

Chapter-7

QUALITY CONTROL AND PRESHIPMENT INSPECTION

Export Inspection Council of India (EIC)

The Export Inspection Council of India (EIC) was set up by the Government of India under Section 3 of the Export (Quality Control & Inspection) Act, 1963 as an apex body to provide for sound development of export trade through quality control and pre-shipment inspection. The Act empowers the Central Government to notify commodities and their minimum standards for exports, generally international standards or standards of the importing countries and to set up suitable machinery for inspection and quality control.

The EIC is assisted in its functions by the Export Inspection Agencies (EIAs) located at Chennai, Kochi, Kolkata, Delhi and Mumbai having a network of 38 sub-offices and laboratories to back up the pre-shipment inspection and certification activity. In addition, EIC also designates inspection agencies and laboratories to supplement its own activities as required. Presently 46 inspection agencies have been designated for inspection of minerals and iron ore and 17 labs for supplementing EIC's testing for primarily food products. The designation is done based on international norms namely ISO 17020 and ISO 17025 for inspection agencies and labs respectively.

The main functions of EIC are (i) to advise the central government on measures to be taken for enforcement of quality control and inspection of commodities intended for export and (ii) to draw up programmes for quality control and inspection of commodities for exports. The inspection and certification activities are carried out through

the EIAs following either a Consignment-wise Inspection or a Systems Approach to include In-process Quality Control (IPQC), Self-Certification and Food Safety Management Systems based certification (FSMSC).

In the WTO regime, as India's trading partners are installing regulatory import controls, the EIC has re-fashioned its role to develop voluntary certification programmes besides regulatory export control, especially in food sector. The Council is seeking recognition for its certification by official import control agencies of its trading partners, as per provisions of WTO agreements, to facilitate easier access to their markets for Indian exporters.

Director, EIC is the Chief Executive Officer of the Council. The post of Director has been vacant since 1st April, 2008. The process of appointment of the new Director is under way and is likely to be completed soon.

Activities and Achievements

Export Certification

Certification is mandatory in the areas of fish & fishery products, dairy products, poultry products, egg products, meat & meat products and honey. The EIAs also certifies other notified products such as basmati rice, black pepper, chemicals, footwear, engineering items, etc and non-notified products such as tea, stainless steel utensils, ceramic etc. EIC makes continuous effort to bring additional areas/products under its certification regime. In recent times products such as Ayurvedic, Siddha and Unani products; sesame seeds; hops and hop

products; animal feeds and non-basmati rice have been brought within the purview of the EIC's certification regime.

Residue Monitoring

Implementation of Residue Monitoring continued to be an important area. Residue Monitoring Plans were implemented in the dairy, poultry and egg sectors. During 2007-08, a total number of 618 samples were tested. During 2008-09, 1275 samples were tested for the entire range of residues from pesticides, antibiotics, heavy metals to other chemicals as required by the European Commission.

Certificates of Origin

EIC/EIAs issue Certificates of Origin under various preferential tariff schemes. A total of eight, namely GSP, GSTP, SAPTA, SAFTA, IAPTA, ISFTA, CECA-Singapore, and Early Harvest Scheme under Indo-Thailand have been issued. A new preferential tariff scheme was introduced under Indo-Chile PTA which was signed in March 2006 and implemented w.e.f August 2007. During the year 2007-08, the EIAs issued 9,88,781 preferential tariff certificates under various Preferential Tariff Schemes. During 2008-09, 9,44,719 certificates have been issued by the EIAs under various preferential tariff schemes.

Strengthening Laboratory Capabilities

EIC is also concentrating on strengthening the capabilities of its laboratories. Laboratories of EIC at Mumbai, Kochi, Chennai, Bhubaneswar, Veraval and Quilon have been upgraded with new equipment including Atomic Absorption Spectrophotometer (AAS), High Performance Liquid Chromatography (HPLC), Inductively Coupled Plasma Mass Spectrometry (ICPMS), Gas Chromatography Mass Spectrometry

(GCMS), Gas Chromatography High Resolution Mass Spectrometry (GCHRMS) etc. depending on the requirements. Laboratories of EIC at EIA at Chennai, Mumbai, Kochi and Kolkata have implemented system of ISO 17025 and have been accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) and their NABL accreditation is valid upto the following period as under:

Agency	Valid upto
Kolkata	27.12.2010
Chennai	16.10.2009
Kochi	28.01.2009
Mumbai	12.02.2010

EIC also has labs at 13 sub offices for doing routine microbiological and some heavy metal testing. These EIAs' Sub-office laboratories were also prepared for implementation of ISO 17025 and basic documents have been developed. A total of 24,933 samples have been tested in EIA labs during 2008-09.

In addition to the EIA laboratories, 17 external laboratories have been designated for supplementing EIC's testing for primarily food products with 4 new laboratories being approved during the year. The list of EIA Laboratories and the list of approved external laboratories are given at *Annexure 7.1*.

Strengthening Manpower

EIC continued with its efforts to train both the internal manpower as well as have awareness programmes for the industry. During 2008-09, 40 programmes were held, out of which 26 were for internal manpower in which 517 persons were given exposure and 14 programmes were held for industry in which 596 persons were given exposure. The basic areas which were covered

included Certificate of Origin, dairy products, fish & fishery products, HACCP, computerization, laboratory testing etc. A list of some of the major programmes is given below:

For exporters

- Quality Control of Basmati Rice held from 25-30 July, 2008 at Hyderabad; 11 participants.
- Inspection and Certification Training held from 16-18 July 2008 at Delhi & from 02-13 Feb. 2009 at Mumbai & Delhi; 10 participants.
- Training on Lab equipments (GC, HPLC, AAS) held from 08 to 15 June 2008 at Thimpu, Bhutan; 15 participants.
- Training on HACCP/ISO 22000:2005 held from 18 to 20 Sept., 2008 at Kochi; 36 participants & from 26-28 Feb. 2009 at Kolkata 33 participants.
- Six Awareness programme on CoOs held on –
 - 19 July 2008 at Hyderabad; 96 participants
 - 13 Sept., 2008 at Pune; 64 participants
 - 23 Sept., 2008 at Chennai; 86 Participants
 - 15 Dec., 2008 at Kochi ; 45 Participants
 - 7 Feb 2009 at Kolkata; 76 Participants
 - 7 Feb 2009 at Delhi; 51 Participants
 - 31 Jan 2009 at Mumbai; 72 Participants
- Statistical Analysis & Quality Checks training programme on 10&11 June 2008 at Chennai; 11 participants.
- In-house Training on Admn/Accounts on 25 June 2008 at Chennai; 20 participants.
- Programme on Quality Assurance & Continual Improvement for NABL Accreditation of Laboratory under 17025:2005 on 26 July 2008 at Kolkata; 20 participants.
- In-house programme on Admn/Acctts, on 22 August 2008 at Kolkata; 9 participants.
- In-house programme on NPOP from 4 to 6 Sept., 2008; 10 participants.
- Identification of Species of Fish, 4 Oct 2008 at Vizag; 8 participants.
- In-house programme on Admn/Acctts, on 20 Sept., 2008 at Mumbai; 40 participants, on 17 Jan 2009 at Delhi; 44 Participants and on 7 Feb 2009 at Kochi 35 Participants.
- Five Refresher Training Programme on CoOs during Sept. 2008 to Nov. 2008 at Chennai, Mumbai, Delhi, Kochi, Kolkata; 134 participants.
- Six Refresher Programme on Food & Food Products Certification from August., 2008 to Jan., 2009 at Chennai, Kochi, Kolkata, Mumbai & Delhi; 93 participants.
- In-house programme on ISO17025:2005, from 13-15 October 2008 at Chennai; 12 participants, on 3 & 4 Nov., 2008 at Mumbai; 8 participants.
- Productivity and work culture programme on 28 Feb 2009 at Mumbai 25 participants.
- Measurement Mgt. System from 2-3 March 2009 at Chennai 13 participants.

For internal (EIC/EIA) manpower

- GLP Training Programme held on 23 May 2008 at Kochi; 10 participants.
- Time Management & Communication Skills programme on 28 June 2008 at Kochi; 25 participants.

EU-India Trade & Investment Development (EU-India TIDP) project

A significant activity carried out under the EU-India Trade & Investment Development Programme was augmentation and upgradation in relation to strengthening laboratories, strengthening the capacities for international quality management systems certification, establishing systems for recognition of inspection bodies in India to meet international requirements, development of sanitary & phyto-sanitary measures (SPS) database, automated interpretation of Rules of Origin and organic certification etc. through 7 Work Packages. Under this activity, 8 study trips to various countries were organized in which 57 officials of EIC/EIAs participated.

In addition, interactive meetings and awareness programmes with exporters were organized as per details given below:

Computerization and Modernization

Under the Integrated Computerization Project (ICP), all activities performed by the organization were studied and finalized in the year 2003-04 for its implementation.

Software development work for web based centralized solution has been completed. This project has got an impetus as Computerised online issuance of Certificate of Origin has been identified as a thrust area by the Ministry of Commerce & Industry for monitoring at the level of Hon'ble Prime Minister of India under their institutional reforms in terms of (i) Decentralization, (ii) Simplification (iii) Transparency (iv) Accountability and (v) e-governance. As on today, the software has been implemented for Online / computerized issue of Certificates of Origin at all EIAs (HO) located at Mumbai, Kolkata, Chennai, Delhi and Kochi and its all Sub offices.

As on date Certificates of Origin, Laboratory, Inspection, Pay Rolls, Modules have been implemented and are fully functional at all the locations of EIC/EIAs.

All offices of EIC/EIAs are connected through the VPN network and servers are hosted in VSNL at Delhi.

Agreements with Other Countries

Continued efforts were made towards entering into Memoranda of Understanding (MoUs)/ Mutual Recognition Agreements (MRAs)/ Equivalence Agreements with the major trading partners so that EICs certification is accepted by these countries. Effective steps were taken towards negotiating agreements with Italy for sesame seeds, Israel for food & agricultural items, Brazil for fishery products, Malaysia for groundnuts and Australia for egg products. Further discussions were also held to enter into similar agreements with Japan, Thailand, Mauritius and Sri Lanka. CECA Agreement with Singapore covers electrical and electronics sector. The status of the existing MoUs/ MRAs/ Recognition Agreements is given in Table 7.1.

Exports

The value of exports certified by the EIAs during the year 2007-08 was Rs.9,335.12 crore. During 2008-09, the value of exports certified by the EIAs was Rs.12065.38 crore as given in Table 7.2.

The EIAs have also been authorized to issue various types of certificates for consignments exported such as health, authenticity, non-genetically modified organism, etc. Under the non-genetically modified organism (non-GMO) testing, 2566 (Certificates) consignments were tested reflecting a quantity of 17.49 lakh metric tonnes.

Table 7.1
Existing Agreements/Recognitions on EIC certification

Country	Products Covered	Year of Agreement/ Recognition
USA	Black Pepper	1988
European Commission	Fish & Fishery Products, Basmati Rice	1997
Australia	Fish & Fishery Products	2002
Korea	Frozen marine products, processed spice goods, processed nuts, tea, honey, jam, preserved goods, sauce, sugar syrup, edible oil and fats	2004
Turkey	Food products, food packaging materials and stainless steel utensils	2004
Sri Lanka	85 products under the Import Inspection Scheme of Sri Lanka namely milk products, edible oils, packaged water, preserved food, toiletries, bicycle tyres & tubes, steel section & wires, electric goods & PVC cables & cords etc.	2005
Singapore	Food & agriculture (egg products, dairy products, drinking water), Electric & electronic products, Telecommunication equipments and Drugs & Pharmaceuticals	2005
Japan	Poultry & marine products	2005
Italy	Marine sector (Technical cooperation)	2005
China	Iron ore	2006

Source: Department of Commerce

Table 7.2
Products Certified for Exports

(Rs Lakh)

Group/Product Name	Value of product certified
Fish & Fishery Products	729773.16
Basmati Rice	121344.61
Black Pepper	20503.71
Egg products	22949.26
Milk & Milk Products	230102.74
Poultry	767.61
Honey	22820.34
Chemical & Allied products	1184.92
Engineering	4546.38
Footwear & components	3.20
Others Schemes	52542.44
Total	1206538.37

Source: Department of Commerce

Fees and Revenue Generation

The basic source of revenue of EIC/EIAs continued to be from monitoring and inspection fee realized for different notified and non notified products as well as certification under GSP and other preferential tariff schemes. The fee charged is at a level of 0.4% of FOB value for products inspected under Consignment wise inspection, while it is 0.2% of FOB value for products under systems certification.

Testing is mostly carried out for samples collected for the purpose of inspection & certification and are generally not charged, while some amount of samples are tested for other government departments and industry on cost basis.

The total revenue generated in 2007-08 by the organization was to the tune of Rs.45.86 crore. The revenue realized during 2008-09 is Rs 47.87 crore. The break-up of actual fees realised under various schemes and activities during 2008-09 is given in Table 7.3.

Table 7.3

Break-up of Actual Fees realised under various Schemes

(Rs in lakh)

Schemes/ Activities	Actual Fees Realized during 2008-09
Inspection & certification	
Fish & Fishery Products	1453.66
Basmati Rice	336.67
Black Pepper	59.79
Egg products	45.93
Milk & Milk Products	223.40
Poultry	1.56
Honey	42.96
Chemical & Allied products	3.31
Engineering	8.43
Footwear & Footwear components	.02
Other Schemes	115.98
Total from Inspection & Certification	2291.71
Certificate of Origin	1417.08
Other Income	1078.92
Total	4787.71

Source: Department of Commerce

ANNEXURE 7.1

List of EIA Laboratories

S. No.	EIA-LAB	Products for which testing capacity exists
1	Pilot Test House Export Inspection Agency-Mumbai E-3, MIDC Area, Marol, Andheri (East), Mumbai-400093	All foods and agriculture products including fish & fishery products, dairy, poultry, Electrical, Automobile etc.
2	Export Inspection Agency-Kolkata World Trade Centre, 14/1B Ezra Street, Calcutta-700001	All foods and agriculture products including fish & fishery products, dairy, egg, poultry, honey, spices, tea, water etc.
3	Export Inspection Agency-Kochi, 27/1767 A, Shipyard Quarters Road, Panampilly Nagar (South), Kochi-682036	All foods and agriculture products including fish & fishery products, dairy, egg, poultry, honey, spices, tea, water etc.
4	Export Inspection Agency-Chennai 6th Floor, CDMA Tower II, No.1 Gandhi Irwin Road, Egmore, Chennai – 600 008	All foods and agriculture products including fish & fishery products, dairy, egg, poultry, honey, spices, tea, water, dioxin, etc.
5	Export Inspection Agency-Delhi, 2nd Floor BAJSS Building, Jhandewalan New Delhi – 110 052	Food Grains (Basmati Rice)