

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:6209
ANSWERED ON:27.04.2001
REVENUE LEAKAGE IN EXPORT
IQBAL AHMED SARADGI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether with the cost of sustaining export-promotion schemes mounting to over Rs.20,000 crore, the Government are launching a series of steps to check revenue leakage.
- (b) if so, the details of the series of steps taken;
- (c) the time by which they are likely to be implemented; and
- (d) the extent to which it would be helpful in promoting the export promotion schemes to overcome the removal of the quantity restrictions.

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) to (d) : The export promotion schemes allow neutralization of duties on the inputs used in the export product to make export goods competitive in the international market. This is in accordance with the international trade practices. Such rebate or neutralization of duties cannot, therefore be considered as a `cost`. The amount of such duty neutralization has to keep pace with the increase in exports. However, in the annual review of the EXIM Policy, all the export promotion schemes are re-examined every year in the light of the suggestions received from trade and industry as well as various Government agencies. Necessary modifications, if required, are also made from time to time both for implementation of the schemes in simple and transparent manner as also for plugging the loopholes, if any, with a view to preventing revenue leakages. With the removal of quantitative restrictions, more inputs would be freely available for export production. However, since the Customs duties are still high, the exemption/refund has to be provided to the exporters.