

LEGISLATION ON EXPORT INSPECTION IN INDIA

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India held a place of prominence in the export of spices and other merchandise since ancient times. In India implementation of quality control measures on a national level started with the enactment of the Agricultural Produce (Grading and Marketing) Act in 1937. The Act provided for formulation of standards for agricultural, horticultural and animal husbandry products on a voluntary basis within the country. For export, recourse was taken to Sea Customs Act. In 1942 Sannhemp was first notified under Sea Customs Act. Drugs and Cosmetics Act was enacted in 1940 to prevent the manufacture and sale of sub-standard drugs and cosmetics. The Coffee Act, 1942 provided for framing rules and regulations for curing, assessment of quality and enforcement of quality control measures at different stages of marketing coffee in the domestic and export markets. To ensure minimum quality for a large variety of manufactured products Government of India established Indian Standards Institution in 1947, which was later renamed as Bureau of Indian Standards

Enactment of Indian Standards Institution (Certification Marks) Act, 1952, provided voluntary measures to standardize, manufacture and sell products conforming to ISI standards. Companies whose products conformed to ISI standards were permitted to affix ISI mark on the product. Demand in foreign markets and increase in prices led a few traders to resort to adulteration and sale of poor quality items which necessitated some preventive measures.

The Tea Act (1953)

The Tea Act 1953 and the Tea (Distribution and Exports) Control Order, 1957 provided for regulation of production and sale of tea in India as well as abroad. The Prevention of Food Adulteration Act 1954 provided for formulation of minimum standards of purity for food products manufactured and sold in India with a view to avoiding health hazards and providing protection to the consumer. Operation of various provisions of this Act helped to prevent sale of sub-standard and adulterated food in India as well as in the export markets.

All these procedures were adopted voluntarily and there were no enforcements and routine checks to prevent malpractices. To overcome the illegal practices, Govt. of India introduced the Essential Commodities Act, 1955 consisting of:

- i) Fruit Products Order
- ii) Meat Food Products Order

These orders provided for licensing manufacturers and processors who were required to conform their production to specified standards and for canceling the licenses of the defaulters.

Appointment of Ad-hoc Committee on Quality Control

Licensing helped to keep a certain standard adequate for domestic market. Many of these products when exported suffered rejection due to poor quality. Obviously there was a need for compulsory quality control measures. In 1960 Government of India appointed an Ad-hoc Committee to examine the question of imposing quality control on various goods exported from India. The necessary formalities were drawn up as Export (Quality Control and Inspection) Act, 1963. Based on the recommendation of the Committee the Act was passed. The Act empowered the Central Government to:

- a) Notify commodities which shall be subject to quality control / inspection prior to export;
- b) Specify the type of quality control / inspection;

- c) Establish, adopt or recognize standard specification for a notified commodity; and
- d) Prohibit the export of a notified commodity unless it satisfies the condition relating to quality control or inspection by way of certificate of inspection or mark or seal indicating its conformity to the standard specifications.

Under this Act, the Export Inspection Council of India (EIC) which is a statutory body was established in 1964. The Council consisting of eminent technologists and doyen of trade and industry is responsible for carrying out quality control and pre-shipment inspection programme to fulfill the objectives envisaged.. EIC is responsible for providing:

- i) Standards / specifications for export
- ii) Organizational facilities;
- iii) Testing facilities; and
- iv) Procedural frame work to achieve stipulated specification

Standards and specifications for export

These are formulated by various governmental, inter governmental and private agencies as follows:

- National and international standards.
- Standards drawn up by public utility bodies recognized by Export Inspection Council.
- Contractual specifications subject to the requirements of the buyer or the importing country.
- Contractual specifications for which no minimum specification has been laid down.

Organizational set up of EIC

EIC recognized large number of existing inspection agencies both governmental and private, under the provisions of the Act for carrying out quality control and pre-shipment inspection of export commodities. Export Inspection Agencies were established by the Council one each at Mumbai, Calcutta, Cochin, Delhi and Madras (1966). These Agencies have a network of about 62 offices equipped with facilities and expertise for inspection and testing of the products meant for export, spread all over the country

Testing facilities

- Well-equipped laboratories are set up in each of the agencies for taking up microbiological, chemical and other testing and analysis of samples of products drawn from consignments meant for export. In addition the following facilities are also available
 - Testing facilities at the processors' and manufacturers' premises manned by approved technologist.
 - Testing facilities at national test houses and approved laboratory test houses.
 - Pilot Test House at Mumbai.

Procedural frame work

A major task in assuring quality was proper procedure for drawing samples and inspection. Procedural details of inspection and quality control were drawn up in close collaboration and consultation with representatives of industry, trade and technical experts in the respective field. When ever there is a proposal for coverage of a new commodity under quality control and pre-shipment inspection it is notified in the Gazette of India for comments from public giving a notice period of 45 days. Such notifications are circulated to important foreign buyers and importers' associations through Indian Embassies and Trade Missions. Final Order is issued after taking into consideration these comments and suggestions. After publication of final order, pre-shipment inspection of the commodity notified, becomes mandatory.

Systems of export inspection

Different systems of inspection were available which were implemented based on specific needs. Some of them are described below:

Consignment-wise inspection

This can be considered as the first system of inspection. Under this system the Export Inspection Agency based on a sampling plan subjects each and every consignment meant for export to detailed inspection. If samples conform to the required specifications and standards a certificate of inspection is issued. This certificate of inspection is essential for export.

In-process Quality Control System (IPQC)

Processing and manufacturing units which satisfy the prescribed in-process quality control requirements are eligible to be covered under this system. Approval of the unit is based on the assessment of quality control drills exercised in the unit by a panel of experts the unit during processing and manufacturing; from procurement of raw materials process control, product control and packing control.. A unit approved under this system is allowed to inspect their production for export by their own technologists, for which certificates of inspection is issued by Export Inspection Agency (EIA) on request and based on declaration to the effect that the goods have been manufactured and processed as required under the notified rules. EIAs periodically review the working of the approved units and suggest improvements. Export consignments are also spot checked frequently to ensure their compliance with the prescribed norms. Approval granted to a unit is liable to be withdrawn if they are found to have critical lapses in maintaining the required levels of quality control.

Self-certification

To avoid delay in consignment wise/IPQF system of inspection and to speed up export formalities, a liberal system of inspection was introduced which was termed as self-certification. Manufacturing units with proven track record and in-built responsibility for quality assurance are approved to certify their own products for export. Such units should satisfy the prescribed norms, which include:

1. Product quality consistently conforming to standards
2. Design and development to take care of problems of production and quality control
3. Quality criteria of raw materials/additives to ensure safety of consumers
4. Organization and personnel for quality control to ensure consistently uniform standard
5. Process control for uniformity and safety
6. Laboratory for control by effective monitoring of process and products
7. Metrology to ensure process parameters and quantity
8. Quality audit to detect deviations and implement corrective action.
9. Packaging of appropriate standard
10. After sales service (mainly for engineering goods)
11. House-keeping and maintenance
12. Sanitation and hygiene practices

A unit recognised under this system enjoys fiscal incentives by way of concession in the inspection fees.

Quality complaints

Government of India has set up a Standing Committee to deal with quality complaints from foreign buyers. Under this Committee, Regional Sub-Committees have been set up at Mumbai, Calcutta, Cochin, Delhi and Madras to take follow-up action on quality com-

plaints. There are also Technical Audit and Vigilance Cells for surveillance and monitoring of the operations of inspectorates and the performance of the processing and manufacturing units.

Quality development programme

EIC and EIAs place much emphasis on quality development programmes. The Quality Development Centre at Madras, apart from imparting the training to the officers and staff of EIAs also organizes in-house training programmes at manufacturing and processing units for the workers, supervisory personnel and management.

Since the enforcement of Export (Quality Control and Inspection) Act, 1963 impressive progress has been made in the field of compulsory quality control and pre-shipment inspection of exports from India. Eventually all the items of export from the country would be brought under the purview of compulsory quality control and pre-shipment inspection. However, the IPQC and self inspection also had its draw backs. Probably due to lack of seriousness on the part of some managements to implement the procedure strictly, there were rejections from buyer countries on account of quality problems. Recently, due to quality restriction by the US and ban of seafood export to European Union countries two new systems of quality assurance namely HACCP and EU norms 91/493/EEC has come in to force, since 1997.

