

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

UNSTARRED QUESTION NO:501
ANSWERED ON:13.08.2012
IRREGULARITIES IN EXPORT BY STC
Owaisi Shri Asaduddin

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

- (a) whether there has been a large scale irregularities in exports under the schemes operated by State Trading Corporation (STC) during 2004-09 resulting loss to the exchequer of Rs. 725 crores;
- (b) if so, the details thereof;
- (c) the action taken/being taken against the officials of STC who have been found guilty;
- (d) whether the Government proposes to recover the loss to the exchequer; and
- (e) if so, the steps taken or being taken by the Government on the recommendation of CVCs in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a)&(b) No loss has been suffered by Government of India exchequer in export schemes operated by STC during 2004-09. However, during 2005-06, STC, Mumbai conceptualized a Credit Link Insurance Scheme (CLIS) to cover credit risks in structured financing to be extended to its associates for undertaking exports of various items. Under the scheme, credit was sanctioned by Exim Bank to STC before exports were undertaken by its business associates. Export of Rs.1493 crore was effected by STC through its associates. While Rs.768 crores were realized through export proceeds, a balance of Rs.725 crore is recoverable from foreign buyers, out of which STC involvement of funds is Rs.397 crore.

(c) to (e) As regards outstanding recoveries under CLIS, STC has lodged a criminal complaint with Central Bureau of Investigation which is under investigation. Legal actions for recovery of funds initiated by STC against Business associates include action u/s 138 of Negotiable Instrument Act, summary suit for recovery of entire outstanding dues and winding up petitions. RBI has also been requested to initiate action against defaulting associates for non-receipt of export proceeds under FEMA provisions.

Charge sheet(s) have been issued to seven officials of STC as per the advice of CVC.