

Ministry of Commerce and Industry
Department of Commerce

**Report on Performance Audit of ‘Assistance to States for Developing
Export Infrastructure and Allied Activities (ASIDE)’ scheme**

HIGHLIGHTS

While the scheme envisaged creation of export infrastructure for specific purposes having direct and overwhelming linkage with exports, the audit showed that 57 state sector projects and 22 central sector projects involving ASIDE funding of Rs. 169.24 crore and Rs. 8.35 crore respectively were either not covered under the scope of the scheme guidelines or were not of a capital nature. Similarly, although activities like seminars, workshops, conferences, training programmes, expositions etc. were not covered under the Export Development Fund (EDF) for North Eastern Region (NER), including Sikkim, the DOC sanctioned 15 projects for such inadmissible activities involving central assistance of Rs. 1.12 crore.

(Para 6.1.1 and 6.1.2)

The Director General of Commercial Intelligence and Statistics (DGCIS) did not have data regarding the States from which items of export originated, and only had data about the entities which purchased such items prior to their export. This resulted in allocation of ASIDE funding to the States where purchasing entities were located rather than to States which were producing the export items.

(Para 6.2.2)

The utilisation of funds released to some states was poor and further releases were made without adjusting the previous unspent balances, which resulted in excess/injudicious release of Rs. 94.12 crore, Rs. 131.60 crore, Rs. 114.17 crore and Rs. 228.97 crore during the years 2002-03, 2003-04, 2004-05 and 2005-06 respectively.

(Para 6.2.5)

Rs. 22.06 crore were irregularly diverted towards expenses of an administrative nature and towards items not included in the project proposals.

(Para 6.2.3.)

Interest of Rs. 19.52 crore earned by 16 state and 1 central nodal agency on ASIDE funds remained un-recovered from them.

(Para 6.2.7)

Utilization Certificates (UCs) amounting to Rs. 37.75 crore and Rs. 61.71 crore were not received from 14 state and 22 central nodal agencies respectively for periods ranging between two and eight years. Further, UCs for Rs. 10.72 crore were not received from ten private bodies and one state department for periods ranging between 22 and 57 months.

(Para 6.2.8)

Though the guidelines stipulated that from 2003-04 it was mandatory for States to spend at least 50 percent of their allocation on implementation of Public- Private

Participation projects, the scheme has been unsuccessful in leveraging ASIDE funds with state government and private funds. Test check of records revealed that in eight states there was no involvement of either private sector or any state government contribution, while private participation was negligible in 12 other States.

(Para 6.2.9)

Expenditure of Rs. 19.98 crore was rendered infructuous in eight states on account of rescinding contracts mid way and due to the infrastructure created lying unused.

(Para 6.3.2.3)

97 state sector projects in 24 states and 50 central sector projects implemented by 27 agencies involving ASIDE contribution of Rs. 544.80 crore (expenditure incurred being Rs. 156.56 crore) and 164.01 crore (expenditure incurred being Rs. 81.51 crore) respectively, remained incomplete after the maximum gestation period of two years or after lapse of the scheduled completion period. Further, 46 projects, which were approved under the erstwhile CIB scheme during 1997-98 to 2001-02, were incomplete even after incurring an expenditure of Rs 52.76 crore.

(Para 6.3.2.1)

The monitoring of the scheme at Central, State and project level was inadequate. The web based monitoring system also suffered from serious inadequacies and deficiencies.

(Para 6.4)