

# TRADE DEVELOPMENT AUTHORITY

MINISTRY OF COMMERCE

PUBLIC ACCOUNTS  
COMMITTEE

1991-92

TENTH LOK SABHA



LOK SABHA SECRETARIAT  
NEW DELHI

**SEVENTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1991-92)**

**(TENTH LOK SABHA)**

**TRADE DEVELOPMENT AUTHORITY**

**MINISTRY OF COMMERCE**



*Presented to Lok Sabha on 20.12.1991  
Laid in Rajya Sabha on 20.12.1991*

**LOK SABHA SECRETARIAT  
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Committee (10th Lok Sabha) presented to the  
House on 20.12.1991.

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## PART II\*

Minutes of the sittings of Public Accounts  
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**PUBLIC ACCOUNTS COMMITTEE  
(1991-92)**

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3. Shri K. C. Shekhar — *Under Secretary*

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## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Seventh Report on Paragraph 2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1989, No.8 of 1990, Union Government (Other Autonomous Bodies) relating to Trade Development Authority.

2. The Report of the Comptroller and Auditor General of India for the year ended 31 March, 1989, No.8 of 1990, Union Government (Other Autonomous Bodies) was laid on the Table of the House on 17 May, 1990.

3. The Committee find that the major source of funds of TDA is the grants-in-aid given by the Government. TDA has failed to generate internal resources for contributing its share to the approved pattern of financial assistance resulting in accumulation of deficit to the tune of Rs. 120.87 lakhs upto 1985-86. The Committee view such an accumulation of budgetary deficit with concern and emphasise that TDA should make all efforts to eliminate the chances of occurrence of any such deficit in future by generating internal resources at least to the extent of their share of 20% of the expenditure. The Committee also view with dismay the inordinate delay on the part of the TDA in the matter of finalisation of 'on account' grants released to it by the Government and have emphasised that special efforts should be made to finalise all the pending 'on account' grants expeditiously and ensure that such grants are not delayed in future.

4. The Committee have observed that though one of the objectives of TDA is to undertake, co-ordinate and assist inter-firm comparisons of export oriented units as well as units with export potential, the performance of TDA in conducting such comparisons is far from satisfactory during the years 1982-83 to 1987-88. As such inter-firm comparisons are of enormous value, the Committee have recommended that TDA should make it a point to conduct atleast one or two such studies every year.

5. The Committee have also been deeply concerned to note that TDA have no reliable data base in respect of export performance of its members even though TDA's services are intended to be in a personalised form and clients/member oriented. The Committee have further been distressed to find that inspite of the fact that the expert group had, in its report of September, 1986, emphasised the need for TDA to set up a system that would provide information on exports made by individual registered exporters, so that objective assessment of the performance of

exporters, product-wise would become possible, no such system has been devised so far. The Committee have emphasised the need for TDA to evolve suitable and reliable system for obtaining data in respect of export performance of its members.

6. The Committee have been deeply concerned over the inordinate delay in the setting up of an integrated National Centre for Trade Information (NCTI). Though such a need was recognised by the Government in May, 1975 and a 'Users Survey' conducted by the Government through the Indian Institute of Management, Ahmedabad in March, 1978 and several Committees' like P.C. Alexander Committee, 1978 and Abid Hussain Committee, 1984 had endorsed the proposal according it high priority, the Committee, have been surprised to find that despite all spadework the setting up of the centre is not on the horizon and the matter is still stated to be under consideration. The Committee have deplored such a casual and lackadaisical approach of the Ministry. They have strongly recommended that a National Centre of Trade Information should be set up at the earliest to collect, collate and disseminate up-to-date market intelligence.

7. The Committee have recommended that the Ministry should make a quarterly review of the working of the TDA. According to the Committee this will provide a good opportunity to the Ministry to judge the performance of TDA and apply correctives wherever found necessary. In the opinion of the Committee TDA in co-ordination with other sister agencies like Trade Fair Authority of India and Indian Institute of Foreign Trade can play pivotal role in boosting the export earnings of the country which is undoubtedly the crying need of the hour. The Committee have desired that the areas of responsibility of the three agencies should be clearly demarcated to avoid any overlapping.

8. The Committee (1991-92) examined Audit paragraph 2 at their sitting held on 29 November, 1990. The Committee considered and finalised the Report at their sitting held on 13 December, 1991. Minutes of the sittings from Part II\* of the Report.

9. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix II of the Report.

10. The Committee would also like to express their thanks to the Public Accounts Committee (1990-91) for taking evidence on Paragraph 2 and obtaining information thereon.

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(vii)

11. The Committee would also like to express their thanks to the Officers of the Ministry of Commerce for the cooperation extended to them in giving information to the Committee.

12. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;

*December 17, 1991*

*Agrahayana 26, 1913 (Saka)*

ATAL BIHARI VAJPAYEE

*Chairman,  
Public Accounts Committee.*

## REPORT

This Report is based on Paragraph 2 of the Comptroller and Auditor General's Report No.8 of 1990 for the year ended 31st March 1989, Union Government (Other autonomous bodies), which is annexed as Appendix I.

### *Introduction*

1.2 The Trade Development Authority (TDA) is a registered Society. It was set up by the Central Government in July 1970 as an export promotion institution under the administrative control of the Ministry of Commerce (Ministry).

1.3 There are 36 objectives specified in the Charter of TDA. Some of the primary objectives of TDA are as follows:

- (i) to organise the collection and production of trade statistics and commercial information on a scientific and systematic basis;
- (ii) to collect information from other agencies and process and index it for ready retrieval;
- (iii) to organise a Trade Information Division to provide information on all aspects of foreign trade at one point, to publicize India's industrial and technological capabilities in foreign markets and to secure technological intelligence to enable exports production to gear itself to the demands of the overseas markets;
- (iv) to organise export intelligence services on modern lines;
- (v) to undertake, coordinate and assist interfirm comparison of export-oriented units as well as units with export potential;
- (vi) to promote the export of products from India and to develop functional activities in connection therewith;
- (vii) to establish close and continuous relationship with export-oriented units and units with export potential, with a view to developing larger exports;
- (viii) to organise export production and export marketing on modern lines to meet the challenges of international competition;
- (xxii) to organise, coordinate and assist in undertaking market research and analysis;
- (xxv) to undertake or cause to undertake evaluation of the effectiveness of its services;
- (xxx) to constitute regional organisation at convenient places in India or outside, to promote the objectives of the Society.

### *Organisational set up*

1.4 Management of the affairs of TDA is entrusted to a Steering Committee consisting of the Secretary, Ministry of Commerce as Chairman, an Executive Director appointed by the Government and not more than 14 members nominated by Central Government (Government). During the last four years, the Steering Committee has met twice a year. TDA has three functional Divisions namely (i) Merchandising (ii) Research and Analysis and (iii) Trade Information and Statistics. The Merchandising Division provides comprehensive services in the field of export production and marketing by way of identification of products, manufactures/exporters, overseas buyers, establishing buyer-seller contacts and other allied strategies. Research and Analysis Division conducts research activities for export promotion such as assistance in identification of products and market, feasibility studies, inter firm comparison etc. The Trade Information and Statistics Division collects, compiles, analyses and disseminates information on international trade and industry. In addition, Administration Division deals with general administration, accounts etc. TDA has its head office in New Delhi and four regional offices at Bombay, Calcutta, Kanpur and Bangalore. It has established the following five offices abroad:—

<i>Place</i>	<i>Year of Establishment</i>
(i) Frankfurt	January, 1973
(ii) New York	January, 1974
(iii) Tokyo	May, 1976
(iv) Harare	March, 1987
(v) Dubai	February, 1988

1.5 On a specific enquiry by the Committee whether any economy can be effected in view of the latest Government Policy with regard to curtailing expenditure in such offices abroad, the Ministry have stated that such an economy can be effected. According to the Ministry, the Government have already decided to close down two TDA's foreign offices at Kuala Lumpur and Harare and to reorganise the other foreign offices under the umbrella of the Bharat Business International Ltd. (BBIL). This exercise would result in repatriation of 13 TDA officials to India. The remaining 5 officials posted abroad would continue in BBIL set up.

### *Financial position*

The sources of funds of TDA are as follows:

- (i) grants and advances made by or through Government;
- (ii) income from endowment of funds by Government;

- (iii) donation and contribution from other sources;
- (iv) fee and other charges paid for the services of TDA; and
- (v) other income and receipts.

1.6 The major sources of income of TDA is the grant-in-aid given by the Govt. As per the revised pattern of grant-in-aid effective from 1987-88, TDA is getting 80% grant from the Ministry of Commerce after approval of its annual budget. However, the developmental activities are approved by the Ministry of Commerce individually in consultation with the concerned territorial/commodity divisions and Finance Division in the Ministry. It has been intimated that the budgetary control of the Govt. does not interfere with the function of the TDA as a promotional organisation. According to the Ministry to further streamline the procedures to avoid the delays, TDA has taken steps to draw up an action plan for the year 1990-91 and to get one time approval of the Govt. in respect of all the developmental activities. This practice is likely to be continued in the future also.

1.7 Revised estimates, actual expenditure and receipt of funds for the years 1982-83 to 1987-88 in respect of TDA are as follows:

**Grant released by Govt.**

(in lakhs of rupees)  
Other receipts

Year	Revised estimates*	Total expenditure (excluding depreciation)	Gross	Adjustment of previous excess grant	Net	Revised estimates	Actual**
1	2	3	4	5	6	7	8
1982-83	196.52	150.83	141.00	—	141.00	35.51	37.58
1983-84	215.74	181.95	154.53	12.27	142.26	43.65	41.24
1984-85	283.10	220.66	188.80	—	188.80	57.15	46.71
1985-86	317.12	274.90	215.78	15.79	199.99	69.17	71.94
1986-87	390.45	372.27	376.33	44.00	332.33	69.67	77.47
1987-88	560.17	507.49	322.67	—	322.67	63.46	71.32

\* Loans and advances excluded

\*\* Capital receipts excluded

### *Delay in finalisation of grants*

1.8 The audit Paragraph reveals that 'On account' grant released by the Government were not finalised promptly. For instance, 'On account' grant for the year 1984-85 was finalised in July, 1988 and the grant for 1985-86 was finalised in September, 1989. With regard to the finalisation of the 'On account' grants for the years 1986-87 onwards, the Ministry have indicated as follows:

- (a) 1986-87: The audited accounts were received from Auditor in December, 1987. However, due to shortage of staff and frequent changes in the Accounts personnel of TDA, the accounts were forwarded to the Ministry in June, 1989. These have been examined and will be finalised before October, 1990.
- (b) 1987-88: Due to some disputes on Payments to Auditors, the final Receipt and Payment Statement was signed by the Auditors only in August, 1990. The accounts were sent to the Ministry in August, 1990. These are under examination and will be finalised by October, 1990.
- (c) 1988-89: The accounts were forwarded to the Ministry in June, 1990. These are also under examination and will be finalised by the end of October, 1990.

1.9 It is further seen from the audit paragraph that the Annual accounts of TDA showed the excess grants held by it as Rs. 177.66 lakhs at the end of 1986-87 and after revision of pattern of assistance, as Rs. 73.61 lakhs at the end of 1987-88 (including unspent balance of specific purpose grant.) The excess release of grants was primarily due to Government releasing 'On account' grants for activities, though budgeted, but not finally approved.

1.10 To a query as to how this excess grant is proposed to be regularised, the Ministry have stated that MDA (Marketing Development Assistance) Main Committee had already taken a decision on 24.6.86 that a non-refundable grant may be given to TDA to cover the accumulated deficit to be adjusted against excess grant released to TDA upto the year 1985-86. The required information/documents have been received from the TDA in connection with the regularisation of the excess grant released to TDA upto 1985-86 and the same are under examination of the Ministry. As regards excess grant arising out of the finalisation of accounts for the year 1986-87 onwards, the same would be adjusted while releasing the next instalment of grant-in-aid.

### *Accumulated Deficit*

1.11 Accumulated deficit of TDA upto 1985-86 as intimated by it to the Government, in July, 1986 was Rs. 92.06 lakhs. On subsequent finalisation of the grants for the year 1984-85 and 1985-86 the deficit would work out to Rs. 120.87 lakhs. According to the Audit paragraph, the deficit was

mainly due to TDA's inability to contribute its share of expenditure by generation of internal resources in accordance with the approved pattern of assistance as modified from time to time for the years upto 1986-87.

1.12 Explaining the reasons for the TDA's failure to generate internal resources as planned or approved, it has been stated by the Ministry, that TDA is a service organisation and 60% of its clients are from small scale sector. Service charges/participation charges etc., for the developmental activities are stated to be levied on a subsidised basis which do not cover 40% income on non-code and code activities of TDA as earlier envisaged. This resulted in budgetary deficit every year. According to the Ministry, the matter has been examined and finally the pattern of financial assistance to TDA for non-code and code items has been revised to 80% w.e.f. 1987-88. Remaining 20% will be met by TDA from its own resources. According to the Ministry, special steps have now been taken to project resource generation from developmental activities for the year 1990-91 by fixing targets. New programmes like consultancy projects and organisation of product displays are expected to generate more resources for TDA in future.

#### *Membership of TDA*

1.13 According to the Ministry, TDA has two types of membership, namely (i) Regular and (ii) Associate member. The associate membership is open to all firms whether exporters or not, industry associations, chamber of commerce trade associations, institutions and individuals. The eligibility criteria for regular membership is as follows:

- (a) Manufacturers registered with Director, Industries/Directorate General of Technical Development;
- (b) State Corporations;
- (c) Government—recognised Export Houses;
- (d) Merchant exporters having consistent export performance of Rs. 10 lakhs or more per year during the last three years in the specific product group in which membership is sought;
- (e) Merchant exporters having aggregate export turn-over of Rs. 50 lakhs or more per year during the last three years in any product group/groups.

1.14 The firms apply in the prescribed application form and the enrolment of regular members is decided by the Enrolment Committee.

1.15 A member can register himself for more than one product on payment of additional service charges. Members are accordingly provided services in the field of (i) export production (ii) export marketing by way of (a) department store promotions, (b) buyers-sellers meets (c) contact promotion programmes, (d) arranging participation in overseas trade fairs. (iii) product and design development (iv) market intelligence (v) package

of assistance to its members (clients) carrying them from the stage of intention to the stage of exports, etc.

1.16 The position of regular members of TDA during 1982-83 to 1987-88 was as under:

Year	New enrolment	De-enrolment	Percentage of de-enrolment to enrolment	Total number of clients	Percentage of growth over previous year
1982-83	160	117	73.13	888	
1983-84	90	97	107.78	885	0.34
1984-85	353	104	29.46	1134	28.14
1985-86	227	183	80.62	1178	3.88
1986-87	158	157	99.37	1184	0.51
1987-88	167	182	108.98	1170	(- )1.18

1.17 Status-wise position about the regular membership of TDA during 1987-88 to 1989-90 is as follows:

As on 31st March	Small Scale	Medium Scale	Large Scale	Total
1988	853	74	243	1170
1989	895	80	236	1211
1990	925	96	238	1259

1.18 Further the position about the category-wise enrolment and de-enrolment of the regular members during 1987-88 to 1988-89 is given below:

	Small Scale	Medium Scale	Large Scale	Total
<b>NEW ENROLMENT</b>				
1989-90	130	27	24	181
1988-89	173	118	32	223
1987-88	134	19	14	167
<b>DE-ENROLMENT</b>				
1989-90	111	10	23	144
1988-89	142	18	33	193
1987-88	136	11	34	181

1.19 Asked about the position of the regular members of the TDA vis-a-vis the total number of exporters in the country, the Commerce Secretary stated during evidence as follows:

“It is true that if we look at the total number of exporters it is more than one lakh, but the membership of the TDA is only 1%. We have the membership in terms of the export promotion councils and the federation of Indian exporting organisations. So if we total that up, the figure will come to 1,50,000. That is my total clientele in the Ministry of Commerce. There the figures goes up and down depending on some people going out of activity, some people doing only one activity, etc.

In fact for the purpose of ensuring genuine recognition of exporters and importers we have introduced the IMPEX code number system. We have made it more rigorous in terms of some screening procedures and the introduction of a photograph also in order to reduce the malpractices which we have found out in the export side. In terms of membership of course, TDA has a regular register. We have all the details of TDA membership; but that number is small because our approach essentially has been micro and it is not a kind of macro approach. There is another aspect which I would like to bring to your notice. When it is Export Promotion Council, which disburses under international price reimbursement scheme to engineering exporters, there is a clout, as a result of which the membership has become very attractive, in terms of economic proposition. But, when it is a promotional authority, it becomes difficult; and there is no compulsion for the exporter. The export is not a major activity for medium and small scale manufacturer. For them, it becomes a sporadic activity. As compared with Export Promotion Council, where there is a clout in terms of assistance, that is not the case of the Trade Development Authority. It was also not the intention to give this clout to TDA. The idea was promotional rather than regularity.”

1.20 According to the Ministry there is no relationship between the total number of exporters and TDA's membership since TDA membership is for select products and select markets with an emphasis on small exporters.

1.21 The Ministry have not agreed to the Committee's contention that these trends indicated absence of sustained patronage of TDA by its membership. According to the Ministry, in the current year 1990-91, special targets have been fixed for enrolling members and TDA's efforts have already resulted in membership growing over 1400, an all time high. Reacting to the Committee's observation that it was the small scale sector which had appreciably contributed in the country's export performance, the Commerce Secretary stated as follows:—

“The contribution of the small scale sector to the exports has been worked out in the 1985 to 1988 figures. I remember about a Parliament



question. It was working out to something like 28 to 30 per cent which is quite a large percentage in terms of their contribution. So, you are absolutely right that their contribution is very good.

The question, therefore, is that if that is so, why is it that we do not have a very large number as members. I think, it has something to do with the fact that the quality of the services is not entirely such that it attracts them. Secondly, it is not necessary for them to go there. They have to go to small Industries Corporation or to STC or to Export Promotion Council but not necessarily to the TDA. That is the problem."

1.22 Asked about the share of the TDA members in the export performance of the country during the last three years, the Ministry have stated that, with the existing inadequate data base, it is not feasible to compile export figures of TDA members and their share in total exports of India. However, they are proposing to get the figures compiled through Directorate of Commercial Intelligence and Statistics, Calcutta and the EPCs/FIEO.

*Association of members with engineering and consumer Groups*

1.23 TDA enrolled members for 17 products in engineering group and 12 products in consumer group during the year 1982-83 to 1987-88. Five products under the group 'other products' were added from the year 1985-86.

1.24 Decline in membership registered under various products as compared with the previous year is revealed in the following table:—

Year	Engineering group		Consumer group	
	Total number of products	Number of products in which registration declined	Total number of products	Number of products in which registration declined
1982-83	17	5	12	2
1983-84	17	7	12	2
1984-85	17	4	12	Nil
1985-86	17	12	12	4
1986-87	17	13	12	7
1987-88	17	13	12	3

1.25 The above table reveals that in Engineering Group out of a total of 17 products the registration declined in as many as 12/13 groups over the previous year from 1985-86. According to the Minis-

try a fall in registration in Engineering Group can be attributed to a fall in exports of engineering products to TDA's major markets as under:—

- (a) The exports of products like auto ancillaries, builders hardware, castings, hand tools, instruments, motor cycles and mopeds and electrical equipments to Middle-east countries were adversely affected due to political conditions. Similarly India's exports of some of the TDA products like builders hardware, hand tools and instruments etc. to African region particularly Nigeria were affected on accounts of financial problems faced by these countries.
- (b) Diversion of exports of some of the TDA products such as forgings to USSR which is not a TDA market.

### *Action Plans*

1.26 It is seen from the audit paragraph that TDA had prepared a five year plan for development from 1979-80 to 1983-84. No such plan was prepared subsequently. Also, no annual Action Plan was made for the years 1984-85 and 1985-86.

1.27 The Executive Director, TDA clarified during oral evidence that after 1983-84, they had started an annual action plan. He further stated that presently are submitted to the Ministry for their approval.

1.28 The audit paragraph further reveals that the activities undertaken, as given in the Annual Reports of TDA, compared to those envisaged in the Plans showed that besides shortfall in quantum of achievements, the activities actually carried out were, in most cases, for products and countries different from those which were planned.

1.29 The Ministry had intimated audit in December, 1989, that TDA formulated export developmental programmes on yearly basis with budget implications. Some of the programmes were either deleted or changed or revised in the light of priorities and availability of finance.

1.30 In a note subsequently furnished by the Ministry, it has been clarified that TDA implements the programmes on getting approval from the Ministry of Commerce. Approved programmes in fact become the yardstick for implementation by TDA and not the programmes suggested originally at the time of preparation of the budget. The approved programmes re-implemented within the financial year and as such there is no variation in TDA's targets and achievements pertaining to the developmental programmes.

### *Decline in Exports of TDA products*

1.31 TDA had compiled statistics on India's export of its products to markets catered by TDA in general currency areas and India's total global exports of each of such products for the year 1983-84 to 1986-87. According to these statistics out of the 17 products under engineering group and 12 under consumer group eight products of the former and

seven of the latter group registered decline in terms of foreign exchange earnings in terms of US dollar. The decline of exports in US dollar in 1986-87 compared to 1983-84 ranged from two to 61 per cent in engineering products and seven to 49 per cent in consumer goods. In case of four engineering products and five consumer goods the exports in 1986-87 were lower than the exports in 1983-84 even in terms of rupee value.

1.32 The audit paragraph further reveals that when the total exports of India to global markets increased over the years, TDA's share in export of its products to TDA markets compared to global exports showed marked decline in 10 products under engineering goods and five products under consumer goods in the year 1986-87 as compared to the position in the year 1983-84.

1.33 Explaining the position in this behalf, the Ministry of Commerce have stated that there are 15 products, exports of which have increased whereas exports to TDA markets have not increased proportionately or have witnessed a decline during 1986-87, as compared to 1983-84. According to the Ministry this can be attributed mainly to the following reasons:

- “(i) India's exports of certain products during this period increased quite considerably to non-TDA markets particularly USSR. Some of the items which showed a very significant increase to USSR include processed fruits and vegetables, perfumery products, electrical equipment and accessories, forgings, etc.
- (ii) Middle East countries have been TDA's major markets for the products like auto ancillaries, builders' hardware, castings, electrical equipment, hand tools, instruments, motor cycles and mopeds, perfumery, processed fruits and vegetables and ceramics. Due to political circumstances in the region, India's exports of these items were affected very adversely. Similarly, India's exports of some of the TDA's products like perfumery products, builders' hardware, hand tools instruments, etc. to African region, particularly Nigeria were adversely affected on account of foreign exchange problems faced by countries in this region.”

1.34 The Ministry have stated that the following remedial measures have been undertaken to reverse the declining trends:

- (a) In respect of consumer products there is an increased focus of emphasis on India promotion with Department Stores with guaranteed incremental buying of a select range of consumer products. Over 10 India Promotions with major Department Stores have been undertaken in the last three years.
- (b) A number of Buyer Seller Meets for special products in specific markets are being organised in which exporters participate and have received spot orders. A rigorous follow-up is also carried out in converting enquiries into orders and shipments.
- (c) For Engineering Products TDA is organising participation in specialised international Trade Fairs, such as Electro, Singapore Informa-

tics, Cycle and Motor Cycle Show (Italy) and Wescon in USA. These specialised international fairs have yielded spot orders as well as serious, enquiries resulting in tying up of distributorship arrangement as also export-oriented Joint ventures.

- (d) A special commercial publicity programme was also undertaken to improve the image of Indian products in developed markets.
- (e) Four Business contact promotion programmes have been organised in Engineering and Consumer products to enable exporters to establish new contacts in overseas markets.

### *Inter-firm Comparisons*

1.35 One of the objectives of TDA is to undertake, co-ordinate and assist inter-firm comparison of export oriented units as well as units with export potential. The Inter-firm Comparison study, *inter-alia*, identifies the specific areas of strength and weaknesses of the units compared based on different operational ratios. During 1982-83 to 1987-88; TDA carried out only three such studies viz. on

- (i) Machine Tool Industry
- (ii) Foundry Industry
- (iii) Readymade Garment Industry

1.36 The Committee desired to know the steps taken by TDA to ensure that more and more of such inter-firm comparison studies are undertaken by it from time to time. According to the Ministry Inter-firm Comparison Study is an indepth analysis of the operations of the firms which involves compilation, collection, calculation and analysis of extensive data of each of the participating firms. TDA officers are stated to have been personally contacting each of the firms to explain the usefulness of the study and at times have even collected the data on their behalf. According to the Ministry the calculation and analysis of the raw data is conducted manually which is a very time consuming process. After the calculation two sets of reports are prepared, a general report for the industry and individual reports for each of the participating firms to bring out their strength and weaknesses as compared to their competitors. The Ministry have stated that the whole exercise is quite exhaustive and a number of reports are brought out after detailed statistical analysis. As a result, one study takes more than a year for completion. In order to bring down the time taken for completion of the study, TDA are stated to have made efforts to encourage the participants to register early and send in their detailed data. TDA has also drawn up a computer programme to calculate the various statistical figures. According to the Ministry as the Inter-firm Comparison study calls for considerable cost data which are normally considered confidential by a firm, not all companies come forward to facilitate this exercise.

### *Product Development and adaptation*

1.37 TDA has been procuring from abroad samples of various items having export potential to facilitate the Indian manufactures to adapt and develop them for export purposes. These samples are either imported free of custom duty, received direct from buyers / importers or collected by the officers of TDA during market surveys, contract promotion programme etc.

1.38 TDA has no information as to the total value of export orders secured for these adapted samples and value of exports made against them. The Ministry have stated that it is difficult to quantify the volume of export business transacted on the basis of these adapted samples.

1.39 The Committee appointed by TDA in April, 1987 for physical verification of imported samples, *inter-alia* had observed as follows:

- (i) There was no time limit for product development / adaptation with the result that the samples were held up with a particular unit indefinitely.
- (ii) In some cases, there was no proper timely feed-back from the product officers about the status of development.
- (iii) Although a larger number of samples were procured by TDA, inadequate number of samples were sent to the regional offices.
- (iv) The storing capacity of the samples in TDA were inadequate.
- (v) 882 samples procured upto 1983-84 were outdated and recommended for disposal.

1.40 Annual physical verification of samples procured during the year 1987-88 was again carried out in June, 1988 by a Committee whose report indicated that the shortcomings pointed out in the previous physical verification still persisted.

1.41 According to the Ministry of Commerce when the samples are given to TDA it makes efforts to develop proto-types. It has been their experience that in some consumer products the clients of TDA develop counter samples within the specified period. Further, TDA informs its regional offices about the availability of sample for counter sample development and writes a letter to clients. If we have additional samples available, these are given to the regional offices for follow up with the clients. Interested clients are given the samples for a limited period with a request to return the same. According to the Ministry the problem arises only in the case of making counter samples for engineering products because it involves a lot of investment depending on the nature of the product for which the client is not prepared to invest until he is sure of getting orders. According to the Ministry, with the acceptance of one of the recommendations of the

Expert Group to subsidise cost of development of counter samples through TDA, TDA would be in a much better position to monitor development of counter samples.

#### *National Centre for Trade Information*

1.42 The need for setting up an integrated National Centre for Trade Information (NCTI) to act as an apex coordinating body was recognised by the Government in 1975. In May, 1976, TDA sent to the Government a draft note containing the proposal for setting up NCTI. A 'Users Survey' was got conducted by the Government from Indian Institute of Management (Ahmedabad), which submitted the report in March 1978. TDA also conducted a Sources Survey and submitted its Report. Several Committees (P.C. Alexander Committee 1978, Abid Hussain Committee 1984) endorsed the proposal that the setting up of NCTI be given high priority. The Estimates Committee (1981-82) in their 23rd Report (Seventh Lok Sabha) had recommended that a National Centre for Trade Information should be set up at the earliest to collect, collate and disseminate up-to-date market intelligence. In pursuance of this recommendation, it was stated that the Ministry of Commerce have accepted, in principle, to process further for Government decision the question for the setting up of a National Centre for Trade Information. Officials of the Ministry had visited Japan, Korea and Hongkong in 1985 to see their national models and TDA prepared a study report regarding Trade Information System in JETRO (Japan External Trade Organisation) and KOTRA (Korea Trade office). A project proposal for setting up a NCTI was prepared by TDA and submitted to the Ministry in May 1987.

1.43 A revised detailed proposal was submitted by TDA in July, 1987 for establishing a comprehensive computerised trade information system which included creation of network and linkages with organisations and data sources both in India and abroad at a total cost of Rs. 3.38 crores of which Rs. 1.34 crores will form the non-recurring component.

1.44 The Ministry had intimated Audit in December, 1989, that the NCTI would now be a part of the proposed India Trade Centre in Delhi.

1.45 According to the Ministry, since this project involved a substantial expenditure amounting to Rs. 4 crores, the proposal needed examination from all relevant angles including the funding of the Centre.

1.46 The Ministry of Commerce have intimated that after it was decided in principle in 1983 to establish an NCTI, several meetings were held with concerned organisations to finalise modalities for setting up the proposed Centre. At a meeting held in November, 1983 it was *inter alia* decided that a Working Group should be constituted to formulate the preliminary steps and prepare a complete proposal regarding the organisational structure, functions, and financial arrangements for

the NCTI. Accordingly, a Working Group under the Chairmanship of an Additional Secretary was constituted which formulated and Action Plan.

1.47 According to the Ministry, the matter was considered in greater detail and it was decided that TDA should expand and modify so as to provide for the establishment of an NCTI within its own structure. In a meeting held on 10th March, 1986 under the chairmanship of the then Commerce Secretary a number of decisions were taken including preparation of a detailed project design report. Accordingly, a detailed project proposal giving details of organisational set up, manpower and infrastructural requirements with financial implications etc. was prepared by TDA and submitted to the Ministry in December, 1986. The report submitted by TDA for setting up an NCTI on the basis of available models like JETRO of Japan and KOTRA of Korea was discussed in a meeting held on 18.12.86 under the chairmanship of the then Commerce Secretary. Among other decisions it was decided to constitute an "Operation Group" to prepare an operational plan which will outline the nature and extent of the fund requirements for the foreign offices and those within the country in the shape of a detailed operation plan. This plan was required to be prepared for selected territorial areas and for selected commodity groups in consultation with the commodity divisions of the Ministry of Commerce.

1.48 Thereafter the Operations Group conducted detailed exercises and held a number of meetings and submitted its report to the Ministry in 1987. The report of the Operations Group was discussed in the meeting held on 18.2.1987 under the Chairmanship of Commerce Secretary in which discussions were held on the following 2 major points:

- (a) the outline of the budget proposal for the NCTI and organisational pattern; and
- (b) the mode of financing the project.

It was *inter-alia* decided that Commerce Secretary would hold discussions with the Chairman, Computer Maintenance Corporation for taking up possibly on turn-key basis the systems, designing, configuration of computer and its implementation. It was also decided that the expenses on the NCTI would be met from MDA, STC and MMTC. While further action was being taken a new proposal for setting up an India Trade Centre at New Delhi was approved in principle by the Government and it was decided that the NCTI should be a part of the proposed ITC.

1.49 According to the Ministry the proposal to establish NCTI needed detailed examination from all relevant angles keeping in view the long term requirements of the trading community and the substantial expenditure involved. This could not proceed further as in the meantime it was decided by the Government to set up an India Trade Centre with offices in some key cities abroad primarily with a view to strengthening the institutional framework for India's export in the vital area of Trade

information and trade promotion. It was envisaged that the NCTI will be a part of the proposed ITC in Delhi.

1.50 In the meanwhile a similar proposal had been received from the Bharat Business International Limited to set up a National Centre for Trade Information on its own without any budgetary support from the Government. However, due to the recent decision to initiate action to wind up the BBIL, the situation has again changed and a fresh decision has to be taken by the Government in this regard. The matter is stated to be under consideration.

#### *Foreign Assistance*

1.51 TDA received financial assistance amounting Rs. 7.67 crores during 1977-78 to 1987-88 from various foreign agencies in respect of buyer-seller meets, development programmes, sales-cum-marketing missions, fairs and exhibitions, contact promotion programmes, etc. According to provision contained in the Civil Accounts Manual all foreign assistance in cash or kind excepting value of technical services or cost of experts deputed by foreign agencies at their own cost for benefit of Government of India, should be included in accounts. However, the details of such foreign assistance are not reflected by the TDA in their annual accounts.

1.52 According to the Ministry assistance given by foreign agencies is not in the form of any grant. Most of the assistance is given in the form of technical assistance which includes consultant's fee, PTAs for participants/TDA's officers, preparation of catalogues, publicity, etc. The donor agencies send the PTAs to their own travel agents and the consultant's fee and expenses on publicity, customs clearance etc. are also paid directly by the donor agencies. Assistance is provided on project to project basis and in such projects which are funded by Inter-national Agencies, it is the normal practice and the pre-condition of the donor agency that all original vouchers etc. are submitted to the funding agencies. Accordingly, the original vouchers are all retained by the foreign agencies concerned as per their accounting requirements.

1.53 All the projects funded by International Agencies were stated to be duly approved by the Ministry of Commerce and at no stage the need for reflecting the details of foreign assistance in the accounts of TDA was pointed out. According to the Ministry it is not feasible for TDA to account for such assistance when it does not pass through the TDA. The Ministry have further stated that the procedure to be adopted for accounting in some form of such assistance in accounts of TDA is being examined in consultation with the Ministry of Finance for adoption.

#### *Record of fixed assets*

1.54 The Annual accounts of TDA showed that it had acquired assets for a gross value of Rs. 68.30 lakhs since its inception to 1987-88. According to the audit paragraph, Assets Register incorporating details of these assets was not produced before Audit. A register in form GFR 19, of



the permanent and semi-permanent assets acquired wholly or mainly out of Government grants which was required to be maintained as provided in the General Financial Rules was also not maintained.

1.55 According to the Ministry detailed procedure has already been codified. Further the Committee which undertook the physical verification of assets has already submitted their report. The matter was placed before the Standing Committee in their 42nd Meeting held on 14.5.1990. The Standing Committee took the view that the issue may be considered and decided by the Executive Director. They also directed that the assets register may be compiled and shown to the Audit. According to the Ministry action in this regard has been initiated and would be completed shortly and the assets register will be shown to the next Audit Party.

*Improper maintenance of record of priced publications*

1.56 It is seen from the audit paragraph that test check of register of priced publications opened in 1987 indicated that:—

- (i) the opening quantity balances were not reconciled with the previous closing balances,
- (ii) book balances were not worked out in respect of all the publications at the close of the year,
- (iii) physical verifications of the publications and their reconciliation with the book balances was not carried out,
- (iv) cost of publication was not shown and sale value of closing stock was not worked out, and
- (v) value of publications in stock at the close of the year was not included in current assets in the final accounts.

1.57 The value in respect of publications whose quantity balancing was done up to 12th July 1989 in the Register worked out to Rs. 2.69 lakhs.

*Non-preparation of accounts of India Trade Centre, Brussels*

1.58 India Trade Centre (ITC), Brussels was set up by the Government in September 1979 in order to boost India's export efforts in the European Economic Community. From July 1982 it was decided by the Government that TDA should maintain separate accounts in respect of ITC. It is seen from the audit paragraph that there has been inordinate delay in the finalisation of the accounts of ITC. According to the Ministry, India Trade Centre, Brussels was set up in 1979 with a separate identity on the basis that 100% grant would be provided by the Government, for which separate accounts would be maintained and separate Balance Sheet would be prepared, got audited and submitted to the Government.

1.59 Further the supervision and control over the personnel of ITC, Brussels and their functioning would rest with India's Ambassador in Brussels and the overall performance of the ITC would be reviewed in the

Ministry. The role of the TDA was limited to route finance to the ITC, Brussels.

1.60 The grants released by the Ministry for ITC are meant for expenditure incurred in foreign exchange at Brussels and also Rupee Expenditure incurred by TDA in respect of ITC personnel on their home leave/emergency passage, payment of foreign service contributions to the parent departments/offices wherever necessary, payment of leave salary in rupees as per the rules, etc. Therefore, funds to the extent necessary to meet the rupee expenditure are retained at TDA Headquarters and the balance transmitted in foreign exchange to the ITC, Brussels.

1.61 The Ministry have further stated that no special staff for accounts of ITC, Brussels has been sanctioned at TDA Headquarters and arrangements have been made to complete this work on emergency basis by putting in extra hours of work on all working days and holidays. It has been stated that TDA has since finalised the accounts for 1983-84, 1984-85 and 1985-86. These accounts have also been audited and sent to the Ministry. The same are being processed further in the Ministry in consultation with TDA and the work is expected to be completed shortly. Necessary adjustments for the unutilised balance would also be made and any excess amount of grant-in-aid would be taken into account by the Ministry while releasing further grant-in-aid for the ITC, Brussels. The Ministry have further intimated that necessary action for finalising the accounts for subsequent years *i.e.* 1986-87 to 1989-90 is also being taken and it is expected that the same will be finalised shortly.

#### *Evaluation of TDA by a Group constituted by Government* —

1.62 The Central Government had constituted in February 1986, a Group for undertaking an in-depth Study of the role, activities and performance of TDA, IIFT and TFAI and to give suggestions for improvement. The Group submitted its report to the Government in September, 1986. Action taken/present status of the recommendations made by this Group in respect of Trade Development Authority is as follows:

Recommendation	Action taken/present status
1. Setting up a 'National Centre for Trade Information	The matter regarding setting up of a National Centre for Trade Information (NCTI) was under consideration of the Government. In the meanwhile, it has been decided by the Government to set up an India Trade

Recommendation	Action taken/present status
<p>2. Bringing out a single monthly publication after merging some of the existing publications brought out by TDA, IIFT and TFAI to avoid over-lapping and duplications.</p>	<p>Centre (ITC) with offices in some key cities abroad primarily with a view to strengthening the institutional framework for India's exports in the vital areas of trade information and trade promotion. It has also been decided that the NCTI will form a part of the proposed ITC in Delhi. Since this project involved large expenditure, the proposal needed examination from all relevant angles including the funding of the centre. The proposal is under consideration of the Government in the light of a similar proposal received from Bharat Business International Limited to set up such a Centre on its own and without any budgetary support from the Government.</p> <p>The matter was examined in detail in a series of meetings and it was found that the unification of the publications brought out by these organisations was not feasible.</p>
<p>3. Setting up of Regional outlets for trade information in 17 Centres scattered in various cities in India which may be connected to the NCTI in TDA.</p>	<p>This recommendation is connected with the proposal to set up a National Centre for Trade Information (NCTI). The present proposal for establishment of an India Trade Centre will subsume this recommendation.</p>
<p>4. Computer print-outs of import-export data to be provided by DGCI&amp;S to trade associations and export service Institutions.</p>	<p>It has been decided by the Ministry to accept the recommendation. The DGCI&amp;S, Calcutta has implemented the recommendation and computer print-outs are now regularly being brought out.</p>

Recommendation	Action taken/present status
5. Review of Quarterly Short-Term Forecasts/Reports on Exports brought out by TDA.	The short-term forecasts on exports brought out by TDA are being received and already being acted upon by the Economic Division of the Ministry of Commerce for policy formulation.
6. Each of the Product should be supported by Product Advisory Committee.	TDA was asked to formulate proposals for setting up of the Product Development Advisory Committee (PDACs). The proposal received from TDA was considered in the Ministry and after discussions, it was felt necessary to re-define the scope of the proposal to make it more relevant to the actual need of the exporters. TDA was, thus, asked to formulate a more detailed proposal giving appropriate data on the number of units and list of items in each of the product lines which need to be developed over the years. The proposal received from TDA was further examined in consultation with the Finance Division and it was decided to place the matter before the MDA Main Committee for a final decision. In its meeting held on 14th September, 1990, the MDA Main Committee has considered and approved the proposal.
7. Levy of cess on exports by TDA in lieu of Membership fee, from the exporters.	The recommendation was examined in detail and it was found that it would not be possible to accept it on account of the practical difficulties involved in collecting the proposed cess from all the exporters and transmitting the same to TDA.

Recommendation	Action taken/present status
<p>8. TDA should in consultation with EPCs, explore the possibility of setting up a system that would provide information on exports effected by individual registered exporters to study export trends over a period of time, claims, if any, advanced by foreign importers, data on awards received etc. for an objective assessment of the performance of exporters etc.</p>	<p>TDA has selected the Units which have to be graded according to their performance/achievements. TDA has also prepared a questionnaire for six-seven product groups to elicit information on their past performance and future targets so that norms could be fixed after analysing the returns submitted by exporters through the questionnaire. TDA is in the process of collecting data on the export performance of TDA's clients for 3-4 years but there is no good response from the exporters. However, the matter is being pursued by TDA and performance audit on the selected clients would be carried out as soon as the requisite data is available.</p>
<p>9. Providing subsidy to the extent of 50% to Small Scale Industry Units for developing counter samples.</p>	<p>This recommendation is being taken care of in the proposal for setting up product Development Advisory Committee in TDA (please refer item No. 6 above).</p>
<p>10. Raising limit of import of duty free samples from Rs. 1,000/- to Rs. 20,000/-</p>	<p>This recommendation was considered by the Empowered Committee of Secretaries and it was decided that the existing limit for duty free import of samples should be raised to Rs. 10,000/-.</p>
<p>11. There should be adequate interaction and collaboration between the IIFT and TDA in the matter of conducting market studies.</p>	<p>The desired interaction already exists between TDA and IIFT in this regard as Executive Director, TDA and Director General, IIFT are already on the Governing Body of</p>

Recommendation	Action taken/present status
12. Providing subsidy at the rate of 33 <sup>1</sup> / <sub>3</sub> % to SSI export Units for getting market surveys conducted through TDA or IIFT.	IIFT and Steering Committee of TDA respectively and Commerce Secretary is the Chairman of TDA as well as IIFT.  The proposal received from TDA was examined in consultation with IIFT and Finance Division and it was decided to place the matter before the MDA Main Committee for a final decision. In its meeting held on 14th September, 1990, the above proposal was considered and approved by the MDA Main Committee.
13. Restructuring of Governing Bodies of TDA/IIFT/TFAI in order to provide cross representation and to inject a great presence of the export communities.	The Steering Committee of TDA has since been restructured to provide cross representation between TDA/IIFT and adequate representation of the export communities. Recently it has been decided to have the reresentation of FIEO on this Committee.
14. Uniform 80% grant-in-aid to Trade Development Authority.	This recommendation has already been accepted and implemented. With effect from 1987-88. TDA is getting Government grant at a uniform rate of 80 per cent.

*Expenditure incurred on the TDA staff deputed abroad during the years 1985-86 to 1989-90 in connection with Trade Fairs & Exhibitions and Buyer-Seller Meets etc.*

1.63 The Committee desired to know the details of the expenditure incurred on the foreign visits of the employees of the TDA during the last 5 years who were deputed abroad in connection with Trade Fair Exhibitions and Buyer-Seller Meets etc. According to the information furnished

by the Ministry of Commerce, the relevant categorywise expenditure on the foreign visits of the TDA staff is as follows:

	DM	FE\$	Rs.
(i) Expenditure incurred on the TDA staff deputed to the trade fairs and exhibitions held abroad	8625	6461	135219
(ii) Expenditure incurred on the TDA staff deputed abroad in connection with buyer-seller meets.	—	49459	511591
(iii) Expenditure incurred on the various other foreign visits by TDA officials during 1985-86 to 1989-90	—	28946	229758
(iv) Expenditure incurred on the TDA staff deputed abroad in connection with the market surveys conducted during these years.	—	23325	152846
Total expenditure	8625	108191	10,29414

#### *Impact of Activities*

1.64 Arranging and participating in trade fairs, buyer-seller meets, contact promotion programme, etc. abroad are the main activities undertaken by TDA for promoting Indian merchandise. The expenditure incurred by TDA on development activities during the years 1982-83 to 1987-88 amounted to Rs. 634.63 lakhs (including Rs. 291.10 lakhs financed by foreign agencies). This did not include administrative overheads and expenditure incurred by participating clients / members of TDA themselves. There was no system that could provide a reliable basis for evaluation of costs and benefits of each activity.

1.65 TDA claimed generation of business amounting to Rs.40466.62 lakhs as shown below as a result of above mentioned activities during 1982-83 to 1987-88:

	(In lakhs of rupees)
(a) Trade enquiries received	24777.45
(b) Spot orders booked	15689.17

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Total : 40466.62

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1.66 Referring to the evaluation of fairs the Group (Committee appointed by the Government to review the working of TDA) in their report of September 1986 have pointed out that the figures provided by the exporters of orders placed may not be reliable because of under estimation (e.g., for tax purposes) or an exaggeration in order to depict a good performances.

1.67 The Ministry of Commerce have stated that as an export promotion organisation, TDA provides research, information and merchandising services to the exporting community. Quantification of the research and information services in the form of real export generation is not possible. In respect of merchandising activities, the value of orders booked and enquiries generated is based on information supplied by the participants in TDA's programmes. Often, exporters are reluctant to part with data relating to the value and size of export orders. Hence it is difficult to judge TDA's performance in quantitative terms.

1.68 According to the Ministry, based on available information, TDA made efforts to undertake cost benefit analysis of the merchandising programmes namely, Contact Promotion Programmes, India Promotions, Participation in Inter-national fairs and Buyer-Seller Meets.

The cost benefit ratio of the above activities as worked out by the Ministry are given below:

#### COST BENEFIT RATIO

	1980-81	1985-86	1988-89
India Promotion	—	0.0195	0.0021
CPP	0.0053	0.0237	0.0060
Intl. Trade Fairs	0.0285	0.0181	0.0033
BSM	0.1409	0.0090	0.0066

1.69 The Ministry have claimed that the benefits from these programmes are considerably high as compared to the expenditure incurred on these programmes. TDA also prepared quick evaluation of the select activities implemented continuously for over five years in the past. According to the Ministry this review reveals that Automechanika Show and Auto Ausstellung Show held in Frankfurt, Germany which TDA has been organising over the last 10 years has yielded substantial gains both in terms of orders and dissemination of general information. Similarly, the Garment Exposition organised by TDA for the last 11 years in Japan is stated to have contributed to make a dent in the Japanese market for Indian garments. Case studies undertaken for preparing cost benefit ratios in respect of Automechanika and India Garment fair revealed the following ratios:

	1982-83	1988-89
Automechanika	0.0114	0.0023
India Garment Fair, Japan	0.0434	0.0038

The Ministry have also stated that an exercise was under taken to quantify export orders booked through TDA's activities in 1989-90. Orders worth over Rs. 182 crores have been reported in 1989-90 as a result of



TDA's development programmes and specialised services. The Committee pointed out that there were many gaps between the orders booked and executed. The Committee therefore, inquired whether any analysis has been made to ascertain the extent to which such orders were executed. The Commerce Secretary replied during evidence that "We have not done that analysis: Perhaps we should do that."

1.70 The export performance of TDA members (clients) who had furnished information on exports during 1982-83 to 1985-86 as intimated by TDA to audit was as under :

Year	Engineering products				Consumer products			
	Number of Products	Total number of clients	Number of client responses	Value of exports as per response (Rs. in crores)	Number of products	Total number of clients	No. of clients responses	Value of exports as per response (Rs. in crores)
1982-83	17	637	422	141.10	12	584	305	154.32
1983-84	17	631	397	144.57	12	574	319	166.50
1984-85	17	754	309	121.81	12	777	338	267.20
1985-86	17	682	188	99.61	12	826	163	98.94

While the total number of clients generally increased from 1982-83 onwards client response decreased by 55 per cent under engineering group and by 47 per cent in consumer group in 1985-86 as compared to 1982-83.

1.71 The Committee pointed out that activities of TDA were directed for the purpose of securing and implementing export orders by rendering personalised service. The Committee, therefore, desired to know as to why it has not been possible for the TDA to persuade its members to furnish necessary details by personal contacts or otherwise about the value and size of export orders secured through TDA. The Committee also desired to know the impact of the new programme "Meet the Clients". According to the Ministry, TDA's membership is voluntary and an on going exercise resulting into new enrolment and de-enrolment on yearly basis depending upon the interest of the exporters in export promotion to TDA markets.

According to the Ministry collection of statistics on actual export performance of TDA clients has, therefore, been a major problem for TDA. The problem of collecting figures regarding actual export performance is common to all the export promotion councils and not specific to TDA. Moreover there is no mandatory provision with TDA to compel the exporters to give the required statistical information. The exporters generally prefer to keep export performance data confidential until some benefits accrue by submission of such data. Hence according to the Ministry, various techniques adopted by the TDA to assess the export performance of the clients have not yielded the desired results. The questionnaire method adopted by the TDA to get feed-back from its

clients was not very successful since hardly 20 percent of the clients returned the questionnaire with information. Efforts also are stated to have been made to compute export performance of TDA clients from the Custom Daily List of Exports (DLEs) from the various ports which also did not ensure adequate coverage.

1.72 However, efforts are stated to be now being made to obtain figures from the participants in every developmental activity on orders secured and enquiries generated for their products as a result of their participation in the developmental programmes. This practice is stated to have ensured that returns are available from the participants proving their involvement in developmental programmes to be successful in establishing direct linkages with actual export performance. Such efforts TDA would continue to make.

'Meet-the-clients' programmes have been initiated recently. The Ministry have stated that the valuable feed-back obtained from the clients will go a long way in the formulation of their future action plan and also help in eliminating the difficulties faced by the exporters.

#### *Impact of TDA*

1.73 The Committee desired to know the extent to which TDA has been able to achieve the objectives for which it was set up. The Committee also desired to know the negative impact of its winding up. The Commerce Secretary stated as follows:

"We do not have the hard data. Therefore, it will be very difficult for me to say what will be the negative impact on abolition of the TDA. I can certainly say that it is giving the information and intelligence and product development services. These activities will no longer be continuing. I think it will have a negative impact. It may not be quantifiable but it will have a negative impact".

He further added:

"If you permit me, I will answer it in two-three parts. If I had reliable data, I would have said that Rs. 7 crores are taken away and then Rs. 14 crores would be the loss but I would not be correct in saying that because such data is not available. But, I would certainly say that in some activities what we have done, we relate it to the cost and if one looks at it one may find a negative impact. We organised a function, expenditure on which was Rs. 14.63 lakhs and the orders booked were of Rs. 69 crores. I would certainly say that if there is not a body which has acquired a good deal of experience, we would not have organised the function next year. We have a very good number of persons who can make others interested in getting the Indian goods and this kind of activity to my mind is a very positive activity. I would not be correct to say that the same ratio will be obtained this year also vis-a-vis Rs. 7 crore.

Similarly, there are other categories like contact promotion programme. We have worked out the cost-benefit ratio and it is such that we have in first place the ratio of 0.0053. So, it is a very inexpensive activity and it is generating the consciousness about the experience; the possibilities about getting the orders and mechanics or techniques of getting the orders. This kind of an activity, particularly in a small scale, is an activity which I suppose is viable. Your question was whether we are doing it, my answer is, 'yes'."

1.74 Elucidating the position further, the Chief Merchandising Division of TDA stated as follows:

"The sole definition of TDA is that it is only catalyst. To that extent we are not 100% responsible for all the exports of these 1400 or 3,000 members. But we have made it easy for them; and that it precisely the promotional role played by TDA. What it will be in the absence of this facilitating role, is difficult to say. But, TDA has played a role in facilitating the exports by these members.

To go back to the performance of TDA, the role definition of TDA, when it was set up, has to be borne in mind. And we have to see whether it was met. When it was set up in 1970, it was to help exports of manufactured products to non-traditional general currency areas, by adopting special, selected, sophisticated techniques; and to that extent, we would like to give you some figures, to indicate how far we have achieved this objective.

In 1970, if you see the global exports of India, our export basket consisted of jute, tea, coffee, textiles yarn etc. Today, our basket is highly diversified. We have very important manufactured products in engineering, consumer goods, plastics and chemicals. These are precisely the products in which TDA is trying to provide some help". The witness further added:

"TDA adopts techniques which every other promotional agency in foreign countries would like to emulate. We are the only nodal agency doing India promotion with department stores work in foreign countries. These countries are sophisticated countries like West Europe, Japan, Australia and New Zealand. We are competing with West European countries, Korea, China etc. There we have achieved Rs. 125 crores of additional confirmed guaranteed exports as a result of 22 India promotions organised with prestigious department stores abroad".

1.75 Elaborating on another achievement of the TDA, the witness stated as follows :

"In the case of consumer products, readymade garments to Japan, which is a non-quota market, was taken up for export development. When we started the activities in Japan our export was of the order of Rs. 5 crores; and today we have reached the figure of approxi-

mately Rs. 50 crores. This is one market where our exports are constantly increasing. Recently, India is the only country which is increasing its export of textile products to Japan”.

1.76 The Committee pointed out that with a view to enable TDA to undertake its various activities 80 per cent budgetary support is given by the Ministry of Commerce. The Committee, therefore, asked the Ministry to furnish all the relevant details in full justification for the future continuation of TDA. The Ministry have furnished the following details in this connection:

- i) In the current context of the growing trade deficit on account of increased oil prices, there is a need for special export promotional effort. TDA's role being purely promotional in focussing on activities for promotion of specific products to specific markets, there is justification for continuation of activities of TDA.
- ii) TDA's thrust in terms of promotion of specific products to general currency areas is relevant for diversifying and increasing exports of select consumer and engineering products.
- iii) TDA's special activities such as India Promotions organised with department stores has enabled guaranteed export shipments from India which have also been recurring. In order to sustain the level of buying repeat India Promotions with the department stores are necessary.
- iv) The buyer-seller meets organised by TDA specially for garments in Non-quota market like Japan have yielded specific and substantive export orders on a continuous basis. These activities will be required to keep up the momentum in export performance.
- v) TDA's participation in specialised international trade fairs have also yielded concrete results in terms of orders booked and enquiries received. It has also projected the suitable image for India as a dependable source of supply. Participation in trade fairs on a regular basis is also needed to continue our presence in International market.
- vi) Product development is an important activity being facilitated by TDA. For adaptation of products for export markets, it is required to arrange products to supply consistently changing demand, fashion designs, etc. in the international market.
- vii) The research studies carried out by the TDA have facilitated an understanding of the supply base in India, problems faced by exporters; the short-terms forecast of exports has enabled an advance understanding of quarterly trends in exports for taking timely corrective measures.
- viii) The seminars and workshops organised/participated by TDA have helped to increase export consciousness and understand nuances about export of specific products to specific markets.
- ix) Market studies carried out by TDA have also enabled in

identifying new potential markets for export products and the strategy for promotion exports.

- x) The Trade information disseminated by the TDA to the exporting community has been found very useful. The supply of data on exports and imports have helped members and non-members alike in their export effort.

1.77 The Committee also impressed upon the Ministry, the need for locating specific areas and taking the desired steps to enhance effectiveness of TDA not only in the light of the experience gained by them so far but more particularly in the light of the various recommendations made by the expert group which submitted its report in September, 1986. According to the Ministry, in order to enhance the effectiveness of TDA, the following areas of activity would be strengthened :

- (a) The present coverage of 34 product groups and 54 markets of GCA would be reviewed to ensure more specific focus;
- (b) Continuous evaluation of different programmes would be made to assess their utility in regard to incremental exports and other benefits like building up future long-term markets;
- (c) Dissemination of information would be improved by linking overseas importers with Indian exporters through trade enquiry service, weekly market and intelligence service, fortnightly industry bulletins, besides desk counselling;
- (d) State Export promotion cells are proposed to be set up in TDA to ensure greater involvement of State Governments in export efforts. In particular export potential surveys and preparation of Action Plan for exports Statewise would be undertaken;
- (e) The commercial publicity work of TDA will be re-organised to pay greater attention to produce (i) industry catalogues (ii) individual exporter's catalogues, (iii) monthly journals giving colourful presentation of India's products, (iv) video films, (v) press advertisements and (vi) other commercial publicity—all intended for boosting the image of India as a dependable source of supply in the international community.
- (f) Greater emphasis will be given to product development work with particular emphasis on small scale industries.

1.78 The Committee note that Trade Development Authority (TDA), which is a registered Society, was set up by the Central Government in July, 1970 as an export promotion institution under the administrative control of the Ministry of Commerce. The Management of its affairs is

entrusted to a Steering Committee consisting of the Secretary, Ministry of Commerce as Chairman, an Executive Director appointed by the Government and not more than 14 members nominated by Central Government. It has three functional Divisions namely (i) Merchandising (ii) Research and Analysis and (iii) Trade Information and Statistics. It has its head office in New Delhi and four regional offices at Bombay, Calcutta, Kanpur and Bangalore. Its five offices established overseas are at Frankfurt, New York, Tokyo, Harare and Dubai. According to the Ministry there is scope for effecting economy in the expenditure on TDA's foreign offices. Towards that end, the Government have already decided to close down two of its foreign offices at Kuala Lumpur and Harare and to suitably reorganise the other foreign offices. The Committee hope that the proposed reorganisation of the TDA's foreign offices will be completed early. It should, however, be taken care of that the proposed reorganisation does not affect the promotional activities pursued by TDA.

1.79 The major source of funds of TDA is the grant-in-aid given by the Government. TDA failed to generate internal resources for contributing its share to the approved pattern of financial assistance. This led to accumulation of deficit to the tune of Rs. 120.87 lakhs upto 1985-86. According to the Ministry, the levying of service/participation charges for the development activities on a scheduled basis could not cover 40 per cent income on non-code and code activities of TDA as earlier envisaged. This resulted in budgetary deficit every year leading to its accumulation to the said extent. With a view to tide over such a situation, the pattern of financial assistance to TDA for non-code and code items has been revised on the recommendations of the expert group which submitted its report in September, 1986 to 80 per cent w.e.f. 1987-88. Remaining 20 per cent will be met by TDA from its own resources. The Committee view such an accumulation of budgetary deficit with concern. They emphasise that TDA should make all efforts to eliminate the chances of occurrence of any such deficit in future by generating internal resources atleast to the extent of their share of 20 per cent of the expenditure.

1.80 The Committee view with dismay the inordinate delay on the part of the TDA in the matter of finalisation of 'on account' grants released to it by the Government from year to year. While the 'on account' grants for the years 1984-85 and 1985-86 were finalised only in July, 1988 and September, 1989 respectively, the 'on account' grants for the succeeding years have not been finalised so far. The Committee need hardly emphasise that special efforts should be made to finalise all the pending 'on account' grants expeditiously. Remedial steps should also be taken to ensure that the finalisation of such grants is not delayed in future.

1.81 TDA has two types of members, namely (i) regular members and (ii) associate members. The total strength of regular members of TDA was 888 in 1982-83 and 1259 in 1989-90. The percentage of growth of regular members of TDA during the year 1983-84 to 1989-90 over the corresponding

previous year was (-) 0.34, 28.14, 3.88, 0.51, (-) 1.18, 3.50 and 3.96 respectively. In Engineering Group, out of a total of 17 products, the registration of members declined in as many as 12/13 products over the previous year from 1985-86 onwards. These trends obviously indicate the absence of sustained patronage of TDA by its members. The expert group in their report of September 1986 had also observed that TDA's membership had not been on a sustained basis, and sizeable number of TDA members drop out and rejoin. The Committee have no doubt that the degree of growth/decline of membership of TDA is obviously one of the most important quantitative parameters for evaluating its performance. All this indicates that either there are some basic defects in the enrolment procedure or there is lack of earnestness on the part of TDA authorities in this regard. The Committee strongly recommend the need for urgent review and for taking suitable remedial steps. According to the Ministry, in the current year 1990-91, special targets have been fixed for enrolling members and TDA's efforts have already resulted in membership growing over 1400, an all time high. The Committee need hardly emphasise that TDA should continue to take such steps on a regular basis.

1.82 TDA had prepared a five year plan of development activities from 1979-80 to 1983-84. From 1983-84, it had started the preparation of annual action plans. The Committee are concerned to note that no action plans were prepared for the years 1984-85 and 1985-86. Further, the activities actually carried out were, in most cases, for products and countries different from those envisaged in the action plans. According to the Ministry, some of the programmes were either deleted or changed or revised in the light of priorities and availability of funds. The Committee emphasise that in the interest of obtaining timely approval of the Government to all the developmental activities, realistic action plans should be prepared by TDA on regular basis.

1.83 The Committee are distressed to note that out of 17 products under the engineering group and 12 products under the consumer group, handled by the TDA, foreign exchange earnings (in terms of US dollar) in respect of eight products of the former and seven of latter groups registered decline in 1986-87 as compared to 1983-84. The decline of exports in terms of foreign exchange earnings in US dollar in 1986-87 compared to 1983-84 ranged from two to 61 per cent in engineering products and seven to 49 per cent in consumer goods. Further, in case of four engineering products and five consumer goods the exports in 1986-87 were lower than the exports in 1983-84 even in terms of rupee value. The reasons attributed for the shortfall are outlined in paragraph 1.33. The Committee are inclined to agree that increase in exports to USSR might to some extent have affected the share of TDA's exports in global exports. They are, however, of the firm view that the other reasons listed

out for the shortfall could have been overcome by taking timely remedial measures. The Committee hope that the remedial measures listed out in paragraph 1.34, if pursued seriously by the concerned authorities would prove to be helpful.

1.84 One of the objectives of TDA is to undertake, coordinate and assist inter-firm comparisons of export oriented units as well as units with export potential. This is yet another area where the performance of TDA is far from satisfactory as during the years 1982-83 to 1987-88 TDA was able to conduct only three such studies. As inter-firm comparisons are of enormous value, TDA should make it a point to conduct at least one to two such studies every year.

1.85 TDA has been procuring from abroad samples of various items having export potential to facilitate their adaptation and for development by the Indian manufacturers for export. The Committee appointed by TDA in April, 1987 for physical verification of imported samples *inter-alia* had pointed out that there was no time limit for product development / adaptation with the result that the samples were held up with a particular unit indefinitely. The departmental Committee had also found out that 882 samples procured upto 1983-84 were outdated and recommended for disposal. Annual physical verification of samples procured during the year 1987-88 was again carried out in June, 1988 by another Committee whose report indicated that the shortcomings pointed out in the previous physical verification still persisted. The Committee are distressed to find this and strongly recommend that immediate steps should be taken to remove the shortcomings pointed out by both these Committees so that maximum benefit could be derived from this practice. The Committee would like to know the action taken in this regard.

1.86 Out of the 1125 samples procured by TDA during 1984-85 to 1987-88, 979 samples were developed upto June, 1989. The Committee view with dismay that TDA has no information about the total value of export orders secured for these adapted samples and value of exports made against them. As such, it is difficult to know the benefits derived from such adaptations in terms of export earnings. The Committee recommend that a suitable format be devised by the TDA to collect the data pertaining to the export earnings as a result of such adaptations and strictly monitor this data on a periodical basis. The Committee would also like to know the fate of the balance 146 samples.

1.87 The Committee are deeply concerned to note the inordinate delay in the setting up of an integrated National Centre for Trade Information (NCTI). It is a well recognised fact that in the highly competitive international market, it is very essential to have accessibility to the changing fashions, tastes, preferences of overseas consumers. These objectives were proposed to be met by opening of NCTI. Such a need was recognised by the Government in May, 1975 when TDA had sent to the Government a draft note containing proposal for setting up NCTI. Even a 'Users Survey' was



conducted by the Government through the Indian Institute of Management, Ahmedabad in March, 1978. Thereafter, several Committees' like P.C. Alexander Committee, 1978 and Abid Hussain Committee, 1984 had endorsed the proposal that the setting up of NCTI be given high priority. The Estimates Committee of Lok Sabha in their 23rd Report (Seventh Lok Sabha) had also recommended that such a centre should be set up at the earliest and this recommendation was accepted by the Government, in principle. Officials of the Ministry had visited Japan, Korea and Hongkong in 1985 to see their national models. The Committee, are surprised to find that despite all this spadework the setting up of the centre is not on the horizon and the matter is still stated to be under consideration. The Committee cannot but deplore such a casual and lackadaisical approach of the Ministry. They strongly recommend that a National Centre of Trade Information should be set up at the earliest to collect, collate and disseminate up-to-date market intelligence.

1.88 The following are some other matters in which the TDA have either not compiled and maintained the accounts in accordance with the prescribed procedure or have inordinately delayed the finalisation of accounts:

- (i) Assistance of Rs. 7.67 crores was received during 1977-78 to 1987-88 from foreign funding agencies. Procedure for exhibiting the same in the annual accounts of TDA has not been laid down.
- (ii) TDA was made responsible for preparation of final accounts of India Trade Centre, Brussels as grants from the Government to the centre were routed through TDA. The final accounts for the centre for the years 1986-87 onwards have not been prepared so far.
- (iii) Lack of effective control over receipt, issue and balances of priced publications.
- (iv) Register of fixed assets of TDA for a gross value of Rs. 68.30 lakhs is not being maintained.

The committee take a serious view of these procedural aberrations of TDA. The reason of paucity of staff advanced for all these deviations is hardly convincing. The Committee recommend that immediate steps should be taken for the maintenance and finalisation of all pending accounts relating to the aforesaid matters in the prescribed form.

1.89 The Committee note that an expenditure to the tune of about Rs. 10,29,414 \$108,191 and DM 8625 was incurred on the foreign visits of the employees of the TDA who were deputed abroad on official business during the last five years. The Committee would emphasise that such visits should be undertaken only after careful prior scrutiny and comprehensive assessment of the concrete gains accruing therefrom.

1.90 Arranging and participating in trade fairs, buyer seller meets, contact promotion programmes abroad are the main activities undertaken by TDA for promoting Indian merchandise. The expenditure incurred by

TDA on development activities undertaken by it during the years 1982-83 to 1987-88 amounted to Rs. 634.63 lakhs (including Rs. 291.10 lakhs financed by foreign agencies). This expenditure did not include administrative overheads and expenditure incurred by participating clients / members by themselves. TDA has claimed generation of business amounting to Rs. 40466.62 lakhs, in the shape of trade enquiries received and spot orders booked during this period. Further, according to the Ministry orders worth over Rs. 182 crores have been reported in 1989-90 as a result of TDA's development programmes. The Committee are unable to accept these statistics as an absolutely reliable and veritable data to assess the extent of impact of TDA's promotional activities on the export earnings of the country due to the possibilities of wide variations between the trade enquiries, orders booked and the orders actually executed as a result thereof. The Ministry have even failed to make any analysis to ascertain the extent to which such orders were executed. The Commerce Secretary admitted during evidence that such one analysis needs to be done. The Committee are deeply concerned to note that TDA have no reliable data base in respect of export performance of its members even though TDA's services are intended to be in a personalised form and clients / member oriented. The Committee are further distressed to note that inspite of the fact that the expert group had, in its report of September, 1986, emphasised the need for TDA to set up a system that would provide information on exports made by individual registered exporters so that objective assessment of the performance of exporters, product-wise would become possible, no such system has been devised so far. The Committee cannot over-emphasise the need for TDA to evolve suitable and reliable system for obtaining data in respect of export performance of its members.

1.91 From the information made available to the Committee they have a definite impression that TDA has failed to achieve its main objectives for which it was set up namely, development of products, export marketing and dissemination of trade information. The Committee strongly urge upon the concerned authorities to make intensive and concerted marketing efforts and adequately accelerate their trade promotional activities to suitably contribute in boosting the export earnings of the country on select products. Another area where TDA should bend its energies utmost is with regard to the diversification of the country's exports to new and sophisticated markets using new techniques on export promotion and to earn badly needed foreign exchange from hard currency areas. With a view to enhance the effectiveness of TDA, the Ministry have at the instance of the Committee made certain proposals, which are contained in para 1.77 to strengthen some areas of TDA's activities. The Committee have no doubt that the concerned authorities would make concerted efforts to effectively and conscientiously implement all these proposals in the shortest possible time. Gulf crisis has created a very serious set back to our foreign exchange earnings. The Committee strongly emphasize upon the concerned authorities to improve

**TDA's effectiveness to the desired level so as to help the country to tide over the crisis.**

**1.92 The facts narrated above abundantly reveal that the working of the TDA is far from satisfactory. For instance, there has been inordinate delay on the part of the TDA in the matter of finalization of 'on account' grants. There is absence of sustained patronage from its members. It has failed to undertake adequate number of inter-firm comparisons. There is also a need for effecting considerable improvement in the matter of product development/adaptation. There has been inordinate delay in the setting up of National Centre for Trade information. Proper procedure for maintenance of various accounts was not followed. Above All, there is absence of reliable data base in respect of export performance of its members. Besides the responsibility of the TDA management for this sad plight, the Committee are convinced that the sense of perpetual direction and guidance expected both from the Steering Committee and the Ministry of Commerce is absolutely missing. The Steering Committee appear to perform the ritual of only meeting twice a year. The Committee recommend that immediate remedial steps should be taken in the light of the comments recommendation contained in this Report to improve the effectiveness of the TDA.**

**The Committee further recommend that the Ministry should make a quarterly review of the working of the TDA. This will provide a good opportunity to the Ministry to judge the performance of TDA and apply correctives wherever found necessary. There is no denying the fact that TDA in co-ordination with other sister agencies like Trade Fair Authority of India and Indian Institute of Foreign Trade can play a pivotal role in boosting the export earnings of the country which is undoubtedly the crying need of the hour. They however desire that the areas of responsibility of the three agencies should be clearly demarcated to avoid any overlapping.**

**NEW DELHI;**

**December 17, 1991**

**Agrahayana 26, 1913(Saka)**

**ATAL BIHARI VAJPAYEE**

*Chairman,*

*Public Accounts Committee.*

## APPENDIX—I

(*vide* Para-1)

Audit Paragraph 2 of the Report of the C & AG of India for the year ended 31 March 1989 (No. 8 of 1990), Union Govt. (Other Autonomous Bodies) relating to Trade Development Authority.

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### 2.1. *Introduction*

The Trade Development Authority (TDA) a registered Society was set up by the Central Government in July 1970 as an export promotion institution under the administrative control of the Ministry of Commerce (Ministry). The primary objective of TDA is to induce and organise entrepreneurs, largely in the medium and small scale sectors, to develop their individual export capabilities and also to provide package of assistance, including export intelligence in a personalised form to individual exporters through collection and collation of information, market research and analysis. It also renders advice on export finance and assists in securing and implementing export orders.

### 2.2. *Scope of Audit*

The accounts of TDA are audited annually in terms of its rules and regulations by the auditors appointed for the purpose by the Authority in consultation with the Government.

A review of the activities of TDA for the period 1982-83 to 1987-88 was conducted under Section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

### 2.3. *Organisational set up*

Management of the affairs of TDA is entrusted to a Steering Committee consisting of the Secretary, Ministry of Commerce as Chairman, an Executive Director appointed by the Government and not more than 14 members nominated by Central Government (Government). TDA has three functional Divisions, namely (i) Merchandising, (ii) Research and Analysis, and (iii) Trade Information and Statistics. The Merchandising Division provides comprehensive services in the field of export production and marketing by way of identification of products, manufacturers/exporters, overseas buyers, establishing buyer-seller contacts and other allied strategies. Research and Analysis Division conducts research activities for export promotion such as assistance in identification of products and market, feasibility studies, inter-firm comparison etc. The Trade Information and Statistics Division collects, compiles, analysis and

disseminates information on international trade and industry. In addition, Administration Division deals with general administration, accounts etc. TDA has its head office in New Delhi and four regional offices at Bombay, Calcutta, Kanpur and Bangalore. It has established five offices abroad in Frankfurt (January 1973), New York (January 1974), Tokyo (May 1976), Harare (March 1987) and Dubai (February 1988).

#### *2.4. Highlights*

- TDA had no reliable data base in respect of export performance of its members (clients) as the clients response in furnishing requisite information has been declining significantly over the years.
- Enrolment of regular members declined from 353 in 1984-85 to 167 in 1987-88 while de-enrolment increased from 104 in 1984-85 to 182 in 1987-88.
- Decline in exports in 1986-87 compared with 1983-84 in eight engineering products out of 17 products and in seven consumer products out of 12 products dealt with by TDA ranged from two to 61 per cent and seven to 49 per cent respectively in US dollar terms. During the same period although total exports from the country increased over the years, the share of exports of TDA products to TDA markets showed decline in 10 engineering products and five consumer goods.
- Annual action plans were not prepared for the years 1984-85 and 1985-86. The activities actually carried out in other years showed that in most cases the products and countries taken up were different from those which were planned.
- TDA had been promoting development and adaptation of samples acquired from abroad. The extent to which the exports were actually augmented by such development and adaptation was not known. Further, inadequate number of samples were sent to TDA's regional offices and at times the samples were exposed to limited number of members only.
- Despite recognition of the need for an integrated National Centre for Trade Information for export promotion, for which proposal was mooted by TDA 14 years back, the Centre has not yet been established.
- TDA could not generate internal resources for contributing its share of expenditure according to the approved pattern of financial assistance. This resulted in accumulated deficit of Rs. 120.87 lakhs upto 1985-86.
- Excess Government grant held by TDA upto the year 1987-88 was Rs. 73.61 lakhs according to the annual accounts of TDA. However,

grant accounts after the year 1985-86 have not been finalised by the Government (December 1989).

- Assistance of Rs. 7.67 crores is received during 1977-78 to 1987-88 from foreign funding agencies. Procedure for exhibiting the same in annual accounts had not been laid down.
- TDA was made responsible for preparation of final accounts of India Trade Centre, Brussels as grants from the Government to the Centre were routed through TDA. The final accounts for the Centre for 1983-84 and onwards were not prepared.
- There was no effective control over receipt, issue and balances of priced publications.
- Register of fixed assets was not maintained. Physical verification was stated to have been carried out in 1986-87 but in the absence of properly completed assets register / lists, the basis of physical verification was not clarified to Audit.

## 2.5. Financial pattern

2.5.1 Sources of funds:—The funds of TDA consist of—

- (i) grants and advances made by or through Government;
- (ii) income from endowment of funds by Government;
- (iii) donation and contribution from other sources;
- (iv) fee and other charges paid for the services of TDA and
- (v) other income and receipts.

In terms of the rules and regulations of TDA, the Steering Committee has the power to, inter alia, provide for the preparation and submission of budget estimates to Government and the sanction of expenditure. Further, Government is empowered to approve TDA's budget estimates and revised estimates.

Revised estimates, actual expenditure and receipt of funds for the years 1982-83 to 1987-88 were as under:—

(In lakhs of rupees)

Year	Grant released by Government					Other receipts	
	Revised estimates*	Total expenditure (excluding depreciation)	Gross	Adjustment of previous excess grant	Net	Revised estimates	Actual**
1	2	3	4	5	6	7	8
1982-83	196.52	150.83	141.00	—	141.00	35.51	37.58
1983-84	215.74	181.95	154.53	12.27	142.26	43.65	41.24
1984-85	283.10	220.66	188.80	—	188.80	57.15	46.71
1985-86	317.12	274.90	215.78	15.79	199.99	69.17	71.94
1986-87	390.45	372.27	376.33	44.00	332.33	69.67	77.47
1987-88	560.17	507.49	322.67	—	322.67	63.46	71.32

During 1982-83 to 1987-88 depreciation charged in accounts was Rs. 15.96 lakhs and capital receipt by way of deduction / transfer of assets was Rs. 1.67 lakhs.

**2.5.2. Pattern of assistance from Government:—**Received grants-in-aid from Government under the scheme Marketing Development Assistance (MDA) administered by the Ministry for (i) administrative expenditure at the rate of 75 per cent till 1986-87 and 80 per cent with effect from 1987-88 of such expenditure; (ii) all other developmental activities as per the percentages which worked out to about 60 per cent of expenditure on most of such activities upto 1986-87 and at a uniform rate of 80 per cent with effect from 1987-88.

In addition, Government also provided 100 per cent grant for specific purposes. Government released 'on account' grants against the requirements projected by TDA from time to time on the basis of its budget / revised estimates. The 'on account' grants were finalised on the basis of actual expenditure in the accounts audited and certified by statutory auditors.

**2.5.3. Release of excess grant-in-aid:—**'On account', grants released and

\* Loans and advances excluded

\*\* Capital receipts excluded

grants finalised by Government for the years 1982-83 to 1985-86 were as under:—

(In lakhs of -rupees)

Year	Grants released by Government (Gross)	Grant admissible as finalised by Govern- ment	Excess
1982-83	141.00	100.52	40.48
1983-84	154.53	121.94	32.59
1984-85	188.80	147.62	41.18
1985-86	215.78	189.54	26.24

The annual accounts of TDA showed the excess grants held by it as Rs. 177.66 lakhs at the end of 1986-87 and after revision of pattern of assistance, as Rs. 73.61 lakhs at the end of 1987-88 (including unspent balance of specific purpose grant). The excess release of grants was primarily due to Government releasing 'on account' grants for activities, though budgeted, but not finally approved.

The Ministry stated, in December 1989, that the release of excess grant became a necessity because the annual accounts of TDA were not finalised in time.

**2.5.4 Delay in finalisation of grants:—** 'On account' grants released by the Government were not finalised promptly. 'On account' grant for the year 1984-85 was finalised in July 1988 and the grant for 1985-86 was finalised in September 1989. 'On account' grants for the year 1986-87 and onwards were not yet finalised (December 1989).

**2.5.5 Accumulated deficit:—** The accumulated deficit of TDA up to 1985-86 as intimated by it to the Government, in July 1986, was Rs. 92.06 lakhs. On subsequent finalisation of the grants for the years 1984-85 and 1985-86 the deficit would work out to Rs. 120.87 lakhs.

The deficit was mainly due to TDA's inability to contribute its share of expenditure by generation of internal resources in accordance with the approved pattern of assistance as modified from time to time for years upto 1986-87.

In June 1986, the MDA main committee gave approval for non-refundable ad-hoc grant to TDA to cover the deficit to be adjusted against excess grants released to it up to the year 1985-86. Sanction to this effect had not been issued by the Government so far.

The Ministry stated, in December 1989, that the matter was being processed further.

**2.6. Membership:—**TDA's members comprise two categories viz. (i) regular members, and (ii) associate members. Manufacturers registered with the Directorate of Industries/Directorate General of Technical Development, State Corporations, Government recognised export houses and select merchant exporters with proven commercial/export capabilities are enrolled as regular members of TDA on payment of per annum service charges.



A member could register himself for more than one product on payment of additional service charges. Members are accordingly provided services in the field of (i) export production, (ii) export marketing by way of (a) department store promotions, (b) buyers-sellers meets, (c) contact promotion programmes, (d) arranging participation in overseas trade fairs, (iii) product and design development, (iv) market intelligence, (v) package of assistance to its members (clients) carrying them from the stage of intention to the stage of exports, etc.

The regular members on their part are required to submit profile of their enterprises every year, copies of catalogues, export price list of each product and a copy of quarterly export return submitted by them to the Government besides any other data required by TDA.

The associate members are provided market intelligence through weekly Trade Intelligence Bulletin/Market Intelligence Bulletin containing trade information etc. The associate members are required to pay annual service charge as fixed by TDA from time to time.

The membership fee including service charges received by TDA during 1982-83 to 1987-88 was as under:—

(In lakhs of rupees)

Year	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
Membership fee	19.40	17.54	23.30	28.87	30.90	28.20

The position of regular members during 1982-83 to 1987-88 was as under:

Year	New enrolment	De-enrolment	Percentage of de-enrolment to enrolment	Total number of clients	Percentage of growth over previous year
1982-83	160	117	73.13	888	
1983-84	90	97	107.78	885	(—) 0.34
1984-85	353	104	29.46	1134	28.14
1985-86	227	183	80.62	1178	3.88
1986-87	158	157	99.37	1184	0.51
1987-88	167	182	108.98	1170	(—) 1.18

**Note:** De-enrolled member when re-enrolled, is not taken as new enrolment but is included in the total membership.

A committee of experts (the Group) appointed by the Government in February 1986 to, *inter alia*, review the working of TDA in its report of September 1986, observed that the total membership in TDA did not constitute a significant proportion of the registered exporter.

The Ministry stated, in December 1989, that the overall position of the membership has been very encouraging as it has gone up from 885 in 1983-84 to 1170 in 1987-88 despite the fact that TDA is not a

registering authority like other export promotion councils, FIEO etc. and TDA's membership is purely voluntary.

In this connection it was observed that TDA has no information as to the total number of registered exporters in the country.

While the membership at the close of the year (excepting 1983-84) showed increase till 1986-87 it declined in 1987-88 despite the fact that five new products had been added for coverage in 1985-86. The percentage of de-enrolment to enrolment increased from 29.46 *per cent* in 1984-85 to 108.98 *per cent* in 1987-88.

It was recognised in the Ministry of Commerce in April 1984 that the growth of membership of TDA could be considered as one of the better quantitative indicators for evaluating its performance. However, enrolment of new members sharply declined after 1984-85 and decreased by 52.69 percent in 1987-88 compared to 1984-85.

TDA enrolled members for 17 products in engineering group and 12 products in consumer group during the year 1982-83 to 1987-88. Five products under the group 'other products' were added from the year 1985-86.

Decline in membership registered under various products as compared with the previous year is revealed in the following table:—

Year	Engineering group		Consumer group	
	Total number of products	Number of products in which registration declined	Total number of products	Number of products in which registration declined
1982-83	17	5	12	2
1983-84	17	7	12	2
1984-85	17	4	12	Nil
1985-86	17	12	12	4
1986-87	17	13	12	7
1987-88	17	13	12	3

Thus, in large number of products there was decline in membership particularly after the year 1984-85. The Group in their report of September 1986 had also observed that TDA's membership had not been on a sustained basis; sizeable numbers of TDA members drop-out and rejoin.

De-enrolment was attributed by TDA to one or more of the following factors (i) withdrawal by members after obtaining orders to their full capacity, (ii) attaining self sufficiency to cater to or produce products acceptable in the international market, (iii) expiry of particular period as intended by members, (iv) fulfilment of information need for their products, (v) TDA ceasing to have thrust on specific products after a limited period, and (vi) availability of lucrative domestic market.

However, as enrolment and de-enrolment should be a continuous process the reasons attributed by TDA do not fully account for decline in registration of clients in increased number of products.

**2.7 Action plans:**— TDA had prepared a five year plan of development activities from 1979-80 to 1983-84. No such five year plan was prepared subsequently. Also, no annual Action Plan was made for the year 1984-85 and 1985-86. TDA stated, in July 1989, that only the activities approved by the Government were completed in these two years. However, an Action Plan for 1986-87 and schedule of proposed activities for the year 1987-88 were framed.

The number of developmental activities as per the Plans/schedule of activities and achievements there against for the years 1982-83 to 1987-88 is given below:

Year	Fairs		Contact promotion on programme		Buyer-seller meet		Sales team		Department store promotion		Buyers mission		Integrated programme for marketing	
	T	A	T	A	T	A	T	A	T	A	T	A	T	A
1982-83	8	5	13	3	3	—	8	—	2	—	11	5	2	—
1983-84	10	6	12	8	2	3	9	—	7	—	7	24	3	—
1984-85	×	6	×	8	×	3	×	1	×	2	×	55	×	—
1985-86	×	7	×	3	×	4	×	3	×	5	×	74	×	—
1986-87	3	3	6	2	3	6	—	1	4	4	—	50	2	2
1987-88	10	5	10	4	6	2	—	—	2	2	—	72	1	3

(T=As per plan/Schedule of activity, A=Achievements, ×=Absence of plan, —=Nil plan)

The activities undertaken, as given in the Annual Reports of TDA, compared to those envisaged in the Plans showed that besides shortfall in quantum of achievements, the activities actually carried out were, in most cases, for products and in countries different from those which were planned.

The Ministry stated, in December 1989, that TDA formulates export developmental programmes on yearly basis with budget implications.

Some of the programmes are either deleted or changed or revised in the light of priorities and availability of finance.

However, the fact remains that the plans framed by TDA did not prove to be realistic as the extent of the deletion and deviations with reference to five-year/annual plans was substantial.

**2.8. Impact of activities:—** Arranging and participating in trade fairs, buyer-seller meets, contact promotion programmes, etc. abroad are the main activities undertaken by TDA for promoting Indian merchandise. The expenditure incurred by TDA on development activities during the years 1982-83 to 1987-88 amounted to Rs. 634.63 lakhs (including Rs. 291.10 lakhs financed by foreign agencies). This did not include administrative overheads and expenditure incurred by participating clients/members of TDA themselves. There was no system that could provide a reliable basis for evaluation of costs and benefits of each activity.

TDA claimed generation of business amounting to Rs. 40466.62 lakhs as shown below as a result of above-mentioned activities during 1982-83 to 1987-88.

	(In lakhs of rupees)
(a) Trade enquiries received	24777.45
(b) Spot orders booked	15689.17
Total	<u>40466.62</u>

Referring to the evaluation of fairs the Group (Committee appointed by the Government to review the working of TDA) in their report of September 1986 pointed out that the figures provided by the exporters of orders placed may not be reliable because of under estimation (e.g., for tax purposes) or exaggeration (in order to depict a good performance).

Information as to how many orders had actually been executed against the business reported to have been generated and as to how many enquiries were converted into firm export orders was not made available to Audit. TDA stated, in April 1988, that while some of the participants provided the required information, some did not give any feed back despite repeated requests. Ministry reiterated this position in December 1989. As such, the extent to which the orders were actually executed and the enquiries were satisfactorily attended to could not be known. In

the absence of this information, the extent to which the main objective of TDA was achieved could not be evaluated.

**2.9. Decline in export of TDA products:—** TDA has compiled statistics on India's exports of TDA products to markets catered by TDA in general currency areas and India's total global exports of each of such product for the years 1983-84 to 1986-87.

Out of the 17 products under engineering group and 12 under consumer goods, eight products of the former and seven of the latter group registered decline in terms of foreign exchange earnings in US dollar terms as detailed in Annexure 'A'.

The decline of exports in terms of US dollar in 1986-87 compared to 1983-84 ranged from two to 61 *per cent* in engineering products and seven to 49 *per cent* in consumer goods.

In case of four engineering products and five consumer goods the exports in 1986-87 were lower than exports in 1983-84 even in terms of rupee value.

TDA attributed, in August 1987, the shortfall in export of engineering goods to fierce competition in the wake of confirmed recession, protectionist policies and countervailing duties imposed on some items particularly in USA and liquidity crisis faced by some African countries. In respect of consumer goods, poor competitiveness of plastic items in general poor quality of wood (for furniture) and shipping problems etc. were stated to be some of the problems being faced during export.

It was further observed that although total exports of India to global markets increased over the years, TDA's share in export of its products to TDA markets compared to global exports showed market decline in 10 products under engineering goods and five products under consumer goods in the year 1986-87 as compared to the position in the year 1983-84 as detailed in Annexure 'B'. With regard to these 15 products the decline was attributed, in December 1989, by the Ministry to (i) considerable increase of India's exports of certain products during this period in non-TDA markets particularly USSR, (ii) paucity of funds, (iii) adverse effect on India's exports to Middle East countries due to political considerations, (iv) fluctuations in exports of products like sewing machines, motorcycles and mopeds, toys and dolls and sports goods, (v) limited number of clients in industrial machinery, (vi) products like pharmaceuticals and ceramics being comparatively new in TDA range of products.

Increase in exports to USSR would have affected the share of TDA's exports in global exports to certain extent. However, the other reasons attributed for the shortfall indicated lack of timely and adequate measures to overcome the problems related to inadequacy of performance.

**2.10. Export performance of TDA's members:—** The export performance of its members (clients) who had furnished information on exports during 1982-83 to 1985-86 as intimated by TDA was as under:—

Year	Engineering products				Consumer products			
	Number of products	Total number of clients	Number of client responses	Value of clients exports as per response (rupees in crores)	Number of products	Total number of clients	Number of clients responses	Value of clients exports as per response (rupees in crores)
1982-83	17	637	422	141.10	12	584	305	154.32
1983-84	17	631	397	144.57	12	574	319	166.50
1984-85	17	754	309	121.81	12	777	338	267.20
1985-86	17	682	188	99.61	12	826	163	98.94
1986-87 } 1987-88 }	Information not furnished.							

While the total number of clients generally increased from 1982-83 onwards client response decreased by 55 per cent under engineering group and by 47 per cent in consumer group in 1985-86 as compared to 1982-83.

The information for the year 1986-87 and 1987-88 was not available with TDA (July 1989). TDA stated, in March 1987, that some of the members (clients) did not furnish information of their export turn over. Thus, TDA had no reliable data base in respect of exports performance of its members even though TDA's services are intended to be in a personalised form and clients/members oriented.

The Group had, in its Report of September 1986, emphasised the need for TDA to set up a system that would provide information on exports made by individual registered exporters so that objective assessment of the performance of exporters, product-wise would become possible.

In the Action Taken Notes on paragraph 63 of the Report of the Comptroller and Auditor General of India for the year 1981-82 regarding working of TDA, furnished to the Ministry of Finance in September 1983 by the Ministry it was stated that officers of TDA had been directed to collect information on clients, export performance in person during the client contact programme or during the course of their field visits and all efforts were being made to ensure that the latest statistics on export performance of the units were invariably collected.

The Ministry stated, in December 1989, that TDA Reports to collect information on export performance of TDA clients did not yield the desired results as most of the clients did not furnish the required information probably because TDA does not have statutory authority for obtaining such information. Efforts to compile the requisite information

from the Daily List of Exports (DLEs) from various parts of the country were also not commensurate with the export performance of TDA members due to large number of entries issued from various ports in the country. Thereupon the export performance for TDA clients for the year 1986-87 was assessed for the major product groups on the basis of the relative share of TDA clients in the country's exports performance calculated on the basis of the experience of product officers of TDA who are in constant touch with the clients.

Thus, TDA has not been able to collect reliable data in respect of the export performance of its members (clients).

**2.11. Inter-firm comparisons:—** One of the objectives of TDA is to undertake, co-ordinate and assist inter-firm comparison of export oriented units as well as units with export potential. The Inter-firm comparison study, *inter alia*, identifies the specific areas of strength and weaknesses of the units compared based on different operational ratios. During 1982-83 to 1987-88; TDA carried out only three such studies viz. on

- (i) Machine tool industry,
- (ii) Foundry industry,
- (iii) Readymade garment industry.

Thus, very few firms and products had been covered for this activity.

The Ministry stated, in December 1989, that inter-firm comparison is of immense value to the industry but the compilation, collection and analysis of this data manually is a time consuming process and, therefore, TDA tries to complete one study in a year depending upon the availability of its resources and response from the industry and trade.

**2.12. Product Development and adaptation:—** (i) TDA has been procuring from abroad samples of various export-worthy items to facilitate their adaptation and for development by the Indian manufacturers for exports. These samples were either imported free of custom duty, received direct from buyers/importers or collected by the officers of TDA during market surveys, contact promotion programmes, etc.

Until 1985-86 TDA dealt with the promotion of 29 products. During 1985-86 five more products were added increasing the number of TDA's products to 34. The number of products for which samples were procured during 1984-85 to 1987-88 was as under:—

	1984-85			1985-86			1986-87			1987-88		
	E	C	O	E	C	O	E	C	O	E	C	O
Total No. of TDA products	17	12	—	17	12	5	17	12	5	17	12	5
Number of product for which samples collected	10	7	—	5	10	—	9	6	—	6	5	—
Number of samples collected.	286	71	—	98	91	—	257	62	—	129	131	—
	357			189			319			200		

(EE = Engineering products;

C = Consumer products;

O = Other products).

The number of samples procured for engineering products declined compared to 1984-85. Samples were not procured for five engineering products and two consumer goods in any of the years.

(ii) TDA obtained 1125 samples during 1984-85 to 1987-88 of which 979 samples were stated to have been developed upto June 1989. TDA had no information as to the total value of export orders secured for these adapted samples and value of exports made there against. As such, actual exports augmented through product development and adaptation was not known.

(iii) The Committee appointed by TDA in April 1987 for physical verification of imported samples, *inter alia*, observed that (a) there was no time limit for product development/adaptation with the result that the samples were held up with a particular unit for months together (b) in some cases there was no proper timely feedback from the product officers about the status of development (c) although a larger number of samples were procured by TDA, inadequate number of samples were sent to the regional offices and, as such, the activities of the regional offices in products development/adaptation were minimum. (d) the storing capacity of the samples in TDA was inadequate (e) 882 samples procured upto 1983-84 were outdated and recommended for disposal.

Annual physical verification of samples procured during the year 1987-88 was again carried out in June 1988 by a Committee whose report indicated that the shortcomings pointed out in the previous physical verification still persisted. The Committee also observed that at times the samples were exposed to limited number of members.

The Ministry stated, in December 1989, that the samples were generally supplied in consumer product group and light engineering goods as it was not possible to get samples in heavy engineering goods. A proposal for providing subsidy under MDA to the engineering units was under consideration in order to facilitate product development and counter-sampling work. In case of consumer goods, the counter-samples were prepared in a short time. However, no time limit could be laid down for engineering products. It was further stated that samples were distributed to regional offices only when sufficient number of samples were received.

**2.13. Centre for trade information:—** The trade information service plays a vital role in assisting export performance. The need for setting up an integrated National Centre for Trade Information (NCTI) to act as an apex coordinating body was recognised by the Government in 1975. In May 1976, TDA sent to the Government a draft note containing proposal for setting up NCTI. A 'Users Survey' was got conducted by the Government from Indian Institute of Management (Ahmedabad) which submitted the



report in March 1978. TDA also did Sources Survey and submitted its Report. Several Committees (P.C. Alexander Committee 1978, Estimates Committee 1982, Abid Hussain Committee 1984) endorsed the proposal that the setting up of NCTI be given high priority. Officials of the Ministry visited Japan, Korea and Hongkong in 1985 to see their national models and TDA prepared a study report regarding Trade Information System in JETRO (Japan External Trade Organisation) and KOTRA (Korea Trade Office). A project proposal for setting up a NCTI was prepared by TDA and submitted to Ministry in May 1987.

A revised detailed proposal was submitted by TDA in July 1987 for establishing a comprehensive computerised trade information system which included creation of network and linkages with organisations and data sources both in India and abroad at a cost of Rs. 1.34 crores non-recurring and of Rs. 2.04 crores recurring.

The Ministry stated, in December 1989, that the NCTI will now be a part of the proposed India Trade Centre in Delhi. The matter regarding setting up of India Trade Centre at New Delhi was under active consideration of the Government.

Thus, NCTI for which a proposal was mooted by TDA about 14 years back and the importance of which was stressed by several committees has not yet been established.

#### *Other topics of interest*

**2.14. Non-exhibition of foreign assistance in annual accounts:—** TDA received financial assistance amounting to Rs. 7.67 crores during 1977-78 to 1987-88 from various foreign funding agencies in respect of buyer seller meets, development programmes, sales-cum-marketing missions, fairs and exhibitions, contact promotion programmes, etc. The assistance was provided on a project to project basis in the form of consultant's fee, rent of exhibition stalls publicity, air tickets to TDA officials and representatives from the industry, per diem payment to TDA officials and incidental expenses on transport, etc. There was no uniform mode for receiving the assistance. In some cases funds were remitted by the funding agencies to TDA's foreign offices while in others to TDA's officials yet in some other cases only *per diem* expenses, local transport and incidentals were given to TDA's officials whereas other expenses were borne by the funding agencies. According to provision contained in the Civil Accounts manual all foreign assistance in cash or kind, excepting value of technical services or cost of experts deputed by foreign agencies at their own cost for benefit of Government of India, should be included in accounts. It was stated by TDA that as the payments were made directly to the participants, consultants etc., the assistance was, not exhibited in the books of accounts of the Authority, but was shown in the annexure appended to the

Annual Reports upto 1985-86. Even such an annexure was not appended to the Annual Reports for 1986-87 and 1987-88.

The assistance obtained from the foreign funding agencies was not covered by the exception envisaged in the Manual. However, no system was prescribed for exhibition of the receipt of assistance from the foreign funding agencies and expenditure met from the said assistance in the final accounts of TDA. Thus, the receipts and expenditure were also not subjected to audit.

The Ministry stated, December 1989, that assistance given by foreign agencies was not in the form of grant and was provided on project to project basis. It was the normal practice and pre-condition of the donor agencies that all original vouchers were submitted to the agencies. However, the procedure to be adopted for accounting of such assistance in accounts of TDA would be examined in consultation with Finance.

**2.15. Unfruitful expenditure:—** TDA undertook construction of a pavilion for participating in the India International Trade Fair at Pragati Maidan, New Delhi, in 1974. Though the fair was postponed *sine die*, keeping in view the expenditure of Rs. 5.99 lakhs already incurred on the construction upto July 1974, TDA completed construction of the pavilion in May 1975 at a cost of Rs. 12.83 lakhs. On formation of the Trade Fair Authority of India (TFAI) the pavilion was handed over to the TFAI in 1977. Pending decision by the Government regarding determination of the cost at which the building was transferred it continued to be included in the assets in the Balance Sheet of TDA. Depreciation totalling Rs. 6.16 lakhs was charged by TDA in its accounts upto the year 1987-88 on a building which was not put to its use. The Ministry stated, in December 1989, that the matter was under consideration.

**2.16. Improper maintenance of record of fixed assets:—**The Annual accounts of TDA showed that it had acquired assets for a gross value of Rs. 68.30 lakhs since its inception to 1987-88. Assets Register incorporating details of these assets was not produced to Audit. A register in form GFR 19, of the permanent and semi-permanent assets acquired wholly or mainly out of Government grants which was required to be maintained as provided in the General Financial Rules was also not maintained.

The Annual reports of TDA for the years 1986-87 and 1987-88 stated that physical verification of assets was carried out and the figures were being reconciled. The report in respect of such verification and the progress of its reconciliation with figures as appearing in the books of accounts was not produced to Audit.

TDA could not clarify to Audit the basis adopted for physical verification and reconciliation of assets with the books of accounts in absence of properly compiled assets registers/lists of assets.

The Ministry stated, in December 1989, that the physical verification of assets was carried out in 1987-88 by a committee of officers whose report was being re-examined for a realistic valuation of the assets.

**2.17. Capital grant-in-aid for acquisition of permanent and semi-permanent assets:—**The capital grant-in-aid Rs. 14.67 lakhs shown in the Balance Sheet for the year 1987-88 represented grants obtained from Government during 1982-83 to 1987-88 and utilised on acquisition of fixed assets. It did not include similar grant obtained from inception of TDA upto the year 1981-82. In the years preceding 1982-83 such grants were transferred to General Reserve and were adjusted against excess of expenditure over income. Thus, the Capital grant-in-aid appearing in the Balance sheet as at the end of 31st March, 1988 did not reveal the accumulated capital grant (Capital Fund) obtained by TDA from the Government and invested in its permanent and semi-permanent assets.

**2.18. Improper maintenance of record of priced publications:—** Test check of register of priced publications opened in September 1987 indicated, that:

- (i) the opening quantity balances were not reconciled with the previous closing balances,
- (ii) book balances were not worked out in respect of all the publications at the close of the year,
- (iii) physical verifications of the publications and their reconciliation with the book balances was not carried out,
- (iv) cost of publication was not shown and sale value of closing stock was not worked out, and
- (v) value of publications in stock at the close of the year was not included in current assets in the final accounts.

The value in respect of publications whose quantity balancing was done up to 12th July, 1989 in the Register worked out to Rs. 2.69 lakhs indicating that priced publications of significant sale value were held by TDA. In absence of proper maintenance of register, there was not effective control over receipt, issue and balances of priced publications.

**2.19. Unauthorised appropriation and diversion of grant-in-aid:—**The accounts for the year 1987-88 showed that a gratuity fund for Rs. 36.25 lakhs was created. For creating the gratuity fund an income of Rs. 26.71 lakhs was shown in the Income and Expenditure Account as grant admissible (from Government) on gratuity, and appropriated by TDA out of the excess grant payable by it to the Ministry as worked out at the end of the year. Sanction of the Government for appropriation of the 'on account' grant-in-aid for creation of the fund was not obtained. Rules and regulations for administration of the gratuity fund of TDA were also not framed.

Neither the gratuity fund was invested in interest bearing securities etc. nor funds to this extent were available with TDA. Thus, excess grants received from the Government were diverted to other purposes without approval of the Government. The Ministry stated, in December 1989, that the matter had been referred by TDA to them and was under consideration in the Ministry.

**2.20. Non-preparation of accounts of India Trade Centre, Brussels:—** India Trade Centre, Brussels (ITC) was set up by the Government in September, 1979 in order to boost India's export-efforts in the European Economic Community. The expenditure of the ITC is met out of the remittances made by TDA out of the grant-in-aid sanctioned for the purpose by the Ministry of Commerce. According to TDA the ITC is an independent unit working under the administrative control of the Indian Ambassador in Brussels, TDA being concerned only with the routing of the finance and dealing with administrative problems in India. From July 1982 it was decided by the Government that TDA should maintain separate accounts in respect of ITC. The balance sheet of TDA as on 31st March, 1988 showed that Rs. 11.69 lakhs were payable by TDA to ITC. Thus, the entire grant-in-aid relating to ITC was neither passed on to the ITC nor refunded to Government at the close of the year. Further, accounts of ITC from 1983-84 and onwards were not yet (December 1989) prepared by TDA for submission to the Government after getting them audited by the statutory Auditors. The Ministry stated, in December, 1989, that accounts in respect of ITC were being brought upto date and necessary adjustments for unutilised balances and any excess amount of grant-in-aid would be taken into account before further release of grant-in-aid.

**2.21. Non-recovery of irregular payments and outstanding advances from the employees:—**Irregular payments on account of wrong fixation of pay and allowances, leave calculations, leave travel concessions, etc. and advances outstanding for unduly long period against employees of TDA were pointed out in the various Local Audit Inspection Reports but the observations have remained unsettled. The year of Inspection Report and the amount held under objection are given below:—

Year	Amount (In lakhs of rupees)
1983-84 and	0.51
1984-85	0.09
1985-86	2.40*
1986-87	1.11
1987-88	4.11

\* This included Rs. 1.12 lakhs prior to April 1985, Rs. 0.68 lakh for the year 1985-86 and Rs.0.60 lakh for the year 1986-87.

The Ministry stated, in December, 1989, that adjustment of an amount of Rs. 1.42 lakhs out of the amount of outstanding advances for the years 1986-87 and 1987-88 had been made. However, the details of the adjustment were not furnished to Audit.

**2.22. Evaluation of TDA by a Group constituted by the Government:**—The Central Government constituted, in February 1986, a Group for undertaking an in-depth study of the role, activities and performance of TDA, IIFT and TFAI, and to give suggestions for improvement. The Group gave its report to the Government, in September, 1986.

Some of the important recommendations relating to the TDA which still (December, 1989) await implementation are as under:—

**Recommendations**

(a) Setting up National Centre for Trade Information in TDA

(b) Bringing out a single monthly publication after merging some of the existing publications brought out by IIFT, TDA and TFAI to avoid overlapping and duplication.

(c) Setting up of Regional outlets for trade information in 17 Centres scattered in various cities in India which may be connected to the NCTI in TDA.

(d) Each of the Product should be supported by Product Advisory Committees.

(e) TDA should in consultation with EPC, explore the possibility of setting up a system that would provide information on exports effected by individual registered exporters to study export trends over a period of time, claims, if any advanced by foreign importers, data on awards received etc. for an objective assessment of the performance of exporters, etc.

(f) Providing subsidy to the extent of 50 per cent to Small Scale Industry Units for developing counter samples.

**Remarks**

The Ministry stated that it had been decided to set up an India Trade Centre at New Delhi with offices in some key cities abroad and the NCTI will now be a part of the proposed India Trade Centre. The matter regarding setting up of the India Trade Centre was under active consideration of the Government.

Government viewed that although unification of the publications was not feasible, a 32 page bi-monthly publication could be brought out by TDA to cover select thrust products on a rotating basis. A proposal in this respect as received from TDA was examined in the Ministry and TDA has been asked to reformulate the proposal.

It was held in December, 1989 that this was covered by the proposal for setting up of NCTI in TDA.

A detailed proposal giving approximate data on the number of units and the list of items in each of the product lines which need to be developed over the years was prepared by TDA which was under consideration of the Ministry.

Data on the export performance of TDA's clients for 1985-86 had already been prepared. Data for 1986-87 and 1987-88 was being collected. The Ministry further stated, in December, 1989, that performance audit on selected clients would be carried out after data for at least 3-4 years was available.

This was being taken care of in the proposal for setting up a Product Development Advisory Committee in TDA

[refer para (d) above].

- (g) Providing subsidy at the rate of 33½ per cent to SSI export Units for getting market surveys conducted through TDA or IIFT.
- (h) With regard to participation in Specialised Commodity Fairs, the respective role of the TDA/ECPs and TFAI should be clearly defined and the appropriately formalised procedure (for forward planning, implementation, post evaluation, follow up, etc.) proposed by the Group may be introduced as would result in coordination of advantages in mutually re-inforcing fashion.

The matter was being considered in consultation with TDA and IIFT.

Copy of status report on the Group's recommendations made available to Audit did not mention these recommendations and action taken thereon by the Government.

## Annexure 'A'

(In thousands of rupees)

## (a) Export of engineering products to the TDA markets

S. No.	Name of the product	1983-84	1984-85	1985-86	1986-87	Percentage decline in 1986-87 with reference to 1983-84
1.	Automotive ancillaries and accessories.	R 392947	354618	345755	401980	17.22
		D 38002.61	29827.40	28259.50	31458.76	
2.	Builders hardware.	R 167153	125767	113944	178465	13.60
		D 16165.67	10578.43	9312.95	13966.58	
3.	Diesel engines	R 224916	259424	256070	223758	19.50
		D 21752.03	21820.51	20929.30	17511.19	
4.	Fluid system	R 410019	512173	419879	312768	38.27
		D 39653.67	43079.57	34317.86	24477.07	
5.	Hand tools, small and garden tools	R 316829	311523	216496	325635	16.83
		D 30641.10	26202.62	17694.81	25484.03	
6.	Industrial fasteners	R 107316	99368	82455	86371	34.87
		D 10378.72	8357.98	6739.27	6759.35	
7.	Motorcycles and mopeds	R 36092	13756	6106	17471	60.83
		D 3490.52	1157.03	499.06	1367.27	
8.	Industrial machinery, equipment and parts	R 575492	657484	505929	695626	2.19
		D 55656.87	55301.87	41350.96	54439.35	

(b) Export of consumer goods to the TDA markets

S. No.	Name of the product	1983-84	1984-85	1985-86	1986-87	Percentage decline in 1986-87 with reference to 1983-84
1.	Furniture	R 43821 D 4238.01	48132 4048.45	39544 3232.04	27429 2146.58	49.35
2.	Household and kitchen ware	R 279642 D 27044.68	312099 26251.07	220769 18044.05	178285 13952.50	48.41
3.	Perfumery and perfumery products	R 193643 D 18727.56	168629 14183.61	183529 15000.33	221381 17325.17	7.49
4.	Processed fruits and vegetables	R 257402 D 24893.81	253534 21325.09	305208 24945.48	289476 22654.25	9.00
5.	Sports goods	R 204104 D 19739.26	210168 17677.52	188670 15420.51	189040 14794.18	25.05
6.	Toys and dolls	R 1954 D 188.97	1509 126.92	1977 161.58	1232 96.41	48.98
7.	Ceramics	R 14477 D 1400.10	11059 930.19	7387 603.76	11539 903.04	35.50
	Exchange rate of rupee per unit of US \$	10.340 (R-Rupee	11.889 D-US \$)	12.235	12.778	—



**Annexure 'B'**

**Statement showing exports of TDA products and their Global Exports**

(Value : Rs. in thousands)

S.No.	Name of Product	1983-84	1984-85	1985-86	1986-87
<b>(a) Engineering products</b>					
1.	Automotive ancillaries and accessories	T 392947	354618	345755	401980
		G 559228	583904	647807	758572
		P 70.2	60.7	53.3	52.9
2.	Builder's hardware	T 167153	125767	113944	178465
		G 211590	185296	158780	239938
		P 79.0	67.8	71.7	74.3
3.	Castings	T 33996	45862	48496	110405
		G 37947	82205	72385	159431
		P 89.5	55.7	67.0	69.2
4.	Electrical equipment and accessories	T 279668	311523	261925	348147
		G 554858	989610	629338	896778
		P 50.4	31.4	41.6	38.8
5.	Forgings	T 2034	2213	2007	2834
		G 2566	5191	51835	93134
		P 79.2	42.6	5.8	3.04
6.	Hand tools, small and garden tools	T 316829	311523	216496	325635
		G 319543	363953	260198	380666
		P 99.1	85.6	83.2	85.5
7.	Industrial machinery, equipment and parts	T 575492	657484	505929	695626
		G 1262922	1716135	1635157	2059342
		P 45.5	38.3	30.9	33.7
8.	Instruments	T 74375	84942	86438	151421
		G 118315	185549	205082	373937
		P 62.8	45.7	42.1	40.9
9.	Motor cycle and mopeds	T 36092	13756	6106	17471
		G 48221	30469	15085	39577
		P 74.8	45.1	40.4	44.1
10.	Sewing machines	T 4907	7982	7715	16561
		G 30611	59406	56761	112320
		P 16.0	13.4	13.5	14.7
<b>(b) Consumer goods</b>					
1.	Perfumery and perfumery products	T 193643	168629	183529	221381
		G 265139	459276	442152	483445
		P 73.03	36.72	41.51	45.79
2.	Processed fruits and vegetables	T 257402	253534	305208	289476
		G 502417	599572	658559	619762
		P 51.23	42.29	46.34	46.71

S.No.	Name of Product	1983-84	1984-85	1985-86	1986-87
3.	Sports goods	T 204104	210168	188670	189040
		G 228908	279320	237532	251019
		P 89.16	75.24	79.43	75.31
4.	Toys and dolls	T 1954	1509	1977	1232
		G 2464	1717	2421	2036
		P 79.30	87.88	81.66	60.51
5.	Ceramics	T 14477	11059	7387	11539
		G 20463	19659	14211	22646
		P 70.75	56.25	51.98	50.95

**NOTE: T-Exports to TDA Markets**

**G- Global Exports**

**P- Percentage of 'T' to 'G' as shown in TDA's compilation.**

## APPENDIX II

### *Conclusions and Recommendations*

Sl. No.	Para No.	Ministry/ Deptt, concerned	Conclusion/Recommendation
1	2	3	4
1	1.78	Ministry of Commerce	<p>The Committee note that Trade Development Authority (TDA), which is a registered Society, was set up by the Central Government in July 1970 as an export promotion institution under the administrative control of the Ministry of Commerce. The Management of its affairs is entrusted to a Steering Committee consisting of the Secretary, Ministry of Commerce as Chairman, an Executive Director appointed by the Government and not more than 14 members nominated by Central Government. It has three functional Divisions namely (i) Merchandising (ii) Research and Analysis and (iii) Trade Information and Statistics. It has its head office in New Delhi and four regional offices at Bombay, Calcutta, Kanpur and Baagalore. Its five offices established overseas are at Frankfurt, New York, Tokyo, Harare and Dubai. According to the Ministry there is scope for effecting economy in the expenditure on TDA's foreign offices. Towards that end, the Government have already decided to close down two of its foreign offices at Kuala Lumpur and Harare and to suitably reorganise the other foreign offices. The Committee hope that the proposed reorganisation of the TDA's foreign offices will be completed early. It should, however, be taken care of that the proposed reorganisation does not effect the promotional activities pursued by TDA.</p>
2	1.79	Ministry of Commerce	<p>The major source of funds of TDA is the grant-in-aid given by the Government. TDA failed to generate internal resources for contributing its share to the approved pattern of financial</p>

1	2	3	4
			<p>assistance. This led to accumulation of deficit to the tune of Rs. 120.87 lakhs upto 1985-86. According to the Ministry, the levying of service / participation charges for the developmental activities on a scheduled basis could not cover 40 per cent income on non-code and code activities of TDA as earlier envisaged. This resulted in budgetary deficit every year leading to its accumulation to the said extent. With a view to tide over such a situation, the pattern of financial assistance to TDA for non-code and code items has been revised on the recommendations of the expert group which submitted its report in September, 1986 to 80 per cent w.e.f. 1987-88. Remaining 20 per cent will be met by TDA from its own resources. The Committee view such an accumulation of budgetary deficit with concern. They emphasise that TDA should make all efforts to eliminate the chances of occurrence of any such deficit in future by generating internal resources atleast to the extent of their share of 20 per cent of the expenditure.</p>
3	1.80	Ministry of Commerce	<p>The Committee view with dismay the inordinate delay on the part of the TDA in the matter of finalisation of 'on account' grants released to it by the Government from year to year. While the 'on account' grants for the year 1984-85 and 1985-86 were finalised only in July, 1988 and September, 1989 respectively, the 'on account' grants for the succeeding years have not been finalised so far. The Committee need hardly emphasise that special efforts should be made to finalise all the pending 'on account' grants expeditiously. Remedial steps should also be taken to ensure that the finalisation of such grants is not delayed in future.</p>
4	1.81	Ministry of Commerce	<p>TDA has two types of members, namely (i) regular members and (ii) associate members. The total strength of regular members of TDA was 888 in 1982-83 and 1259 in 1989-90. The percentage of growth of regular members of TDA during the</p>

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years 1983-84 to 1989-90 over the corresponding previous year was (—) 0.34, 28.14, 3.88, 0.51, (—) 1.18, 3.50 and 3.96 respectively. In Engineering Group, out of a total of 17 products, the registration of members declined in as many as 12/13 products over the previous year from 1985-86 onwards. These trends obviously indicate the absence of sustained patronage of TDA by its members. The expert group in their report of September 1986 had also observed that TDA's membership had not been on a sustained basis, and sizeable number of TDA members drop out and rejoin. The Committee have no doubt that the degree of growth/decline of membership of TDA is obviously one of the most important quantitative parameters for evaluating its performance. All this indicates that either there are some basic defects in the enrolment procedure or there is lack of earnestness on the part of TDA authorities in this regard. The Committee strongly recommend the need for urgent review and for taking suitable remedial steps. According to the Ministry, in the current year 1990-91, special targets have been fixed for enrolling members and TDA's efforts have already resulted in membership growing over 1400, an all time high. The Committee need hardly emphasise that TDA should continue to take such steps on a regular basis.

5 1.82 Ministry  
of  
Commerce

TDA had prepared a five year plan of development activities from 1979-80 to 1983-84. From 1983-84, it had started the preparation of annual action plans. The Committee are concerned to note that no action plans were prepared for the years 1984-85 and 1985-86. Further, the activities actually carried out were, in most cases, for products and countries different from those envisaged in the action plans. According to the Ministry, some of the programmes were either deleted or changed or revised in the light of priorities and availability of funds. The Committee emphasise that in the interest of obtaining timely approval of the Government to all the developmental activities, realistic action plans should be prepared

1	2	3	4
6	1.83	Ministry of Commerce	<p>by TDA on regular basis.</p> <p>The Committee are distressed to note that out of 17 products under the engineering group and 12 products under the consumer group, handled by the TDA, foreign exchange earnings (in terms of US dollar) in respect of eight products of the former, and seven of latter groups registered decline in 1986-87 as compared to 1983-84. The decline of exports in terms of foreign exchange earnings in US dollar in 1986-87 compared to 1983-84 ranged from two to 61 per cent in engineering products and seven to 49 per cent in consumer goods. Further, in case of four engineering products and five consumer goods the exports in 1986-87 were lower than the exports in 1983-84 even in terms of rupee value. The reasons attributed for the shortfall are outlined in paragraph 1.33. The Committee are inclined to agree that increase in exports to USSR might to some extent have affected the share of TDA's exports in global exports. They are, however, of the firm view that the other reasons listed out for the shortfall could have been overcome by taking timely remedial measures. The Committee hope that the remedial measures listed out in paragraph 1.34, if pursued seriously by the concerned authorities would proved to be helpful.</p>
7	1.84	Ministry of Commerce	<p>One of the objectives of TDA is to undertake, coordinate and assist inter-firm comparisons of export oriented units as well as units with export potential. This is yet another area where the performance of TDA is far from satisfactory as during the years 1982-83 to 1987-88 TDA was able to conduct only three such studies. As inter-firm comparisons are of enormous value, TDA should make it a point to conduct at least one to two such studies every year.</p>
8	1.85	Ministry of Commerce	<p>TDA has been procuring from abroad samples of various items having export potential to facilitate their adaptation and for development by the Indian manufacturers for export. The Committee appointed by TDA in April 1987 for</p>

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			<p>physical verification of imported samples <i>inter-alia</i> had pointed out that there was no time limit for product development/adaptation with the result that the samples were held up with a particular unit indefinitely. The departmental committee had also found out that 82 samples procured upto 1983-84 were outdated and recommended for disposal. Annual physical verification of samples procured during the year 1987-88 was again carried out in June, 1988 by another Committee whose report indicated that the shortcomings pointed out in the previous physical verification still persisted. The Committee are distressed to find this and strongly recommend that immediate steps should be taken to remove the shortcomings pointed out by both these Committees so that maximum benefit could be derived from this practice. The committee would like to know the action taken in this regard.</p>
9	1.86	Ministry of Commerce	<p>Out of the 1125 samples procured by TDA during 1984-85 to 1987-88, 979 samples were developed upto June, 1989. The Committee view with dismay that TDA has no information about the total value of export orders secured for these adapted samples and value of exports made against them. As such, it is difficult to know the benefits derived from such adaptations in terms of export earnings. The Committee recommend that a suitable format be devised by the TDA to collect the data pertaining to the export earnings as a result of such adaptations and strictly monitor this data on a periodical basis. The Committee would also like to know the fate of the balance 146 samples.</p>
10	1.87	Ministry of Commerce	<p>The Committee are deeply concerned to note the inordinate delay in the setting up of an integrated National Centre for Trade Information(NCTI). It is a well recognised fact that in the highly competitive international market, it is very essential to have accessibility to the changing fashions, tastes preferences of overseas consumers. These objectives were proposed to be met by opening of NCTI. Such a need was recognised by</p>

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the Government in May, 1975 when TDA had sent to the Government a draft note containing proposal for setting up NCTI. Even a 'Users Survey' was conducted by the Government through the Indian Institute of Management, Ahmedabad in March, 1978. Thereafter, several Committees' like P.C. Alexander Committee, 1978 and Abid Hussain Committee, 1984 had endorsed the proposal that the setting up of NCTI be given high priority. The Estimates Committee of Lok Sabha in their 23rd Report (Seventh Lok Sabha) had also recommended that such a centre should be set up at the earliest and this recommendation was accepted by the Government, in principle. Officials of the Ministry had visited Japan, Korea and Hongkong in 1985 to see their national models. The Committee, are surprised to find that despite all this spadework the setting up of the centre is not on the horizon and the matter is still stated to be under consideration. The Committee cannot but deplore such a casual and lackadaisical approach of the Ministry. They strongly recommend that a National Centre of Trade Information should be set up at the earliest to collect, collate and disseminate up-to-date market intelligence.

11 1.88 Ministry  
of  
Commerce

The following are some other matters in which the TDA have either not compiled and maintained the accounts in accordance with the prescribed procedure or have inordinately delayed the finalisation of accounts:

- (i) Assistance of Rs. 7.67 crores was received during 1977-78 to 1987-88 from foreign funding agencies. Procedure for exhibiting the same in the annual accounts of TDA has not been laid down.
- (ii) TDA was made responsible for preparation of final accounts of India Trade Centre, Brussels as grants from the Government to the centre were routed through TDA. The final accounts for the centre for the years 1986-87 onwards have not been prepared so far.



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			<p>(iii) Lack of effective control over receipt, issue and balances of priced publications.</p> <p>(iv) Register of fixed assets of TDA for a gross value of Rs. 68.30 lakhs is not being maintained.</p>

The Committee take a serious view of these procedural aberrations of TDA. The reason of paucity of staff advanced for all these deviations is hardly convincing. The Committee recommend that immediate steps should be taken for the maintenance and finalisation of all pending accounts relating to the aforesaid matters in the prescribed form.

- 12 1.89 Ministry of Commerce The Committee note that an expenditure to the tune of about Rs. 10,29,414, \$108,191 and DM 8625 was incurred on the foreign visits of the employees of the TDA who were deputed abroad on official business during the last five years. The Committee would emphasise that such visits should be undertaken only after careful prior scrutiny and comprehensive assessment of the concrete gains accruing therefrom.
- 13 1.90 Ministry of Commerce Arranging and participating in trade fairs, buyer seller meets, contact promotion programmes abroad are the main activities undertaken by TDA for promoting Indian merchandise. The expenditure incurred by TDA on development activities undertaken by it during the years 1982-83 to 1987-88 amounted to Rs. 634.63 lakhs (including Rs. 291.10 lakhs financed by foreign agencies). This expenditure did not include administrative overheads and expenditure incurred by participating clients/members by themselves. TDA has claimed generation of business amounting to Rs. 40466.62 lakhs, in the shape of trade enquiries received and spot orders booked during this period. Further, according to the Ministry orders worth over Rs. 182 crores have been reported in 1989-90 as a result of TDA's development programmes. The Committee are unable to accept these statistics as an absolutely reliable and

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14	1.91	Ministry of Commerce	<p>variable data to assess the extent of impact of TDA's promotional activities on the export earnings of the country due to the possibilities of wide variations between the trade enquiries, orders booked and the orders actually executed as a result thereof. The Ministry have even failed to make any analysis to ascertain the extent to which such orders were executed. The Commerce Secretary admitted during evidence that such one analysis needs to be done. The Committee are deeply concerned to note that TDA have no reliable data base in respect of export performance of its members even though TDA's services are intended to be in a personalised form and clients/member oriented. The Committee are further distressed to note that inspite of the fact that the expert group had, in its report of September, 1986, emphasised the need for TDA to set up a system that would provide information on exports made by individual registered exporters so that objective assessment of the performance of exporters, product-wise would become possible, no such system has been devised so far. The Committee cannot over-emphasise the need for TDA to evolve suitable and reliable system for obtaining data in respect of export performance of its members.</p> <p>From the information made available to the Commerce Committee they have a definite impression that TDA has failed to achieve its main objectives for which it was set up namely, development of products, export marketing and dissemination of trade information. The Committee strongly urge upon the concerned authorities to make intensive and concerted marketing efforts and adequately accelerate their trade promotional activities to suitably contribute in boosting the export earnings of the country on select products. Another area where TDA should bend its energies utmost is with regard to the diversification of the country's exports to new and sophisticated markets using new techniques on export promotion and to earn badly needed foreign exchange from hard currency areas. With a view to enhance the</p>

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effectiveness of TDA, the Ministry have at the instance of the Committee made certain proposals, which are contained in para 1.77 to strengthen some areas of TDA's activities. The Committee have no doubt that the concerned authorities would make concerted efforts to effectively and conscientiously implement all these proposals in the shortest possible time. Gulf crisis has created a very serious set back to our foreign exchange earnings. The Committee strongly emphasize upon the concerned authorities to improve TDA's effectiveness to the desired level so as to help the country to tide over the crisis.

- 15    1.92    Ministry of Commerce    The facts narrated above abundantly reveal that the working of the TDA is far from satisfactory. For instance, there has been inordinate delay on the part of the TDA in the matter of finalization of 'on account' grants. There is absence of sustained patronage from its members. It has failed to undertake adequate number of inter-firm comparisons. There is also a need for effecting considerable improvement in the matter of product development/adaptation. There has been inordinate delay in the setting up of National Centre for Trade information. Proper procedure for maintenance of various accounts was not followed. Above all, there is absence of reliable data base in respect of export performance of its members. Besides the responsibility of the TDA management for this sad plight, the Committee are convinced that the sense of perpetual direction and guidance expected both from the Steering Committee and the Ministry of Commerce is absolutely missing. The Steering Committee appear to perform the ritual of only meeting twice a year. The Committee recommend that immediate remedial steps should be taken in the light of the comments/recommendation contained in this Report to improve the effectiveness of the TDA. The Committee's further recommend that the Ministry should make a quarterly review of the working of

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the TDA. This will provide a good opportunity to the Ministry to judge the performance of TDA and apply correctives wherever found necessary. There is no denying the fact that TDA in co-ordination with other sister agencies like Trade Fair Authority of India and Indian Institute of Foreign Trade can play a pivotal role in boosting the export earnings of the country, which is undoubtedly the crying need of the hour. They however desire that the areas of responsibility of the three agencies should be clearly demarcated to avoid any overlapping.

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