

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

UNSTARRED QUESTION NO:3483  
ANSWERED ON:03.09.2012  
SETTING UP OF INDUSTRIES BY EXPORT HOUSES  
Ray Shri Rudramadhab

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

- (a) whether several industrial export houses have opened their manufacturing units in the neighbouring countries and are exporting goods from India and claiming subsidies on such exports;
- (b) if so, the details thereof and norms laid down in this regard;
- (c) whether there has been instances of irregularities committed by any of these export houses; and
- (d) if so, the action taken against those found guilty for committing any irregularities in this regard?

**Answer**

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

(a)&(b) Investment abroad by domestic entities is regulated by the Reserve Bank of India. RBI website lists the names of entities so permitted. These contain the names of certain export houses also. Government does not give any grant for import or export. To make export competitive, taxes paid in the course of manufacture of exports are sought to be remitted or exempted. There are schemes in Government both in Department of Revenue and Department of Commerce for such duty remission/exemption. The details of these schemes are available in the Drawback Schedule in the website of Central Board of Excise & Customs at [www.cbec.gov.in](http://www.cbec.gov.in) and website of Directorate General of Foreign Trade at [www.dgft.gov.in](http://www.dgft.gov.in).

(c)&(d) Like in any other scheme, the possibility of misuse of the export promotion measures cannot be completely ruled out. The possible misuse could be in the form of forged documents, giving mis-declaration, diversion of materials to the domestic market, under invoicing/over invoicing of import and export. In course of monitoring of export obligation as also on the basis of information received from the Directorate of Revenue Intelligence, Customs and other agencies regarding irregularities, penal actions are taken against such firms under the Foreign Trade (Development & regulation) Act and Rules framed therein. Action taken includes suspension/cancellation of the IEC number of the unit, imposing fiscal penalty with penal interest in addition to action taken under the Customs Act.