

Task Force of Financial Autonomy to States

622. DR. T. SUBBARAMI REDDY : Will the Minister of FINANCE be pleased to state:

(a) whether the Government have decided to set up a task force to work out the modalities for devolution of financial powers to the States;

(b) if so, the time by which the Committee has been asked to submit its report; and

(c) the main points referred to the Committee?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) In terms of the Notification constituting the Special Task Force it was to make its recommendation within 4 weeks from the date of Notification. The said time has now been extended to 31st July, 1998.

(c) The Task Force will examine and recommend such measures as would enable the States to raise more resources including by additional or alternative means, and also devolution of additional financial powers to the States of the Union.

Smuggling of Goods

623. SHRI SUSHIL KUMAR SHINDE : Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn to the news items appearing in the *Hindustan Times* dated January 1, 1998 captioned "Open border is smugglers' delight" inviting attention towards the rampant smuggling through Hong Kong-Nepal-Delhi route by abusing the Indo-Nepal Trade Treaty;

(b) if so, the facts of the matter reported therein;

(c) the details of smuggled goods seized at Indo-Nepal border during 1997-98, so far; and

(d) the steps taken to effectively curb such smuggling?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) Yes. The Government has seen the news item mentioned by the Hon. Member. The facts of the seizure case highlighted in the news item are as under:

Acting on a tip-off, the officers of New Custom House, Delhi, on 30.12.97, seized 14 packages alongwith the Matador van used for carrying them belonging to one M/s Pawan Cargo Forwarders, Shankar Market, Connaught Place, New Delhi, while being transported for booking of

the same to various destinations in the country through Indian Airlines. These packages were found to contain 193 cellular phones of different foreign makes alongwith the accessories and computer parts, collectively valued at Rs. 1.08 crores. From the evidence available it appeared that these goods had been *prima facie*, smuggled into the country and arrangements were being made for their distribution to various centres in the country. Two persons namely, Shri Umashanker and Shri Ravinder Kumar, partner and employee respectively of the said Cargo Forwarders, were arrested. In their respective statements recorded under Section 108 of the Customs Act, 1962, these persons had *inter alia*, disclosed that these computer parts and Cellular Phones were smuggled from Nepal by the land route.

The news item also refers to *modus operandi* of Nepal based smugglers importing various foreign made electronic gadgets and other items into Nepal by using the transit facilities under "Indo-Nepal Treaty for transit and trade" and then diverting them to India through large open border for sale in various grey markets in India at cheaper rates than regular customs cleared goods.

(c) The details of smuggled goods seized at Indo-Nepal border during 1997-98, so far are as under:

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| (i) No. of cases | : 4595 |
| (ii) Value of goods seized | : Rs.5673.41 lakhs |
| (iii) Nature of seized goods | Ball bearings Chinese silk fabrics & yarn, gold, electronic goods, cardamom, cinnamon etc. |

(d) The Government is seized of the issue of reported diversions of third country goods from Nepal to India and necessary effective preventive measures are being taken to curb smuggling across the Indo-Nepal border. Steps are being taken to bring the reports/detected cases of smuggling to the notice of H.M. Government of Nepal during bi-lateral talks for appropriate corrective measures. In the next operational level talks at the level of Director-General of the two countries, scheduled on 15th/16th June, 98, this issue would once again be discussed.

Income tax/excise duty arrears

624. SHRI G. M. BANATWALIA : Will the Minister of FINANCE be pleased to state:

(a) the total amount of arrears of income tax and excise duty during the last three financial years, till date State-wise/Circle-wise ; and

(b) the steps being taken for expeditious recovery of these arrears?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS