

- (2) Continu OGL import policy for selected essential commodities such as sugar, edible oils, pulses and low fat milk powder at nil or reduced duty.
- (3) Import of edible oils on Government account for supply through PDS.
- (4) Strive to contain fiscal deficit in the Budget for 1996-97 to 5 per cent of GDP.
- (5) Containing monetary growth to 15.5 - 16.0 per cent in 1996-97 through prudent monetary policies.
- (6) Maintaining a liberal import policy, combined with reduction in import duties for most commodities.

Establishment of CSF

*56. SHRI RAM NAIK : Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India recommended the establishment of a Consolidated Sinking Fund (CSF) to separate fresh Government Borrowings from repayments;

(b) if so, the reasons therefor; and

(c) the action taken/proposed to be taken thereon.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). As a follow up on a recommendation made by the Tenth Finance Commission, the Government has been examining the matter regarding feasibility of setting up of Sinking Funds for redemption of Public Debt in consultation with the RBI. No. final decision has been taken in this regard.

Indo Russian Trade Relation

*57. SHRI PANKAJ CHOUDHARY :
SHRI MAHESH KUMAR M. KANODIA :

Will the Minister of COMMERCE be pleased to state :

(a) whether the Government have taken any step to promote Indo-Russian Trade relation;

(b) if so, the details thereof alongwith the agreement signed, if any, by both the Governments in the matter;

(c) the areas in which trade were under operation in the past; and

(d) the new areas identified now for expansion of trade between both the countries?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b). Both the Governments are interacting on regular basis towards enhancing bilateral trade and economic cooperation. Following the signing of the Trade and Economic Cooperation Agreement in 1992 and creation

of the bilateral Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation, a series of Agreements between the two countries have been signed and a number of institutional mechanisms have been set up to promote trade and economic cooperation. The Agreements signed include Arrangement between Bank for Foreign Economic Affairs (BFEA) and the Reserve Bank of India (RBI) governing exports under the debt repayment route. Besides, the two sides have entered into the understanding on Long Term Purchases of certain commodities by the Russian Agencies from the debt repayment fund and bilateral Investment Protection. In order to further encourage Indo-Russian Trade, Government is trying to set up Indian Warehouses for promoting consignment exports under the debt repayment route and ensuring greater presence of Indian banks in Russia. Similarly, Russian side is also being impressed upon to extend adequate rupee allocation to the reliable Russian importers so that Indian goods can be absorbed in greater measure in Russian markets. For encouraging quality pharmaceutical exports from India to Russia, an Indo-Russian Working Group on Pharmaceuticals has been set up

(c) and (d). Before break up of the erstwhile USSR imports and exports with former USSR were conducted under a balanced annual Rupee Trade Plan. After the break up, Indo-Russian trade is moving largely through the debt repayment track as well as in a small measure under hard currency.

India and Russia share traditional partnership in trade exchanges and economic cooperation covering a number of areas. The volume of trade which had declined during 1992 and 1993 following the break up of USSR, has reached a volume of over USD 2 billion in 1995. With diversification of economic cooperation, the volume of bilateral trade is likely to grow further. The major items of our export basket include tea, coffee, soyameal, pharmaceuticals, textiles, chemicals, chashewnuts, fruit juices etc. and import basket from Russia mainly include fertilisers, newsprint, ferrous and non-ferrous metals.

Irregularities in grant of Bank Loans

*58. SHRI VIJAY PATEL :
SHRI ANNASAHIB M.K. PATIL :

Will the Minister of FINANCE be pleased to state :

(a) the details of cases of irregularities in giving bank loans under Prime Minister's Rozgar Yojana (PMRY) came to the notice of the Government during 1995 and 1996 so far;

(b) the action taken or proposed to be taken against the guilty; and

(c) the measure proposed to be taken to check recurrence of such cases?

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

*59 SHRI SONTOSH MOHAN DEV :
DR. T. SUBBARAMI REDDY :

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.