

OVERVIEW

The commercial wings of the Indian Missions/Posts abroad were set up to promote India's trade and economic exchanges with the world. The primary task of the commercial wings is to assist the Government in formulation of its trade and economic policies through regular feedback on the prevailing market trends and trade activities in the post country and thus contribute to acquiring a much greater role in the expanding world economy by India.

The performance audit of the functioning of commercial wings in the Indian Missions/Posts abroad conducted in the Department of Commerce, Ministry of External Affairs and selected Missions/Posts abroad shows that the wings were not restructured keeping in view the changing international trade scenario. Several proposals to restructure and streamline these wings to enable them to discharge their functions efficiently and make them market oriented with optimal use of human resources remained unimplemented. This resulted in inadequate commercial presence in countries that have emerged as growing markets. The DOC also could not implement the recommendations of the Expenditure Reforms Commission relating to transfer of the activities of the commercial wings abroad to the existing staff of the MEA.

The major portion of allocation was spent to meet the establishment expenses which affected the main objective of providing impetus to India's trade and economy through specialised staff directly connected with the work of trade promotion. Staff sanctioned and posted in the commercial wings exclusively for commercial work were utilised for work other than of a commercial nature.

Allocation of funds under 'Trade Promotion' was not rationalized. The allocation continued to be made mainly on the basis of expenditure of the previous years and demands of the commercial wings rather than on more rational parameters like volume of trade and future trade prospects in the countries where these posts were located.

The commercial representatives did not comply with the instructions contained in the Manual of Instructions for Commercial Representatives Abroad in relation to preparation of annual action plan, conducting market research/surveys, and submission of reports, dealing with the trade disputes and trade delegations to the post countries. As these were very important management tools to monitor the proper implementation of the Government's economic policies and programmes, non-compliance with the provisions resulted in underperformance of the commercial wings.

Reporting and monitoring mechanisms were ad-hoc. Consequently, the MEA and the DOC could not ensure whether the commercial wings abroad were discharging their functions effectively and efficiently.