

## CHAPTER II : MINISTRY OF COMMERCE AND INDUSTRY

### Department of Commerce

### Export Inspection Council

#### 2.1 Avoidable expenditure and blocking of funds

**Export Inspection Council's failure to establish an office for its secretariat resulted in avoidable expenditure of Rs 21.35 lakh and blockage of Rs. 49.34 lakh for more than twelve years besides loss of interest Rs. 60.03 lakh.**

To establish its secretariat in New Delhi, the Export Inspection Council (EIC) decided in April 1991 to acquire two plots in Vikas Puri measuring 169 square metres each. In March 1993, EIC deposited Rs. 49.34 lakh with the Delhi Development Authority (DDA) as consideration for these plots; however, EIC did not take possession of the plots and in May 1994, on account of financial stringency, EIC decided to surrender the plots. This was not possible without formal possession; hence, EIC completed the legal requirements, for which it incurred an expenditure of Rs. 10.71 lakh, during July - November 1998. Thereafter the issue remained unattended.

After a lapse of more than three years, in August 2002, EIC requested DDA to allot an alternate plot of land. DDA allotted a plot measuring 650 square metres at Lado Sarai, New Delhi and possession was taken in December 2002 on payment of Rs. 7.77 lakh.

Later, in January 2003, EIC formally approved the proposal to surrender the plots at Vikas Puri and requested DDA to refund Rs. 49.34 lakh alongwith interest thereon. DDA cancelled allotment of the plots in Vikas Puri in December 2004 and refunded Rs 38.70 lakh in May 2005 after adjusting Rs 10.64 lakh towards outstanding amount of ground rent and interest on delayed payment of ground rent upto the date of cancellation of allotment. However, DDA did not refund/adjust the interest on the amount which remained blocked with it from April 1993 to May 2005.

Audit noted that EIC was presently (December 2005) operating from a rented building and paying Rs 5.51 lakh per month towards rent. Further, the building being constructed at Lado Sarai would house only the Export Inspection Agency (EIA), a field organisation of EIC as the accommodation was not sufficient for both EIC and EIA. As a result, the original objective of

constructing an office building to accommodate EIC Secretariat was not fulfilled.

Thus, poor planning and indecision on the part of EIC resulted in avoidable expenditure of Rs. 21.35 lakh (10.64+10.71) as interest payments, ground rent and stamp duty. Also, an amount of Rs. 49.34 lakh remained blocked for more than twelve years on which there was loss of interest Rs. 60.03 lakh (calculated at the rate ten *per cent* for the period from April 1993 to May 2005) while EIC continued to incur recurring expenditure on monthly rent.

The Ministry accepted the facts (October 2005).