

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:698
ANSWERED ON:21.02.2003
TRANSACTION OF EXPORT SALE
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Associated Chamber of Commerce and Industry (ASSOCHAM) has urged upon the Government that the transaction of export sales to non-resident associated enterprise should not be covered under the transfer pricing regulations;
- (b) whether the Government are giving incentives to such enterprises to promote export;
- (c) whether there are no guidelines formulated for such transactions;
- (d) if so, whether the transfer pricing regulations are applicable to purchase and sale of intangibles between the associated enterprises;
- (e) if so, whether in the absence of such guidelines no proper comparable transactions in respect of the intangibles such as royalty, technical service fees, for use of licence, trademark etc., are made;
- (f) if so, whether the Government proposes to lay down proper guidelines for transaction of export sales to non-resident associated enterprises; and
- (g) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a) to (g): Sir, the issues raised relate to tax policy. Various proposals received from different Chambers of Commerce, including the ASSOCHAM are considered as a part of the annual budget exercise and the decision of the Government is reflected in the annual Finance Bill. At present, when the budgetary exercise is in process, it will not be possible to respond to the Question.