2003-04/0076	4.95 (9/04)
2	M/s Tara-Chand Rice Mills, Haryana Purchase of lab equipment	CR 2006-07/0271	5.00 (7/07)
3	M/s G.V. Rice Unit For implementation of ISO 9001-2000	CR 2004-05/0010	1.70 (3/05)
4	Mahant Overseas Purchase of lab equipments	CR 05-06/0192	5.00 (06/07)
Total			16.65

Appendix -5A

Missing validity dates and other elements of information(Refer Para 4.1)

No of cases	Information missing
170	Date of establishment
171	IE Code allotment date
168	Exporter type
172	PAN Number
168	Nature of firm
172	Bank name
173	Bank Account Number
168	Exporter status
24	Registration Date was 1/1/1900
1624	Security Question
1089	Product Type
1279	Exporter Grade
5027	Validity date.

Appendix -5B

List of manufacturer exporters in whose cases validity dates in registration certificates had not been incorporated

(Refer Para 4.1)

Sl No.	Registration Number	Name of the Exporter	Date of Registration Certificate
1.	152957	Mallidi Suryanarayan Reddy	9.8.2004
2.	152765	Five Star Dehydration Pvt. Ltd	7.1.2004
3.	152458	Shree Jayalakshmi Hi-tech Rice Mills	19.3.2004
4.	31156	Senthiappa Modern Rice Mill	28.3.2001
5.	152937	Venu Industries	27.8.2004
6.	153786	Shree Satya Sreeniwasa Rao Boiled Rice Mills	16.5.2005
7.	152878	Shree Kodandarama Boiled Rice Mills	10.8.2004
8.	152719	Shree Venkata Prasad Raw Boiled Rice Mills	15.6.2004
9.	151813	K. DharmaReddy Sons Grape Garden & Exports	6.8.2003
10.	5812	Sriram Grape Growers coop society Ltd.	11.2.1994
11.	152041	Holly Agro Chem	10.3.2003
12.	5711	Leading Exports	21.1.1994
13.	151306	Trimurti Grapes	25.2.2003
14.	6948	Narang Colds Pvt. Ltd	21.11.1994
15.	5810	Shri Siddhaswar Grape Grower	11.2.1994
16.	5808	Latur Zila Draksha Utpadak	2.11.1994
17.	5809	Kamdhenu Grape Grower	11.2.1994

Sl No.	Registration Number	Name of the Exporter	Date of Registration Certificate
18.	5952	Eastern Exports	19.10.2001
19.	5909	Khandoba Panan Sahakari Sanstha	2.3.1994
20.	5816	Super Grape Exporters & Fruit Processed	1.11.2000
21.	151305	Gayatri Exports	25.2.2003
22.	153982	Hill Green Agro Exports	20.7.2005
23.	5818	Super Grape Exporters & Fruit Process	1.11.2000
24.	50860	Panacea Energizers Pvt. Ltd	3.12.1999
25.	7207	KKR Exports	9.2.1995
26.	152948	Galla Foods	9.2.2004
27.	154501	Global Exports	21.12.2005
28.	9964	SACO Fruits	28.8.2003
29.	4528	FreshTrop Fruits Pvt. Ltd	13.7.2001
30.	150644	Pallavi Enterprises	12.7.2002
31.	155290	Gangotri Exports	20.7.2006
32.	153471	Mansa Quality	16.2.2005
33.	154024	Balaji Rice Mills	3.8.2005
34.	5807	Solapur Grape Growers Coop Society Ltd	1993-94
35.	5806	Sri Sai Baba Grape Growers Coop Society	11.2.1994
36.	205	Fresh Grape Exports	21.6.2006

List of Abbreviations

AEZs	Agri Export Zones
ASSOCHAM	The Associated Chambers of Commerce & Industry of India
CPC	Centre for Perishable Cargo
DGFT	Directorate General of Foreign Trade
DGCI&S	Directorate General of Commercial Intelligence & Statistics
EXIM	Export Import
EUREGAP	Euro Retailer produce Good Agricultural Practices
FAS	Financial Assistance Schemes
HACCP	Hazard Analysis and Critical Control Points
IFASNEW	Integrated Financial Assistance System New
IT	Information Technology
ISO	International Organization for Standardization
IPA	In Principle Approval
IE	Importer – Exporter
IFAS	Integrated Financial Assistance System
LTG	Laboratory Testing for Grapes
MPRs	Monthly Party Returns
NABL	National Accreditation Board for Testing & Calibration Laboratories
R&D	Research & Development
TAS	Transport Assistance Scheme
UTs	Union Territories

© Comptroller & Auditor
General of India
2008-09
Website: <http://www.cag.gov.in>

PRICE
INLAND: Rs. 65.00
FOREIGN: US\$ 5.00
(including postage/air mail)