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APEDA Adjudication of Penalties Rules 2026: A Complete Breakdown of the New Compliance Framework

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The Indian export ecosystem for agricultural and processed food products has seen a significant regulatory update with the notification of fresh adjudication rules. The Central Government, acting through the Ministry of Commerce and Industry, issued these rules by invoking its powers under clauses (ma) and (mb) of sub-section (2) of section 32, read together with section 25A of the Agricultural and Processed Food Products Export Development Authority Act of 1985. This legislative move finally puts in place a dedicated procedural mechanism for penalizing contraventions under the Act. The **Agricultural and Processed Food Products Export Development Authority (Adjudication of Penalties) Rules, 2026,** became effective immediately upon publication in the Official Gazette on 19 August 2026.

Before diving into the procedural mechanics, it is worth understanding the key terms that recur throughout the document. The word Act refers specifically to the parent legislation from 1985. The adjudicating officer is the person appointed by the Chairman under section 25A who will conduct the inquiries and pass penalty orders. On the other side of the process, the appellate authority is the Chairman of the Authority himself, designated under sub-section (2) of section 25A. An appellant is simply any aggrieved person who challenges an adjudicating officer's order. A complainant is the person who first brings a complaint before the adjudicating officer. The term form refers to the two templates appended at the end of the rules. Finally, any reference to a section means a section of the parent Act. For any other undefined words, the meanings given in the 1985 Act continue to apply.

The heart of these rules lies in Rule 3, which governs how inquiries are to be held. Everything begins when a complaint is received alleging a contravention of provisions specified under section 25A. The adjudicating officer must then issue a show-cause notice in Form I to the person against whom the complaint is directed. This notice must give the recipient at least seven days from the date of service to explain why an inquiry should not be initiated. Crucially, the notice must spell out the exact nature of the contravention that is alleged.

Once the person submits a reply, or even if no reply comes, the adjudicating officer evaluates whether an inquiry is warranted. If the answer is yes, a second notice goes out fixing a date and time for the person to appear. This appearance can be made personally or through a duly authorized representative. On the scheduled date, the officer is required to explain the alleged contravention and identify the specific provision of the Act that has supposedly been violated. The person is then given a full opportunity to produce documents and evidence that may be relevant to the inquiry.

If the circumstances demand it, the hearing can be adjourned. However, the adjournment cannot be beyond fifteen days from the first hearing date, and a maximum of three such adjournments are permitted. Interestingly, while taking evidence, the adjudicating officer is explicitly not bound by the Bharatiya Sakshya Adhiniyam, 2023. This gives the officer flexibility in an administrative inquiry rather than forcing strict judicial evidence procedures. The officer also has the power to summon any person acquainted with the facts and compel them to give evidence or produce documents that may help the inquiry.

There will be cases where the noticee simply does not show up. If a person fails, neglects, or refuses to appear as required, the adjudicating officer is not left powerless. After recording the reasons for proceeding without the person, the inquiry can continue ex parte. Once all evidence has been considered and the officer is satisfied that a contravention has indeed occurred, a written order imposing penalty under the Act may be passed. Every such order must clearly mention the provision contravened and the reasons for imposing the penalty. A copy of this order, along with all proceedings, must be given free of cost to the person who was inquired against. The entire process, from the issuance of the first notice to the final order, must be completed within six months.

Serving these notices and orders is also addressed in detail. The preferred method is personal delivery to the individual or their authorized representative. If that is not feasible, service can be done through electronic form or speed post with registration and proof of delivery. The address used should be the person's residence, last known residence, place of business, or place where they work or last worked for gain. The rules borrow the definition of electronic form directly from the Information Technology Act, 2000. Only when both personal and electronic or postal service fail can the notice be affixed to the outer door or some conspicuous part of the premises where the person resides or is known to have last resided or worked.

Turning to appeals, Rule 4 provides a robust appellate structure. Any person aggrieved by an adjudicating officer's order can file an appeal before the appellate authority using Form II. The appeal must be filed within thirty days from the date of receiving the order. However, the appellate authority retains discretion to admit delayed appeals if satisfied that the appellant had sufficient cause for the delay. The appeal must be accompanied by a copy of the impugned order, a clear statement of facts, the grounds of appeal, and the relevant section of the Act. It can be filed in person, through an authorized representative, by speed post with proof of delivery, or electronically. An appeal sent by post is deemed filed on the day it is received.

Once the appeal is filed, it undergoes scrutiny. If it is in order, it is admitted straightaway. If defects are found, the appellate authority informs the appellant and grants fifteen days to rectify them. Failure to cure the defects within this window can lead to rejection of the appeal, but only through a reasoned order communicated within seven days. After admission, the appellate authority serves a copy of the appeal on the respondent along with a notice requiring a reply within a maximum of thirty days. This notice can be served by hand, speed post, or electronic means. The appellate authority may also call for the entire record from the adjudicating officer to examine the proceedings. After hearing the parties, the authority passes such orders as it deems fit. The entire appellate exercise must be concluded within sixty days from the date of filing.

Rule 5 offers a safety valve for timing issues. Both the adjudicating officer and the appellate authority are empowered to extend any time period stipulated in the rules, provided there is a reasonable cause for the delay and the reasons are recorded in writing. This ensures that procedural strictness does not result in substantive injustice.

Rule 6 deals with the finality and destination of penalties. Every order under these rules must be signed, dated, and communicated to all concerned parties. More importantly, all money collected as penalties is to be credited to the Consolidated Fund of India.

Finally, the rules append two forms that give practical shape to the procedure. Form I is the show-cause notice. It is issued by the adjudicating officer and identifies the alleged contravention under the APEDA Act. It demands a reply within a specified number of days and warns that absence of a reply will trigger further action. Form II is the appeal format. It captures the appellant's name, address, contact details, grounds of appeal, the date of the adjudicating officer's order, and a statement of facts. It ends with a declaration of truth and the appellant's signature. These forms are not mere templates; they are integral to the validity of the process.

In conclusion, the APEDA Adjudication of Penalties Rules, 2026, represent a carefully balanced attempt to enforce export compliance while respecting the principles of natural justice. The framework ensures that no penalty is imposed without a show-cause notice, a hearing, and a reasoned order. It guarantees a right of appeal to the Chairman of the Authority. It sets clear timelines to prevent indefinite proceedings. And it mandates transparency by requiring free copies of orders and by channeling penalties into the Consolidated Fund of India. For exporters, traders, and other stakeholders in the agricultural and processed food sector, understanding these rules is no longer optional. It is essential for navigating the regulatory landscape and for protecting one's rights when faced with allegations of contravention.

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