

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

STARRED QUESTION NO:330
ANSWERED ON:19.04.2010
MISUSE OF EXPORT INCENTIVE SCHEMES
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the schemes being implemented to increase foreign trade and exports in the country;
- (b) whether cases of misuse of such schemes have been reported;
- (c) if so, the details thereof alongwith the number of such cases of misuse brought to the notice of the Government during the last three years, State-wise; and
- (d) the steps being taken to check such misuse and the outcome thereof?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.330 FOR ANSWER ON 19-04-2010 REGARDING "MISUSE OF EXPORT INCENTIVE SCHEMES"

(a): Under Foreign Trade Policy (FTP), 2009-2014, the following export incentive schemes; namely, Served From India Scheme (SFIS), Vishesh Krishi and Gram Udyog Yojana (VKGUY) including Agri-Infrastructure Incentive Scheme, Focus Market Scheme (FMS), Focus Product Scheme (FPS), Market Linked Focus Product Scheme (MLFPS), Status Holder Incentive Scrip (SHIS) Scheme, are being implemented.

(b) & (c): As per CAG Audit Report of 2007-08, 2008-09 and 2009-10 and certain test checks by the field formations of Department of Revenue, cases of irregularities reported under the export incentive schemes primarily related to wrong interpretation of policy / procedure and mistakes in calculation of entitlement, by the Regional Authorities of DGFT.

(d): Penal action under Foreign Trade (Development & Regulation) Act, 1992 is taken by way of suspension / cancellation of Importer-Exporter Code Number, and imposition of fiscal penalty for any misuse of the provisions of FTP, including the Incentive Schemes stated therein. These schemes are reviewed from time to time and amendments carried out, wherever required. Electronic Data Interchange (EDI) connectivity between the offices of DGFT and Customs is being progressively enhanced so as to cover all the incentive schemes, which would further reduce any misuse / wrong interpretation of policy provisions.