

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The Reserve Bank of India (RBI) have reported that they have received some complaints pointing out irregularities observed while sanctioning loans under Prime Minister's Rozgar Yojana (PMRY) by public sector banks during the year 1995 and 1996. These irregularities mainly related to banks demanding collateral security/third party guarantee soliciting fixed deposit, non-co-operation of the banks's staff, undue delay in sanction of loans and asking for illegal gratification. These complaints are looked into in consultation with the concerned banks and suitable corrective action is taken wherever necessary.

Instructions have been issued to banks to ensure that the applications under PMRY should be disposed of expeditiously, that banks should not ask for collateral security/third party guarantee and that banks alongwith District Industries Centres (DICs) should extend help to borrowers in completing the pre-sanction/pre-disbursement formalities. The progress of implementation under PMRY is reviewed in the meetings of the State Level Bankers' Committee (SLBC) and District Consultative Committees (DCC) at the State and District level in each State. A monitoring cell has also been constituted in RBI under the control of Deputy Governor. PMRY is also monitored at Central Level by the High Powered Committee under the Chairmanship of Secretary, (Small Scale Industries and Agro and Rural Industries) in the Ministry of Industry.

Export Related Frauds

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Will the Minister of COMMERCE be pleased to state :

(a) whether the number of incidents of export related frauds have increased during the last three years;

(b) if so, the reasons therefor;

(c) the steps taken or proposed to be taken by the Government to check the increasing incidents of such frauds; and

(d) the action taken or proposed to be taken against those persons who have been provided to be guilty of the said offence?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) to (d). The Export related frauds are of many types, which include, non repatriation of foreign exchange, over-invoicing, manipulation of documents to show higher quantity of exports, purchase of export goods from non-existent companies/supporting manufacturers, misdeclaration of description of goods, enhancement of weight of exports, bogus exports, etc. Action against export related frauds is taken by various agencies depending upon the nature of offence committed. These

are actionable under different Acts and other laws of the country, like Imports and Exports (Control) Act, 1947, since substituted by Foreign Trade (Development and Regulation) Act, 1992 by the Ministry of Commerce/DGFT, Foreign Exchange Regulation Act, 1973, by the Directorate of Enforcement, COFEPOSA, Income Tax Act, the Customs Act, 1962 by the Ministry of Finance, IPC/Cr. PC by the CBI, Narcotic Drugs and Psychotropic Substances Act, by the Narcotics Control Bureau, besides administration of Acts prohibiting the export of certain specified goods from the country. It may not, therefore, be possible to state whether incidence of export related frauds has generally increased during the last three years, or not. In so far as the Ministry of Commerce is concerned, cases of export related infringements connected with the Value Based Advance Licensing Scheme (VBAL) have come to notice, which was mainly done by means of over-invoicing of exports with an intent to claim excess entitlement of duty free imports required for such export goods.

A number of steps have been taken to prevent the misuse of VBAL during the last 3 years. These include (i) finetuning of the operation of the VBAL scheme based on standard input-output norms only, (ii) mandatory imposition of export obligation both in quantity and value terms in VBAL, (iii) increasing the number of import items in the Sensitive List which are subject to quantity, and value restrictions under value based licences, (iv) making the scheme inapplicable to certain sectors, like silk, (v) stopping operations of specified categories of VBAL (vi) issue of comprehensive instructions on 6.3.1995 for checking overvaluation of exports under VBAL, and (vii) to overcome the problem of non-reversal of MODVAT prior to export under the Scheme, exporters are required to pay Additional Customs duty at the time of import with effect from 1.4.1995, subject to adjustment at a later stage. It has also been decided that the DGFT and the Customs authorities shall carry out joint exercises for identifying past cases of gross over-invoicing/misdeclaration of the value of exports under VBAL, where either scaling down of import entitlements or penal action may be warranted.

Action for imposing of fiscal penalty under the provisions of the Foreign Trade (Development and Regulation) Act, 1992 and the Rules thereunder has been initiated or taken in 65 VBAL cases by the DGFT Hqs. office. The Customs authorities have completed adjudications in 361 cases where Rs. 101 crores of Customs Duty, which was attempted to be evaded, has been realised. Besides, an amount of Rs. 32.88 crores of excess duty draw-back claimed by the exporters has been denied. Fines amounting to Rs. 8.69 crores have been imposed. 59 persons, including exporters, clearing agents, and persons concerned with exporting firms, were arrested, out of which 14 persons were detained under COFEPOSA. Two Customs officers were also arrested under the Customs Act, 1962 besides placing six other officers under suspension.