

**COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)**

**THIRTY FIRST REPORT**

**MINISTRY OF COMMERCE &  
INDUSTRY**

**MINISTRY OF SHIPPING, ROAD  
TRANSPORT AND HIGHWAYS  
(DEPARTMENT OF SHIPPING)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 2007/Sravana, 1929 (Saka)*

# Thirty-first Report

## Committee on Petitions

(FOURTEENTH LOK SABHA)

MINISTRY OF COMMERCE & INDUSTRY

MINISTRY OF SHIPPING, ROAD  
TRANSPORT AND HIGHWAYS

(DEPARTMENT OF SHIPPING)

*(Presented to Lok Sabha on 22-08-2007)*



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2007/Sravana, 1929 (Saka)*

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## COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Prabhunath Singh — *Chairman*

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THIRTY-FIRST REPORT OF THE COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)

**INTRODUCTION**

I, the Chairman, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Thirty-first Report of the Committee to the House on the following representations:—

- (i) Policy framed by DGFT regarding Import of rough marble block/slabs.
  - (ii) Representation regarding violation of payment of Gratuity Act, 1972 by Chennai Port Trust.
2. The Committee considered and adopted the draft Thirty-first Report at their sitting held on 17th August, 2007.
  3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;  
17th August, 2007  
26 Sravana, 1929 (Saka)

PRABHUNATH SINGH,  
*Chairman,*  
*Committee on Petitions.*

## CHAPTER I

### POLICY FRAMED BY DGFT REGARDING IMPORT OF ROUGH MARBLE BLOCK/SLABS

Smt. Kiran Maheshwari, MP on 16th September, 2006 forwarded the representation signed by Shri Ravi Kabra, Vice-President, Makrana Marble Mines Society, Makrana, Rajasthan regarding import policy framed by Directorate General of Foreign Trade relating to rough marble blocks. The petitioner, in his representation, submitted that: —

- (i) During the period from 1999 to 2001, import of rough marble blocks/slabs, under 6 digit ITC (HS) Code Nos. 2515112 & 251512, was allowed against Special Import Licence (SIL), issued to export/trading houses. These licences were freely transferable at a very nominal premium of say, one percent of the face value. Consequently, any person could import rough marble blocks/slabs by procuring SIL from the open market.
- (ii) Effectively, however only a small group of traders, located mostly in Mumbai and New Delhi, who were conversant with the international market of these items, were engaged in such imports against SIL. Most of these traders did not have their own manufacturing/processing unit and used to get their imported marble blocks cut and polished by other existing units.
- (iii) Traditional marble manufacturing/processing units located in the districts of Makrana, Kishangarh, Rajnagar, Chittorgarh, Jaipur etc. in Rajasthan, were engaged in cutting/processing of marble blocks produced from the local mines and did not usually undertake direct import, mainly because of lack of knowledge and exposure to the complexities of the international market. In course of time, however, some of the importers set up their own processing units, mainly in Silvasa, Mumbai, for processing of their imported marble blocks, mainly for reason of non-availability of spare capacity in the existing unit in Rajasthan and also to save on the huge cost involved in the transportation of the block for cutting and polishing from Mumbai (the usual port of import) to Rajasthan and back again to Mumbai, which happens to be the large market for sale of imported marble slabs and tiles.
- (iv) The SIL regime came to an end in 2002. However marble blocks/slabs, continued to remain in the restricted list, necessitating licences for their import. The Directorate General of Foreign Trade (DGFT), in the Ministry of Commerce laid down guidelines for import of rough marble block/slab, by way of a policy Circular No. 29 dated 14/3/2002. An empowered Committee, christened as EXIM Facilitation Committee (EFC) comprising representatives from various Ministries/Departments of the Govt. of the India, was set up to

consider applications for licences to import rough marble blocks/slabs. The eligibility criteria of the applicants were as under:

- (a) Applicants who had set up manufacturing/processing units in the country and had also made import of rough marble blocks/slabs against Special Import Licence (SIL).
  - (b) Four/Five star hotel, on the recommendation of the Department of Tourism.
  - (c) Applicants of places of worship/trusts of international repute, on the recommendations of the Ministry of Home affairs (MHA).
- (v) Floor prices for the imported rough marble blocks/slabs were also fixed, so as to eliminate possible evasion of custom duty, by under invoicing the imports. The entitlement in respect of the applicant was fixed at 50% of the value of imports during the previous year. This entitlement, however was subsequently raised to 50% of the total imports during the previous two years, *vide* policy Circular No. 44 /dated 24/08/04.
- (vi) On 30/08/05, Directorate General of Foreign Trade (DGFT) issued another policy Circular No. 24 (partially modified by subsequently policy circular No. 34 dated 30/11/05), in supersession of the two earlier policy Circulars Nos. 29 dated 14/03/02 and 44 dated 24/08/04, laying down revised guidelines for import of rough marble blocks/slabs. The salient features of these revised guidelines were:—
- (a) Only those importers, who had imported under SIL, remained eligible to get import licences for marble blocks/slabs. Other categories were eliminated.
  - (b) The ceiling for total import quantity was substantially raised to 1.30 lakh MT per year.
  - (c) The entitlement of the eligible applicant was substantially raised to the level of their turnover of marble product during the previous year.
- (vii) The DGFT simultaneously, issued a notification No. 24 dated 31/08/05, by virtue of which, the existing provision of allowing EOU/EPZ unit to sell imported marble item to the extent of 50% of their export value, to the domestic market, on payment of applicable duties, was withdrawn. Thus, by eliminating other categories from the scope of licencing as well as by blocking the domestic sale of marble by export-oriented units, all windows for access to imported marble, except through the lone category of import licence holders, were closed.
- (viii) The policy framed by DGFT for import of rough marble block, is totally biased and issued under the influence of importers lobby, which forms a miniscule of entire marble trade. The importer lobby mostly pocketed the entire licences creating a monopoly, as they were able to import marbles from various countries. This lobby is also contravening the terms of licence



and DGFT is turning a blind eye to these violations in as much as manufacturing units have not been set up by many importers.

- (ix) A selected few importers were causing loss to exchequer by importing the marble covered under Chapter 68 from SAPTA countries mainly Sri Lanka. The *modus operandi* adopted by importers' lobby is in connivance with some exporters from Sri Lanka. Channelised goods are exported to Sri Lanka from other countries Spain, Italy, Greece and Vietnam etc. where they have installed factory having gangsaw facility. From Sri Lanka it is re-routed to India and is shown as the goods of "Sri Lanka" origin. This is done mostly on paper and the importer lobby is main manipulator in connivance with Sri Lanka lobby. These facts can be verified whereas no slab is of Sri Lanka origin. It is being imported to India by availing preferential duty under SAPTA & ISFTA where there is a prohibition that goods should originate from SAARC countries only. Thus, imports from Sri Lanka and other SAARC countries should be banned as importer lobby is misusing the policy under the garb of import from SAARC countries.
- (x) Finished products like "Polished Marble Blocks/Slabs/Tiles" falling under ITC HS Code No. 6802, is freely importable, compared to rough marble block/slab/tiles, import of which is restricted. The domestic marble industry, represented to the Government, to raise the floor price of this item for protection against unfair competition from import. While the representation was under active consideration of the Government, some importers of the powerful lobby opened letter of credit, indiscriminately, for import at the previous floor price level. Subsequently, when the floor price was raised by the Government to US \$ 2700.00 per cubic meter, *vide* DGFT notification No. 23 dated 31/08/2005, these importers reaped huge profits by resorting to imports at the old floor price level *i.e.* appx. US \$ 900 per cubic meter on the strength of letter of credit. It would, therefore, be seen that these powerful lobby of marble importers never hesitated to adopt unfair practice to derive undue benefits at the cost of exchequer.
- (xi) Makrana Marble Mines Society is an association of Marble Mine owners and its processing units, which are more than 300 years old. It employs more than 10 lakhs people and economy of several cities in Rajasthan is primarily dependant on it. Members of Makrana Marble Mines Society, who mostly belong to minority community, run this business as ancestral business. They have licences for the mines, which need to be renewed periodically. They mostly have mines of 50x100 meter size, which is a very small size to develop an organized/advanced system for production, resulting in low production per unit area. Initially a mine belonging to say one or two people has now been sub-divided among 20 to 30 persons thus bringing their livelihood at stake. It is largely due to efforts made by these associations and the merits seen by all the policy makers in Ministry of Commerce and Department of SSI that marble has been kept in the restricted list, which is necessary for the marble industry to save it from being ruined.

- (xii) In the above context, the petitioner requested as under:—
- (a) Since the policy of DGFT/Ministry of Commerce is to allow import of marble blocks/slabs on “actual user condition” all genuine manufacturing/processing units, having the necessary infrastructure for total processing of marble blocks, should be granted licences for import of rough marble blocks/slabs.
  - (b) The era of monopoly being enjoyed by a group of traders/importers, merely on the ground that they had imported rough marble blocks/slabs during the SIL regime (whether or not a few of them set up processing units at a later date), may come to an end.
  - (c) Imported blocks from Italy, Vietnam, Egypt, Spain, Turkey and certain other countries are rich in colour composition and therefore enjoy a very high demand in the market. Though our white marble is of superior quality, yet on account of our limitation in providing colour combination to the buyers, we are loosing market very fast, in competition with imported stuff. As a result, in spite of having the adequate infrastructure and equipment as well as the requisite trained manpower, we are being pushed out of business, resulting in job cuts. It would therefore, only be fair to allow us access to import marble blocks, to enable us to offer choices to our customers.
  - (d) There is a huge and ever increasing demand for imported marble in the infrastructure, housing and hotel sectors. Since the supply is being controlled by a chosen few, who have totally cornered the import licences, at a fancy price dictated by this coterie, the impact on the economy is quiet substantial. A fair and equitable distribution of imported marble blocks among the genuine manufacturing/processing units would break this price monopoly, by virtue of fair and healthy competition in the industry and thus offer us a level playing field.
  - (e) The actual performance of the Export-Oriented Units in the marble sector should be closely examined. Some of these units, which are importing marble blocks for export after cutting and polishing, are actually clandestinely diverting the imported blocks to the domestic market at a very high premium. They are exporting green marble (serpentine stone) which is not classified as “marble” as per ITC (HS) Code to Middle East Countries, through Dubai. These EOU Units are not only depriving the Government from the legitimate Customs and Central Excise Duties, they are also causing unfair competition to the domestic industry, who process marble blocks procured from domestic mines. We propose that the policy regarding import of rough marbles covered under Chapter 25 and Chapter 68 should be reviewed and the era of monopolization of import of marble by selected few may be brought to an end.

1.2 The Committee under Direction 95 of the Directions by the Speaker took up the representation for examination. Accordingly, the above representation was forwarded to the Ministry of Commerce and Industry on 25.09.2006 requesting them to forward their comments on the issues raised in the representation.

1.3 At the instance of the Committee, the Ministry of Commerce *vide* their O.M. No. 212/38/AMO7/PC-I(A)/523 dated 9th October, 2006 furnished their comments as under :—

“On account of domestic concern, rough marble continues to be restricted for imports. However, almost free import of marble was permitted during a brief period from 1999 to 2001 under SIL. This policy of free import was discontinued w.e.f. 31.03.2001 on account of rising domestic concern. Subsequently, a limited quantity of marble has been allowed to be imported against specific licence issued by this organization. These licences are intended to take care of the domestic demand of marble not being met by the domestic mining. The eligibility of applicants for issuance of these licences is based on the following two broad parameters: —

- (a) The processors of marble who had made import of marble in their own name during the period 1999-2001, when import of marble was under SIL; and
- (b) The importers must provide a proof that they had processing facility for marble in their own name during that period.

Justification for adopting such a guideline for issuing import licence is that the units which were established based on the assumption that they would have access to imported raw-material should not be denied such a facility at a later stage. Any denial of raw material to units already established on this assumption may lead to closure of the units, causing distress and unemployment for the workers engaged in these units.

It may be noted that as against the domestic production of marble at around 96 lakh tonnes per annum, import licence for marble are restricted only to 1.3 lakh tonnes per annum. As per information available with the Government there are more than 1600 units processing marble in the country. Even if the current policy is changed and import licences are granted equitably to all these 1600 units, it may not make any material difference to the units receiving these licences in any way as the quantity of import permitted to each one of them will be very small. The present policy of import licence has been arrived at after wide consultations within the Government, with the State Government and with the trade and industry at large”

The Ministry further stated that:—

“To check the unauthorized import of rough marble through 100% EOUs, the Government has banned the domestic sale of marble by these 100% EOUs. Representations have been received by the Government regarding import of marble from neighbouring countries under the provisions of

various Free Trade Agreements. It has also been alleged that these imports are in violation of the provisions of this agreement. The matter is under examination in the Department for suitable corrective action. It may also be pointed out that the present import policy (guidelines for issuance of import licence) was subjected to litigations at various High Courts. 11 of such applications have been clubbed and transferred before the Hon'ble Supreme Court for a decision. The Supreme Court has yet to decide on these petitions."

1.4 The Committee enquired from the Ministry of Commerce about the salient features of the policy relating to import of rough marble blocks/slabs. In their written reply, the Ministry stated as under:—

"The salient features of Policy relating to import of rough marble are:

- Import of rough marble blocks is restricted.
- A limited quantity of rough marble blocks is allowed to be imported against specific licences issued by DGFT. The quantity of import allowed against these licences is now at 1.3 lakh MT.
- The import of rough marble blocks against specific licence is subject to a value cap of US\$ 300 per metric tonne for rough blocks and US\$ 450 per metric tonne for slabs.
- The import is subject to actual user condition.
- The licences are granted to those importers who have imported rough marble for processing during the period 1999-2001, when import of rough marble was allowed against surrender of freely transferable SIL. The reason for giving priority to such importers is that they made imports during the period when the item was almost freely importable and made investments in processing units in anticipation of continued access to imported raw material.
- To ensure compliance of the above condition the importers are required to have a manufacturing facility established prior to March, 2001 in their own name.
- The total quantity of 1.3 lakh MT is allocated among eligible importers based on their total turnover of imported marble in the previous year.
- The Domestic Tariff Area (DTA) sale of marble by 100% EOUs is also restricted."

1.5 The Committee desired to know the reasons for placing the marble in the restricted list and in case marble was shifted from the restricted list, its consequences on the marble industry as a whole. Replying thereto, the Ministry in their written reply, informed as under:

"Import restrictions on marble have been notified to safeguard employment in the marble mining and processing units predominantly in the small and

tiny sector. The industry provides employment to a large number of people especially in the states of Rajasthan and Madhya Pradesh. We believe that the domestic marble industry has benefited from these restrictions.”

1.6 In reply to the question about the steps being taken to safeguard the interest of marble mine owners and its processing units, the Ministry informed as under:—

“The restrictions on import of rough marble are only to safeguard the interests of domestic marble mine owners, processing units and labour employed in this sector including those in Makrana.”

1.7 When asked to state the reasons for allowing import of rough marble blocks thereby affecting the small units working in Makrana, the Ministry in their written reply stated as under:—

“xx xx As against the estimated domestic production of marble at 96 lakh tonnes, only 1.3 lakh tonnes of marble is allowed through licences by DGFT. Further, these imports are also subject to the minimum value cap as mentioned earlier and therefore unlikely to affect the domestic units located in Makrana.”

1.8 On being pointed out about the grievance of the petitioner that the policy to permit import of marble was changed to favour the importers lobby and under their influence, the Ministry replied as under:—

“The policy regarding import of rough marble has been explained above. The policy was framed after broad based consultations with all the stake holders. The key kernel of the policy is restriction on import to provide protection to domestic producers. A limited quantity of marble is being permitted through licences. These licences are being granted to importers as per the condition stipulated in Policy Circular No.24 (RE-05-/2004-09) dated 30.08.2005. This policy has no implication for the exchequer of the Government.”

1.9 On being asked to state whether the licences issued to trading houses were freely transferable at a very nominal premium, the Ministry informed as under:—

“During the period 1999-2001, import of rough marble was permitted against surrender of freely transferable SIL and hence any person could import marble against SIL.”

1.10 In his representation, the petitioner had stated that the importers’ lobby mostly pocketed the entire licence creating a monopoly and were able to import marble from various countries. He further stated that the lobby contravened the terms of the licence of DGFT as importers did not set up their own manufacturing units. In their written reply, the Ministry informed:—

“As per the present policy relating to import of rough marble, import licences are being granted to these historical importers who made import of this item during the period 1999-2001. The imports are subject to a value

cap to prevent import of low quality product. Further the licences are granted to only those importers who had set-up processing facility prior to 2001.”

1.11 In his representation, the petitioner had alleged about the clandestine diversion of imported block by the Export Oriented Units (EOUs) to the domestic market. In their comments, the Ministry of Commerce had informed that to check the unauthorized import of rough marble through 100% EOUs, the Government has banned domestic sale of marble by such units. Therefore, the Committee desired to know about the mechanism available and the number of cases detected by the Ministry during the last two years and the action taken against such erring units. The Ministry in their reply stated as under:—

“There is no machinery available with DGFT to monitor the operations of 100% EOU units directly. The operations of these units are monitored by the concerned jurisdictional Central Excise Authorities. However, DGFT received reports from some of the jurisdictional Central Excise Authorities about misuse of the DTA sale facility for marble by some units. Thus, DTA sale of marble by 100% units was banned by the Government.”

1.12 The Ministry of Commerce while furnishing their comments on the representation had informed that representations were received by the Government regarding import of marble from the neighbouring countries under the provisions of free trade agreements. It was alleged that these imports were in violation of the provisions of the agreement and the matter was under examination in the Department for suitable corrective action. On being asked to state the current status of the matter and the time by which the course of corrective action would be finalized, the Ministry stated as under :—

“It has been informed that M/s. Godawari Marbles of Nepal produces marble which is wholly obtained from quarries in Nepal. Representation has been made by them that they should be allowed free exports under the India-Nepal Trade Treaty instead of following restrictions imposed by the Government of India on import of marble fixing floor price of U S \$ 2700 per cubic meter.

Representation has been made by Marble Exporters/Importers Association of India, Mumbai that polished marble slabs are being exported to India from Sri Lanka in violation of the Rules of Origin under the India-Sri Lanka Free Trade Agreement. They have requested for imposition of a ban on such imports. This matter is being examined in the Department of Commerce.”

1.13 The Ministry of Commerce in their comments had also informed that the import policy (guidelines for issuance of import licence) was subject to litigations at various High Courts. 11 of such applications have been clubbed and transferred before the Hon’ble Supreme Court for a decision. The Supreme Court has yet to decide

on these petitions. On being asked to state the present status of the case alongwith the stand of the Government, the Ministry informed as under:—

“The present policy of marble was challenged by various parties under Writ Petition Nos. 316/2006, 319/2006, 6563/2005, 6609/2005, 5811/2005 before the High Court at Jodhpur, Writ Petition Nos. 1957-58 of 2006, 1991-92/2005 and 4732-33/2006 before the High Court at Delhi, 29871/2005 before the High Court at Mumbai and 22987/2005 before the High Court at Bangalore. On a petition filed by the Central Government, the Hon’ble Supreme Court has allowed transfer of these Writ Petitions from the various High Courts to the Supreme Court on 29.09.2006. Further, the Government has also filed a petition before the Hon’ble Supreme Court to allow transfer of Writ Petition Nos. 1738/2006, 1739/2006, 1658/2006, 629/2006 and 2875/2006 filed before the High Court at Jodhpur on the same subject.

In these Writ Petitions, the ban on DTA sale by 100% EOUs and the present policy relating to grant of import licences of rough marble have been challenged. The Government has defended the present policy as detailed above. The transfer petition of the Government was first heard on 29.09.2006 wherein the Hon’ble Supreme Court has allowed transfer of the cases from various High Courts to the Hon’ble Supreme Court. The case is yet to be listed.”

1.14 After receipt of comments from the Ministry of Commerce and Industry, the Committee took oral evidence of the representatives of the Ministry on 07.11.2006, 31.01.2007 and 03.04.2007. Explaining about the domestic production of marble and the criteria for issuing import licences, the representative of the Ministry during evidence on 07.11.2006 stated:—

“Our domestic production is 96 lakh tonne and 1.3 lakh tonne is earmarked for total import. We allow restricted import within one year. We issue import licences after verifying the employment through SSI registrations.”

The witness further stated:—

“We issued licences to 49 units. The criteria for special import licence were that these 49 units had imported when free import was permissible and import was done for their manufacturing units.”

1.15 About the steps being taken by the Ministry to protect the domestic marble industry, the representative of the Ministry, during evidence on 31.01.2007 stated:—

“Just you have referred to two issues — one is that the restriction has been imposed in the interest of domestic marble mining industry. The quantum has been restricted to one lakh thirty thousand tonnes. This restriction ban was imposed so that the interests of the domestic industries could not be adversely affected. Secondly, floor prices are already fixed. We will not take the marble below that price so that the production in the domestic sector may not have adverse effect. The sole reason of establishing these two limits was that the marble mining industries of our country, particularly of Rajasthan, could be protected. In view of this very

thing, all these provisions were made. Time to time, some improvements some modifications have also been made in them.”

The representative further stated:—

“Our domestic mining industry is not just as industry, but it is a occupation, this is a means of employment and we are just trying to protect it. I want to place a point before you that whatever efforts are being made in Supreme Court are for opening the policy. \*\*\*\* \*\* Today, this policy has been challenged but it is against the objective of the submission of the Government. We from Government’s side have taken a decision that we will protect the domestic industry. As far as I remember in our file, there are written representation of Rajasthan State Government and Members of Parliament from the State in favour of this policy that this policy should not be relaxed and this is a right policy. Even we have received a representation from Chief Minister of the State regarding this policy. This is primary occupation of Rajasthan and some parts of Madhya Pradesh are also included in this. We want that it should be protected. We do not want to make it a open policy by relaxing the restrictions.”

1.16 Explaining about the status of the case pending before Supreme Court, the witness, during evidence on 31.01.2007 stated:—

“I would like to apprise you about the progress made in the Supreme Court. In the last hearing held on 10th January, Hon’ble Supreme Court has passed an Interim order. Under the said order, we were given direction on two points. First, as per the criteria to release the quota to the eligible applicants under the licence expiring on 31st March of this year. The time limit fixed earlier has been relaxed in the matter and instructions have been issued to us to dispose off the applications as per the current policy. Second order of the Supreme Court is regarding the specific request of Export Oriented Units regarding DTS sale, the restriction imposed and the problems being faced by them. In this regard they may be allowed to forward their representations to DGFT. Accordingly, DGFT has been instructed to dispose off the matter as per the law. Next hearing is going to be held on 15th February.”

The witness further stated:—

“Limited stay has been relaxed. To ensure that quota for the current year is not lapsed, the cases should be disposed off within the limited coverage of last policy.”

1.17 The Committee desired to know whether physical inspection of units, which were issued import licences for marble, was carried out to satisfy that they had the requisite infrastructure/processing units. Replying to this, the witness during evidence on 07.11.2006 stated:

“DGFT has not done physical inspection of 49 units and as you suggested, we will get these units inspected by Director, FT.”



1.18 The representative of the Ministry during evidence before the Committee on 31.01.2007 stated:—

“As per the directions of the Committee, we have requested the State Governments to verify all the units. Follow-up action has been taken and we have requested them to coordinate with their local offices. We are getting the reports in parts and it has not been complied as yet. We will brief the committee accordingly. \* \* \* \*  
We believe that all the verification reports will be received in 15-20 days.”

The witness added:—

“There were two issues — one relating to the licensing. You have said that Committee will wait for the order of the Hon’ble Supreme Court and we should also wait for that. We will resolve the matter for which order has been received. Further, we will consider the matter as per the verification reports and your directions in this regard.”

1.19 About the number of firms, which were found to be ineligible based on the verification reports received from the State Governments, the Ministry in their written reply dated 30.03.2007 informed as under:—

“16 applicants have been found to be ineligible based on verification reports received from respective State Governments and/ or due to failure to meet eligibility condition of SIL period import and proof with regard to setting up of manufacturing facility during SIL period (on basis of documents.)”

1.20 The representative of the Ministry during evidence before the Committee on 03.04.2007 stated:—

“Sir, as per the verification report, 22 importers are eligible to whom we have made allocation. Out of it, reports of 5 units are yet to be submitted by the State Government 4 units are ineligible. Thus, there are 34 cases in all. We have issued show-cause notice to take action under F.T.D. Act against the ineligible persons about whom we have received reports from the State Government.”

The witness further stated:—

“We have received reports from the State Government about the ineligible persons who have not installed machines or who have not been registered under Small Scale Industries. Under natural justice we have to give them show-cause notice and to hear their explanation. \* \* \* \*  
In such a situation we issued show cause notice and after getting explanation from them not only licence is cancelled but we can impose penalty also on them.

The witness added:—

“We did not verify the cases at that time. We only paid attention to the fulfillment of the two conditions, which were in the Policy Circular, one

was about the import and the second was about the manufacturing unit though evidence at that time. But I am prepared to have an investigation even into that why at that period it was not done. We can have a look at that.”

Further, the witness stated:—

“This year we have not given allocation to those firms that were declared ineligible in the report. We have also served show cause notice to them. We will investigate into these cases. There are 34 cases. We will hold inquiry regarding those 4 cases which were found to be ineligible and will look into the matter as to how licences, were issued to them. We have given show-cause notice in 4 cases.”

1.21 On being asked to state whether there was deliberate attempt to extend help to some importers, the witness during evidence on 03.04.2007 stated:—

“It is only after the investigation that we can tell whether it was done intentionally or not.”

1.22 The Committee were informed that the import policy of marble was under litigations at various High Court and 11 of such applications had been clubbed and transferred to Hon’ble Supreme Court, which has to decide these petitions. When asked to state whether Supreme Court has given any directions, the representatives, during evidence on 31.01.2007 replied:—

“As per the interim order no licence should be issued till next hearing.”

1.23 When asked whether Supreme Court has directed the Government to review the import policy of marble, the witness during evidence on 31.01.2007 stated:—

“No such orders have been given.”

1.24 In view of the importance of the industry, the livelihood of people engaged in the trade and considering the fact that the policy was sub-judice and pending before Supreme Court, the Committee desired that the import policy relating to marble might be reviewed. Responding to this, the witness during evidence on 07.11.2006 stated:—

“We accept the direction.”

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“Sir, the total production, as stated by the Secretary is 96 lakhs tonnes and we permit 1 lakh and 30 thousand tonne. We honour the letter of public representatives as well as that of the people of Rajasthan. We will review the matter in this regard while honouring the feeling expressed by you.”

1.25 On being asked to state about the follow up action taken by the Ministry on the directions issued by the Committee, to review the import policy, the representative, during evidence on 31.01.2007 stated:—

“Sir, you are aware that Supreme Court has delivered an interim order in this regard and the whole policy is *sub-judice* with Supreme Court.”

1.26 When specifically asked to state whether the Ministry have taken steps to review the import policy of marble, the witness, during evidence on 31.01.2007 stated:—

“\*\*\*\*has accepted some things before the Hon’ble Committee and we are not beyond that, we are bound to do that and we will act as per the orders of the Committee. As Mr. Pillai has said we will review accordingly and present the conclusions before you.”

1.27 The Ministry, subsequently, in their written reply dated 30.03.2007 informed as under:—

“The Government is constituting an inter-ministerial group under the Chairmanship of DGFT to review the import policy of marble. The order is expected to be issued shortly on receiving the approval of competent authority.”

1.28 The representative of the Ministry during evidence on 03.04.2007 stated:—

“We have also constituted an Inter Ministerial Group to review the present import policy of marble. It has also been constituted.”

1.29 About the grievance of the petitioner that marble was imported from other countries to Sri Lanka and then from Sri Lanka, it is imported to India under SAARC agreement with less duty, the representative of the Ministry, during evidence on 07.11.2006 replied:—

“Under Sri Lanka India Free Trade Agreement, marble is not under the sensitive list but there is value addition. There have been complaints received that some marble kinds are imported from Middle East countries through Sri Lanka. We are aware of it and we are taking steps to stop it.

We have taken that into account. The only other area from which marble is coming is from Nepal where there is one marble manufacturer and they are mining it in Nepal itself. It is to come duty free into India but with the current restrictions on the ceiling we have put, that is 2700 dollars per cubic meter has completely stopped.”

1.30 On being asked to state whether India was losing revenue as account of import of marble from Sri Lanka under SAARC agreement. The witness, during evidence on 07.11.2006 replied:—

“Sir, there is free trade agreement between India and Sri Lanka. The first type of product under the arrangement is one the is produced in Sri Lanka and there is no problem to import such products in India. The types of product are imported in Sri Lanka from outside and they are further exported to India after value addition; there is no duty imposed on such product as well. Suppose an item Worth Rs. 100/- is imported in Sri Lanka and there a value of addition of Rs. 35/- has been made, they can export in our country under the provision of duty free.”

1.31 Subsequently, the Department of Revenue in their O.M. dated 12.04.2007 regarding import of marble from Sri Lanka, Nepal and in regard to revenue loss, informed as under:—

Year	Value of Import (Rs. in Lakhs)	
	Sri Lanka	Nepal
2004-05	39,90.53	1,58.71
2005-06	50,40.17	1,09.18
2006-07	80,30.16	1,96.51
Total	170,60.86	4,64.40

The above figures are in respect of all the imports of Marble from Sri Lanka & Nepal and it is also stated that no case of revenue loss has been reported.”

1.32 On being asked to state whether import of marble was in excess of the prescribed limit and how the Ministry ensure that only permitted quantity of marble is imported, the witness during evidence on 31.01.2007 replied:—

“As per policy, the import of restricted items without having any licence is illegal. From that point of view, I would say if they were imported, that would be counted in the category of smuggling. If the licence is issued for one Lakh and thirty thousand, then the goods could be allowed for import of the same amount legally. The custom authority does not allow import from any port. The issue is that the import of any product is allowed only through the licence and only the permissible quantum will be imported in this country.”

1.33 The Committee desired to know as to how Ministry ensures that only the permitted quantity of marble is allowed to be imported. The Ministry in their written reply dated 30.03.2007 informed as under:—

“As per import policy total import of rough marble blocks under Exim Code Nos. 25151100, 25151210, 25151220, will be subject to a ceiling of 1.30 lakh MT per licencing year. Entitlement of individual firm will be worked out on the basis of turnover of preceding year. DGFT issues import licence within annual quota of 1.3 lakh MT amongst eligible applicants on the basis of entitlement condition under import policy. This ensures that quantity allowed is not exceeded. Customs Authorities clear imported rough marble under these Code Numbers only against a specific import licence.”

1.34 When asked to state whether there was any possibility of excess import, the witness during evidence on 31.01.2007 replied:—

“There is no possibility of it except smuggling. Under the rulings of DGFT, there is no possibility of it.”

1.35 In reply to the question about confiscation of marble by the custom authorities, the Ministry in their written reply dated 30.03.2007 informed as under:—

“No report regarding confiscation of marble by customs authorities have been received by this Directorate recently. However, position is being re-confirmed from the customs authorities.”

1.36 During the evidence before the Committee on 31.01.2007, the witness stated:—

“I have been working for about one year. During that period, no incident came to my knowledge.”

1.37 The Committee desired to know about the steps being taken by the Ministry to curb import of marble in the guise of lime stone/sand stone. The representative of the Ministry, during evidence on 31.01.2007 stated:—

“We will get it verified whether marble is being imported in the name of lime stone. We will get this investigated through custom department and if there is any misuse of licence, we will inform you about it after getting it investigated.”

1.38 Subsequent, in their written reply dated 30.03.2007 the Ministry informed as under:—

“No instance of misuse of licence has come to notice of Department. To prevent import of marble under the guise of lime stone/sand stone, this Department has written letter to Customs on 16.05.2006. It was clearly stated therein that all the field formations of customs may be sensitized so that no consignment of rough marble blocks/slabs are cleared without necessary import licence. Customs were requested to be vigilant in the matter. DGFT has taken up matter with Ministry of Mines to suggest additional checks or conditionality, which could be prescribed for importers before they bring in their consignments of granite and sand stone/lime stone, so that no import of marble under this takes place. Import of rough sand stone, lime stone and granite is restricted. Import of these items is permitted only against an import licence.”

1.39 The representative of the Central Board of Excise and Customs during evidence on 03.04.2007 stated:—

“I am not aware of any such development. But since I received this information, I alerted all my field information officers that such things can happen. We have alerted our DRI and Central Excise Intelligence machinery also but so far no such case has come to our notice. We have asked everyone to inform about such case. Two such cases came into light earlier in which one was related to Sri Lanka regarding rules of origin. That does not satisfy the condition of rules of origin. Marble blocks were imported from other country whereas the other case relates to Nepal. Both these cases are of 2004-05. We are collecting information. In this connection, we have asked everyone to inform us if any such cases come to their notice. But so far we have not received any such information.”

1.40 On being asked to state the steps taken by the Ministry to prevent misuse of import licence for rough marble block, the Ministry in their written reply dated 30.03.2007 informed:—

“Import licences for marble are being issued only to those applicants who meet eligibility condition under import policy. Customs Authorities at ports also verify that the imported item is as per import licence issued by DGFT.”

1.41 The representative of the Central Board of Excise and Customs, during evidence on 03.04.2007 stated:—

“I would like to submit that if anybody has got a licence for import of any item the department has no right to check whether the licence has been issued on genuine ground or not. You can check the article that has come under the licence whether it is granite or lime stone or sand stone as they are distinct identification because granite is black and marble is slightly pinkish whitish. The Custom Officer checks its quantity conducts usual inspection and gets convinced that yes it is lime stone or sand stone and then debits the quantity from the licence. When even there is doubt that it is not correct, laboratory testing is conducted whether the object is the same or not. As I informed the Hon’ble Chairman, we have alerts our field formations.

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It has been mentioned in the alert we have issued that it has come to our notice that some export units can direct their consignments. For example EOA has recently imported some part. Just now it has been intimated that it has been totally banned. They imported it. There is a possibility that they divert it in market or it was also been brought to our notice that they exported inferior quality of serpentine marble. They imported good quality marble and exported serpentine marble. I have also brought this thing to the notice of field formations etc. I have especially got the information that such things are going on in and around Chennai and so, yesterday, 2 to 15 DGRI to look into the matter and ascertain whether such things have happened there.”

1.42 When asked to comment about the alleged malpractices being adopted by some importers for renewal of their licences and enhancement of their quota for import of lime stone/sand stone, the Ministry in their written reply dated 30.03.2007 stated as under:—

“No information regarding malpractices adopted by any importers for renewal of their import licences and enhancement of quota for import of lime stone/sand stone has come to notice of Department. Applications for renewal of import licence and for enhancement of quota are examined as per policy and permission for it is granted by DGFT/Department of Commerce.”

### Observations/Recommendations

1.43 The Committee note that from 1999 to 2001 import of rough marble blocks/ slabs was allowed against Special Import Licences (SIL) issued to export/ trading houses. The SIL regime came to an end in the year 2002. However, marble blocks/ slabs continued to remain in the restricted list necessitating licences for the import. The Directorate General of Foreign Trade (DGFT) in the Ministry of Commerce issued a Policy Circular on 14-03-2002 laying down guidelines for import of rough marble blocks/slabs. To consider applications for issue of licences to import marble blocks/slabs, an empowered Committee, christened as EXIM Facilitation Committee comprising of representatives from various Ministries/Departments of the Government of India was set up. Besides laying down the eligibility criteria, the floor price was also fixed for import of rough marble blocks/slabs. The policy was subsequently reviewed and some clarifications were issued from time to time by DGFT.

1.44 The petitioner, in his representation stated that the guidelines notified by DGFT through policy circulars, were tilted and biased in favour of chosen importers. The importers' lobby was resorting to unfair trade practices as they mostly pocketed the entire licences and were able to import marble from various countries. The lobby was contravening the terms of licences and was also causing loss of revenue to the exchequer by importing marble from Sri Lanka. According to the petitioner channelised goods were exported to Sri Lanka from other countries (*viz* Spain, Greece, Italy etc.) where they had installed factory having gangsaw facility and from Sri Lanka it is re-routed to India mostly on paper by availing preferential duty under SAARC agreement. Further, many importers had neither set up any manufacturing units nor installed gangsaw unit, which was a violation of the policy itself. The petitioner, therefore, made the following demands to protect the domestic marble industry:—

- (a) Restrictions on import of rough marble blocks may continue.
- (b) All genuine manufacturing/processing units having necessary infrastructure particularly gangsaw machines for total processing of marble blocks should be granted licences for import of rough marble blocks/slabs on actual users' condition.
- (c) The conditions relating to SIL period may be deleted and domestic producers may also be included in granting entitlements for import.
- (d) The activities of 100% Export Oriented Units (EOUs) may be closely examined and diversion of imported marble by these units to Domestic Tariff Area should be checked.
- (e) Import of finished marble under various preferential trade agreements should not be allowed in violation of Government's policy.

1.45 As regards the request of the petitioner that the activities of Export Oriented Units (EOUs) may be closely examined and diversion of imported marble by these units to Domestic Tariff Area (DTA) should be checked, the Ministry informed the

Committee that there was no machinery available with DGFT to monitor the operation of 100% Export Oriented Units (EOUs) directly. The operations of these units are monitored by the concerned jurisdictional Central Excise Authorities. DGFT received reports from some of the jurisdictional Central Excise Authorities about misuse of the DTA sale facility for marble by some units. The Committee are extremely unhappy to note that while some of the EOUs misused DTA sale particularly for marble, the Ministry failed to effectively monitor their operations either through DGFT or through Central Excise authorities. The Committee, therefore, desire that though the DTA sales have since been banned, the Ministry should ensure that there are no further irregularities in operations of EOUs to the detriment of domestic industries. The Committee also desire that stringent action be taken against the erring EOUs or the officials failing to curb the deviation from the established policy and the rules made thereunder. The Committee would like to be appraised about the steps taken in this regard.

1.46 Another demand of the petitioner relates to unlawful import of finished marble from neighbouring countries under various preferential trade agreements. According to the petitioner the rough marble was being imported from neighbouring countries especially Sri Lanka by availing preferential duty under SAPTA (South Asia Preferential Trade Agreement) and ISFTA (Indo Sri Lanka Free Trade Agreement) which provide that goods should originate from SAARC countries only but in fact the goods were exported to Sri Lanka from other countries and from Sri Lanka it is re-routed to India and is shown as the goods of "Sri Lanka" origin. During evidence before the Committee, the representative of the Ministry informed that under free trade agreement with Sri Lanka, marble was not under the sensitive list but the Government was aware of this practice and taking preventive measures in this regard. During examination of the subject, the Committee noted that apprehension of the petitioner was not completely unfounded as the Department of Revenue reported that two cases were detected during the year 2004-05 of duty evasion by misuse of concessions under free trade agreement with Sri Lanka and treaty of trade with Nepal. In one of these cases, the goods were confiscated, redemption fine of Rs. 50 lakhs was imposed and penalty of Rs. 20 lakhs each on three Directors and one Manager of the importer was also imposed. However, the party appealed to CESTAT (Customs Excise & Service Tax Appellate Tribunal), Kolkata and the case was yet to be disposed off. In the other case show cause notice has been issued proposing confiscation along with penal action. The case was yet to be adjudicated. The Committee take a serious view of the misuse of preferential trade agreements with SAARC countries and consider the corrective measures taken by the Government grossly inadequate. The Committee, therefore, recommend the Government to urgently finalize the stringent guidelines to eliminate unauthorized imports from SAARC countries especially from Sri Lanka.

1.47 The Committee note that the restrictions on import of rough marble is only to safeguard the interests of domestic marble industry as it provides employment to a large number of people especially in the States of Rajasthan and Madhya Pradesh. A limited quantity of rough marble blocks is allowed to be imported against specific licences issued by DGFT. Further, as against the domestic production of marble at



around 96 lakh tonne per annum, only 1.3 lakh tonne of import is permitted against the licences and subject to value cap of US \$ 300 per metric tonne for rough blocks and US \$ 450 per metric tonne for slabs. According to the Ministry, there are more than 1600 units processing marble in the country and even if the existing policy is changed and import licences are granted equitably to all 1600 units, it may not make any material difference to the units receiving these licences in any way as the quantity of import permitted to each of them will be very small.

1.48 Regarding the demand of the petitioner to grant licences for import of rough marble only to the units having necessary infrastructure for total processing of marble blocks, the Committee note that licences were issued to the importers as per the condition stipulated in Policy Circular No.29 (RE-01)/1997-2002 dated 14.03.2002. The Ministry of Commerce, DGFT also issued some clarifications from time to time. As per the above Policy Circular, those applicants who have set up manufacturing/processing units in the country and have made imports of these items in the preceding years when marble was under SIL list were eligible for import licence for rough marble blocks/slabs. Further, in their Policy Circular No. 34 dated 30/11/2005, DGFT had clarified that the manufacturing/processing units should have been set up during the years when marble was under SIL list or before. The policy further stipulates that documentary evidence showing establishment of manufacturing/ processing units during that period should be produced.

1.49 On examination of the issues raised by the petitioner and the comments received thereon from the Ministry, the Committee feel that the import policy framed by DGFT relating to the import of rough marble blocks suffers from some inherent deficiency. Perhaps, the same has been misused by a group of importers which prompted some of the domestic traders to challenge the policy in the court of law. The Committee are of the strong view that the extant policy is causing avoidable hardships to the domestic marble industry and the large number of people employed therein. In order to protect the domestic industry, the Committee during its meeting held on 7.11.2006 desired the Ministry to urgently review the policy. In pursuance thereto the Ministry issued an O.M. on 3rd April, 2007 constituting Inter Ministerial Group under the Chairmanship of the Director, DGFT to review the policy. The Members of the Group included the representatives from the Department of Commerce, the Department of Revenue, the Ministry of Mines, the Department of Industrial Policy and Promotion and Ministry of Urban Development. The Committee desire that the recommendations of the above Group along with the Action Taken Report may be submitted before the Committee.

Since the policy for issue of licences for the import of rough marble blocks/slabs is pending before the Supreme Court, the Committee would refrain from going into details of the extant policy. The Committee nevertheless desire that the new policy should incorporate adequate provisions to protect and promote the interest of domestic industry at large while continuing with existing restrictions on the quantity of imports. The eligibility criteria for grant of import licenses may also be widened to include all the units with adequate infrastructure on the basis of turn over or on the basis of their production capacity.

1.50 According to the petitioner, there were instances of marble being imported in the guise of limestone/sandstone. The import of sandstone/limestone was also restricted and licence was required for its import. In this connection the Committee were informed by the Ministry that though the basic custom duty on all these commodities was the same, there was no floor price for import of sandstone/limestone, but there was a floor price on import of rough marble. At the instance of the Committee, the Ministry addressed a letter to the Ministry of Finance (Department of Revenue) to sensitize the custom authorities and to remain vigilant to prevent import of rough marble in the guise of limestone/sandstone. The Ministry has also sought inputs from the Department of Mines about the additional checks, which could be prescribed for importers to curb misuse of licences issued for import of sandstone/limestone for import of marble. The Committee are unhappy to observe that the Ministry of Commerce was oblivious about the misuse of import licence and took preventive steps only after the issue was taken up by the Committee. The Committee recommend the Ministry to continue to sensitize the custom authorities to remain vigilant and that the Inter-Ministerial Group, which has been constituted to review the policy may also appropriately address the issue of import of rough marble in the guise of limestone/sandstone.

1.51 The Committee were informed that DGFT had issued licences for import of rough marble to 49 units. When, the Committee enquired whether DGFT had verified the documentary evidence showing establishment of manufacturing/processing units and had carried out physical inspection of these units before issuing import licences, the representative of the Ministry of Commerce during evidence on 07.11.2006 informed that DGFT had not done physical verification. They had issued import licences after verifying the employment through SSI registrations. As physical verification of the firms was not done the Committee directed the Ministry to carry out the same. On the directions of the Committee, the Ministry of Commerce agreed to physically verify, through respective State Governments, all units to whom import licence for marble were issued during the year 2005-2006. Subsequently, the copies of the verification reports received from seven State Governments (Rajasthan, Delhi, Karnataka, Maharashtra, Madhya Pradesh, Haryana and Gujarat) and Union Territories of Dadra and Nagar Haveli and Daman were forwarded to the Committee. The examination of these verification reports produced startling revelation as the Committee noticed the following important deficiencies:—

- (i) 16 applicants were found to be ineligible due to failure to meet eligibility criterion of SIL period import and proof to set up manufacturing facility.
- (ii) Four firms were found to be non-existent and some firms were found to be non-operational.
- (iii) Some of the firms were functioning without SSI registration.
- (iv) Some firms were carrying out gangsaw/cutting work activities on job work basis outside the factory.
- (v) Some firms had not installed gangsaw machine for cutting of marble.
- (vi) Import licence was issued to a firm which neither had SSI registration in his own name nor had the proof of SIL import.

1.52 The Committee are extremely surprised and anguished to note that before issuing import licence, DGFT neither considered it appropriate to verify documentary evidence nor carried out physical inspection of all the units to whom licences were issued for import of rough marble blocks/slabs. As a consequence, some of the ineligible firms were issued licences for import of rough marble blocks/slabs. The Ministry of Commerce while admitting their failure in this regard, assured the Committee to carry out investigation as to how licences were issued to ineligible firms. The representative of the Ministry during further evidence on 03.04.2007 informed that show-cause notice had been issued to 4 ineligible firms. It clearly shows the complicities of the officials in the Ministry. The Committee regret to point out that the Ministry of Commerce failed to properly discharge their mandated responsibilities. It is a serious lapse on the part of the Ministry as it failed to follow its own policy. Import licences were issued to ineligible firms and the Ministry remained oblivious about the matter for years together. The Ministry acted only after the Committee pointed out the matter. The Committee recommend that issuance of licences for import of rough marble blocks/slabs to all the units since 2002 when the existing policy was issued, should be thoroughly probed by a high level independent agency. The licences issued to all such firms, which did not fulfill the eligibility criteria laid down under the policy may be cancelled and penal action may be initiated against them. Further, strict departmental action may be taken against the officials who were instrumental in recommending import licences to ineligible units without properly verifying the facts. The Committee also recommend that other issues raised by the petitioner *viz.* activities of EOUs, import of finished marble under preferential trade agreement, import of marble in the guise of limestone/sandstone should also be thoroughly probed by the said independent agency. The process of inquiry should be completed expeditiously in a time bound manner. The outcome of the inquiry may be submitted to the Committee within a period of three months.

## CHAPTER II

### REPRESENTATION REGARDING VIOLATION OF PAYMENT OF GRATUITY ACT, 1972 BY CHENNAI PORT TRUST

Shri T. Narendra Rao, General Secretary Madras Port and Dock Employees' Union, 185/90, Linghi Chetty Street, Mannady, Chennai has sent a representation alleging violation of payment of Gratuity Act, 1972 by Chennai Port Trust Authorities.

2.2 In the representation, the petitioner submitted that the Chennai Port Trust which falls under the Ministry of Shipping has violated the payment of Gratuity Act, 1972 for its workers and employees. The Chennai Port Trust was paying the Gratuity to its workers and employees in accordance with the Section 4 (2) of the Act till the year 1998 and thereafter, it had unilaterally decided to stop the Payment of Gratuity in violation of the Act. The Union had filed an affidavit in the matter before the Controlling Authority of the Payment of Gratuity Act against the Port Authority for less payment of gratuity. According to the petitioner, the Controlling Authority had given an award in favour of the Union on the contentions that the piece rate wages may also be included apart from basic pay, DA and other allowances for payment of gratuity. It was also mentioned in the award that this kind of similar award was upheld by the Appellate Authority. Hence, the representing employees of the Union are entitled to payment of difference in gratuity. The petitioner also referred to the Section 4 (5) of the payment of Gratuity Act, 1972 which stipulates as under: "Nothing in this Section shall affect the right of an employee to receive better terms of Gratuity under any award or agreement or contract with the employer.

The petitioner, therefore, requested that the Ministry of Shipping, Road Transport and Highways (Department of Shipping) may be instructed to comply with the Acts of Parliament.

2.3 The Committee took up the matter in accordance with Direction 95 of the Directions by the Speaker, Lok Sabha and the representation was forwarded to the Ministry of Shipping, Road Transport and Highways (Department of Shipping) on 27th May, 2005 for furnishing their Comments on the issues raised in the representation. The Committee also undertook on-the-spot study visit to Chennai on 27.04.2006 to get the first hand information on the subject.

2.4 In their response, the Ministry of Shipping, Road Transport and Highways (Department of Shipping) *vide* their O.M. dated 10.02.2006 furnished their comments as follows:—

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The matter has been examined in consultation with Chennai Port Trust. The allegation of the Madras Port and Dock Employees Union (CITU) as

regards violation of Payment of Gratuity Act by Chennai Port Trust for payment of Gratuity to its workers and employees by unilaterally stopping all payment of Gratuity is not correct. Chennai Port Trust is paying gratuity to the retiring employees as per the Provision of Payment of Gratuity Act 1972 or the CCS Pension rule, whichever is more beneficial to the employees. The Union has raised the issue regarding non-inclusion of piece rate wages for calculation of Gratuity. In this regard it is clarified that all employees of Chennai Port are Time-Rated employees. However, some of the employees deployed for cargo handling operations are getting piece rate incentive in addition to time rate wages. They are not given piece rate wages. Piece rate incentive is not taken into consideration for calculation of wages for computation of gratuity under the Gratuity Act. In this regard the Section 2 (s) of the Payment of Gratuity Act 1972, stipulates the definition of wages for calculation of emolument for computation of gratuity. The said section stipulates that wages include the emoluments which are earned by an employee while on duty or on leave in accordance with the terms and conditions of the employment. Since the piece rate incentive is paid to the employee while he is on duty and not paid to the employee for the period of leave, the Piece Rate Incentive is not a part of the wages under Section 2 (s) of the Gratuity Act. In addition to that, when an employee is transferred from one section where there is piece rate incentive to another section where there is no piece rate incentive, he does not get piece rate incentive. Had it been a service condition, the employee would have received it all the time irrespective of the place of posting. Therefore, piece rate incentive is not taken into consideration for computation of gratuity in Port Trust.

The Union has also referred to the Section 4(5) of the Payment of Gratuity Act which stipulates that “Nothing in this section shall affect the right of an employee to receive better terms of gratuity under any award or agreement or contract with the employer.” Therefore the employees are paid gratuity under the Payment of Gratuity Act or under the CCS (Pension) Rules whichever is more beneficial to them. However, the Union had raised this issue before the Assistant Labour Commissioner (ALC) who has passed the award in favour of the employees. After getting the opinion on the award from the Additional Solicitor General, a writ has been filed by the Port before the Hon’ble Madras High Court and the Hon’ble High Court after going through the merit of the case, admitted it for hearing and issued injunction against operation of the award of ALC Chennai. The matter is *sub-judice* and the decision of the Hon’ble High Court is awaited.”

2.5 Elaborating the conditions under which the employees are paid piece rate incentive or Time-rated salary, the Ministry *vide* their written reply dated 7th May, 2007 submitted as follows:—

“All the employees, who are getting piece rated incentive, are time rated employee. They get their monthly time rated salary, which consists of the Basic pay, the Dearness Allowance and other allowances. They also get their increment in the basic pay and change in Dearness Allowance as per the change in consumer price index. In order to enhance the productivity an incentive scheme has been framed and as per the scheme, if they do more than the datum fixed they shall get incentive and that incentive is related to the work done beyond the datum. There is a separate formula to calculate the additional money to be paid to them as incentive. That incentive is named as piece rate incentive.

The time rated employees are demanding that the incentive they get beyond the datum to be taken as incentive as part of emolument for the purpose of gratuity. It is pertinent to mention that as per the Gratuity Act, the piece rated employee *i.e.* the employees who do not get the time rated wages and only get their wages for the numbers of pieces handled at the rate applicable to each piece, their piece rate earning is taken for calculation of gratuity. But the employees of the port are getting incentive in addition to time rated wages.”

2.6 In their written reply, the Ministry also submitted as under:—

“The piece rate incentive scheme was introduced in mid-80s and thereafter the piece rate incentive was taken as a part of pay for payment of pension and gratuity. After detailed examination of the nature of the payment the Government of India in the order dated 24.05.1994 directed the Port not to consider the incentive as a part of pay for payment of pension with effect from 01.01.1988 and accordingly the Government Order has been implemented. Thereafter Port reviewed the status of incentives as regards gratuity and decided that it shall not be taken as a part of the total emolument for payment of gratuity under the Payment of Gratuity Act, 1972 since it is not as per the service condition and part of the wages as defined under the section 2 (s) of the Payment of Gratuity Act, 1972.”

2.7 As regards the difference in wages paid under piece rate incentive *vis-à-vis* time rated scale, the Ministry *vide* their written reply submitted as follows:—

“The employees of the Port Trust are monthly time rated employees with monthly basic pay, dearness allowance and other allowances in the line of Public Sector/Government employees. Therefore, the employees get their wages under monthly time rated scale as per the service condition and the piece rate incentive calculated as per the formula for handling cargo over

and above of the datum. Hence there is no difference in total emolument. The Port employees are monthly time rated employees and they are not piece rated employees. As regards the difference in wages, the piece rate incentive is not taken as wages for calculation of gratuity as it is an incentive to motivate the employee to enhance the productivity over and above the datum.”

2.8 While explaining the piece rate incentive, the Ministry commented as under:—

“The piece rate incentive is attached to the place of posting not to the post. Since the employees are transferred from one place of posting to another place of posting and all the places of posting in the operating department do not have incentive, in case of transfer of an employee from the place of posting with incentive with the post without incentive, the employee do not get the incentive. This is not a loss to the employee since it is not a service condition.”

2.9 The Ministry further explained as under:—

“The benefit is not a part of their service condition like basic pay, dearness allowance, House rent etc. This benefit is attached to the place of posting and the employees are transferred from place to place within a department as per the service condition. It is also pertinent to indicate that even though an employee is posted in the place having incentive he may not get incentive unless his performance is over and above the datum fixed. If he handles cargo on par or below the datum he gets all other earnings as per the service condition, but do not get the incentive. The incentive is calculated on the performance of the whole gang engaged in a hook, therefore, it is the consolidated performance of all the gang members instead of individual performance. The incentive may be compared with the over time in the analogy that when overtime is paid for working beyond the working hours the incentive is paid for performing over and above the datum. Hence, like payment of overtime the payment of incentive is not a service condition to be paid all the times irrespective of the time of working and place of working respectively. It is not a benefit but an incentive and thus by transferring the employee from one place to another, the benefit is not withdrawn. Any other employee who is posted to the place of the transfer gets the incentive based on his performance.”

2.10 Giving reasons for not taking piece rate incentive paid to the employees for payment of gratuity, the Ministry *vide* their O.M. dated 2nd April, 2007 submitted as follows:—

“It is submitted that the piece rate incentive which is paid to the employees of the operating department posted in the place where the piece rate

incentive is applicable as per the settlement with the unions to motivate the employees to improve the productivity over and above the datum fixed, may not be taken as emolument for payment of gratuity due to the following reasons:—

- (a) The employees of the Port Trust are monthly time rated employees in the line of Public Sector Undertakings and Government employees. They are not piece rated employees. In case of piece rated employees the employee gets the wages as per the number of pieces/units executed/attended/completed by him/her. If he does not handle/perform/execute any pieces/units during the stipulated time, he shall not get any piece rated wages. The monetary benefit is the product of the number of units/pieces executed/attended/completed and the rate per unit. The port employees are not piece rated employees because piece rate incentive is given in addition to monthly time rated wages as per the service conditions to motivate them to improve their productivity. This is as per the settlement with the labour unions. Whereas the piece rated employees do not get the monthly time rated wages.
- (b) As per clause 2(s) of the Payment of Gratuity Act, 1972, the wage means the emoluments which are earned by the employee while on duty or on leave in accordance with the terms and condition of his employment and which are paid or are payable to him in cash and includes Dearness Allowance but does not include any Bonus, Commission, HRA, Overtime Allowance and any other allowances. Therefore, the said clause stipulates that the emolument paid in accordance with the terms and conditions of his employment shall constitute the wages for calculation of gratuity under the Gratuity Act. The incentive is not as per the condition of employment. The incentive is given to the employee as per the settlement with the Union for the workers posted in a specific place. The employee during his career while working in different places, he may not get incentive in all the places of posting. Had it been the service condition like Pay, DA, he would have got it irrespective of the place of posting.
- (c) The Controlling Authority, the Assistant Labour Commissioner in its order had taken the incentive paid for extra work done over and above the datum fixed as part of wages in view of the decision taken in the case between M/s Anglo French Textiles Ltd. Vs Proceeding Officer, Labour Court. In the instant case of Anglo French Textiles Ltd., the employees are piece rated employees and not time rated employees. It means that in textile



mill, the employees are paid for the number of units/pieces they manufacture or attend during the day/week/fortnight/month. Hence the wages what they get is the piece rate wages and not the piece rate incentive. They do not have any time rate wages what they will get without attending units/pieces as in the case of Port employees. The Port employees get the time rated wages in the event of not achieving the throughput above the datum or below the datum. Therefore the decision of the case extended to the Port workers by the Assistant Labour Commissioner may not be appropriate in the instant case due to difference in service conditions and ground realities.”

2.11 Responding to a question about the grounds on which the Appellate Authority supported the petitioner’s demand, the Ministry submitted that:—

“The Appellate Authority supported their demand on the ground that the amount paid in the form of incentive for any extra work done over and above the datum fixed, has to be considered as forming part of wages in view of the decision taken in the case between Anglo French Textiles Limited Vs. Presiding Officer, Labour Court (reported in ALBIC of 1981 page 002). He had further supported their demand indicating that the definition of wages as per Section 2 (s) of Payment of Gratuity Act has excluded only the allowance and not either the piece rate wages or piece rate incentive. Hence the piece rate incentive be taken as part of wages for payment of Gratuity.”

2.12 When asked about the latest position of the case, the Ministry *vide* their reply dated 02.04.2007 submitted as follows:—

“Unions had raised the issue before the Asst. Labour Commissioner, the Appellate Authority and the Appellate Authority passed the award in favour of the employees. Port Trust after getting the opinion of the Additional Solicitor General on the award, has filed a Writ before the Hon’ble Madras High Court. The Hon’ble Court after going through the merit of the case admitted it for hearing and issued injunction against operation of the award of the Appellate Authority subject to deposit of 50% of the claim amount with the Appellate Authority. Accordingly, Port Trust has deposited 50% of the claim with the Appellate Authority. The matter is *sub judice* and the decision of the Hon’ble Court is awaited.”

### Observations/Recommendations

2.13 The Committee note from the submission of the petitioner that the workers of the Chennai Port Trust (CPT) have demanded to include the Piece Rate incentive paid to the workers, in addition to monthly rated wages, as a part of emolument for calculation of gratuity under the Payment of Gratuity Act, 1972. According to the petitioner, the CPT was paying gratuity to its employees in accordance with Section 4 (2) of the Act till the year 1998. Thereafter, the CPT unilaterally decided to stop the payment of Gratuity which, according to the petitioner was in violation of the Act. The Madras Port & Dock Employees Union had also filed an affidavit before the Controlling Authority of the Payment of Gratuity Act against the Port Trust for less payment of gratuity and the Controlling Authority had passed award in favour of the Union on the contentions that piece-rate wages apart from basic pay, DA and other allowances be included for computing gratuity. It was also mentioned that similar award had also been upheld by the Appellate Authority. According to the petitioner, the employees are entitled for payment of difference of gratuity.

2.14 The Committee were informed by the Ministry in writing that all the employees of the CPT are time rated employees. They get their monthly time rated salary which consists of the Basic Pay, the Dearness Allowance and other allowances. They also get their increment in the Basic Pay and change in Dearness Allowance as per the change in Consumer Price Index. However, some of the employees deployed for Cargo handling Operations are getting piece rate incentive, in addition to Time Rate Wages. An incentive scheme was framed to motivate the employee to enhance the productivity over and above the datum. As per the scheme, if they do more than the datum fixed they shall get incentive named as Piece Rate Incentive. According to the CPT, the said incentive may be compared with the overtime on the analogy that when overtime is paid for working beyond the working hours, the incentive is paid for performing over and above the datum. Hence, like payment of overtime, the payment of incentive is not a service condition to be paid all the times irrespective of the time of working and place of working.

2.15 The Committee also note that the Piece Rate incentive was introduced in mid-80's and the same was considered by the Port Trust Authorities as a part of pay for payment of pension and gratuity. However, after detailed examination of the nature of the payment the Government of India *vide* its order dated 24.05.1994 directed the Port not to consider the incentive as a part for payment of pension *w.e.f.* 01.01.1988 and the same has since been implemented by the Port. The Committee further note that, after the said decision of the Government of India, the Port reviewed the status of incentive as regards payment of gratuity and decided that it shall not be taken as a part of the total emoluments for payment of gratuity under the payment of Gratuity Act, 1972 as the same is not as per the service condition and part of the wages as defined under Section 2(s) of the payment of Gratuity Act, 1972.

2.16 The issue was also raised by the Union before the Assistant Labour Commissioner, the Appellate Authority and the Appellate Authority had passed the award in favour of the employees. The Appellate Authority supported their demand on the ground that the amount paid in the form of incentive for any extra work done over

and above the datum fixed, has to be considered as forming part of wages in view of the decision taken in the case between Anglo French Textiles Limited vs Presiding Officer, Labour Court. The Appellate Authority had also indicated that the definition of wages as per Section 2 (s) of Payment of Gratuity Act excludes only the allowances and not the Piece rate wages or Piece rate incentive. Hence, the Piece rate incentive be taken as part of wages for payment of Gratuity. However, the Port Trust have contended that the port employees are not Piece rated employees because Piece rate incentive is given, in addition to monthly time rated wages as per the service conditions to motivate them to improve their productivity. The Piece rated employees do not get the monthly time rated wages. As per Clause 2 (s) of the Payment of Gratuity Act, 1972, the wages means the emoluments which are earned by the employee while on duty or on leave in accordance with the terms and conditions of his employment and which are paid or payable to him in cash. Therefore, the said Clause stipulates that the emoluments paid in accordance with such terms and conditions constitute the wages for calculation of gratuity under the Gratuity Act. The incentive is not as per the condition of emolument and the same is given to the employee as per the settlement with the Union for the workers posted in a specific place. The employee during his career while working in different places, may not get incentive in all the places of positing. Had it been the service condition like Basic Pay, DA, he would have got it irrespective of the place of posting. According to the Port Trust, the employees of Anglo French Textiles Limited are Piece rated employees and not time rated employees. It means that in textiles mill, the employees are paid for the number of units/pieces, they manufacture or attend during the day/week/fortnight/month. Hence, the wages what they get is the Piece rated wages and not the Piece rate incentive. According to the Port Trust, the decision of the Assistant Labour Commissioner to extend the decision in the aforesaid case to the Port workers may not be appropriate due to difference in service conditions and ground realities. Port Trust after getting the opinion of the Additional Solicitor General on the award, has filed a Writ before the Hon'ble Madras High Court. The Hon'ble Court after going through the merit of the case admitted it for hearing and issued injunction against operation of the award of the Appellate Authority subject to depositing of 50% of the claim amount with the Appellate Authority. Accordingly, Port Trust has deposited 50% of the claim with the Appellate Authority. The matter is *sub judice* and the decision of the Hon'ble Court is awaited.

2.17 The Committee are not convinced with the reasons adduced by the Port Trust for denying the benefit of Piece rate incentive for payment of gratuity to the employees. The decision of the Government of India *vide* their order dated 24.05.94 regarding non-consideration of Piece rate incentive as part of pay was in the context of payment of pension. There is nothing on record to show that the said decision of the Government was also applicable in the context of payment of Gratuity to the employees. Further, the definition of the 'Wage' as defined under Section 2 (s) of the Payment of Gratuity Act, 1972 also does not explicitly exclude the Piece rate incentive for calculation of payment of gratuity to the employees. Section 4 (5) of the Payment of Gratuity Act also allow the employees to receive better terms of gratuity under any award or agreement or contract with the Government. The Appellate Authority had also considered the issue as raised by the Union and passed the award in their favour.

**In the circumstances, the Committee feel that the contention of the petitioner to allow them the benefit of Piece rate incentive for payment of Gratuity deserves sympathetic consideration, particularly when the benefit was allowed to the employees in the past before its unilateral withdrawal. The Committee regret to note that the Port Trust did not consider the issue comprehensively and from all angles before withdrawing the benefit of the Piece rate incentive for payment of gratuity. It also seems that the said scheme was withdrawn without the prior approval of the nodal Ministry thereby causing resentment amongst the employees. There is also nothing to show that before withdrawal of the said benefit, the employees or the Union were given adequate opportunity to explain their views in the matter. However, since the issue is now before the court for adjudication, the Committee expect that views of the employees will also be suitably addressed and placed before the Court for an early settlement of the matter.**

NEW DELHI;  
17 August, 2007  

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26 Sravana, 1929 (Saka)

PRABHUNATH SINGH,  
*Chairman,*  
*Committee on Petitions.*

MINUTES OF THE FORTY-EIGHTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, the 7th November, 2006 from 1430 hrs. to 1520 hrs. in Committee Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

1. Shri C. Kuppusami
2. Adv. Suresh Kurup
3. Shri Kishan Singh Sangwan

SECRETARIAT

1. Shri U.B.S. Negi — *Under Secretary*
2. Shri H.R. Kamboj — *Assistant Director*

WITNESSES

**Ministry of Commerce and Industry**

1. Shri G.K. Pillai — Secretary
2. Shri B.S. Meena — DGFT
3. Shri N.K. Gupta — Addl. DGFT
4. Shri O.P. Hisaria — Jt. DGFT

2. At the outset, the Chairman welcomed the representatives of the Ministry of Commerce and Industry and drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposal.

3. Thereafter, the Committee took oral evidence of the representatives of the Ministry of Commerce and Industry on the representation of Shri Ravi Kumar Kabra and forwarded by Smt. Kiran Maheshwari, MP regarding import policy framed by DGFT relating to rough marble blocks. The following important points were discussed:

- (i) Free import of rough marble permitted during a brief period by issuing Special Import Licence and its subsequent discontinuation on account of domestic concerns.

- (ii) The domestic production of marble and import licence for marble restricting import to 1-3 lakh tonnes per annum.
- (iii) Issue of licences for import of rough marble without carrying out physical verification as to whether the importers had their own manufacturing/possessing unit and the requisite infrastructure.
- (iv) Steps taken by the Ministry to stop import of marble from Middle East through neighbouring countries under the provisions of various free trade agreements.
- (v) Case pending before the Supreme Court of India challenging the import policy and the direction of the Court not to issue any import licence till the judgement is delivered.
- (vi) Review of import policy regarding marble.

4. The Hon'ble Chairman directed the Ministry to inform the Committee after the import policy is reviewed and the final decision is taken in the matter.

*The witness then withdrew.*

*The Committee then adjourned.*

MINUTES OF THE FIFTY-FIRST SITTING OF THE COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Wednesday, the 31st January, 2007 from 1500 hours to 1615 hours in Committee Room No. 62, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

1. Shri Nandkumar Singh Chauhan
2. Shri Anant Gangaram Geete
3. Shri Wangyuh W. Konak
4. Adv. Suresh Kurup
5. Shri Kishan Singh Sangwan
6. Shri Paras Nath Yadav

SECRETARIAT

1. Shri J.P. Sharma — *Joint Secretary*
2. Shri A.K. Singh — *Director*
3. Shri U.B.S. Negi — *Under Secretary*
4. Shri H.R. Kamboj — *Assistant Director*

WITNESSES

**Ministry of Commerce and Industry**

1. Shri B.S. Meena — *Director, DGFT*
2. Shri N.K. Gupta — *Additional Director, DGFT*
3. Shri O.P. Hisaria — *Joint Director, DGFT*

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At the outset, the Chairman welcomed the representatives of the Ministry of Commerce and Industry and Ministry of Science and Technology to the sitting of the Committee. He then drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposal.

2. Thereafter, the Committee took oral evidence of the representatives of the Ministry of Commerce and Industry on the representation of Shri Ravi Kumar Kabra and forwarded by Smt. Kiran Maheshwari, MP regarding import policy framed by DGFT relating to rough marble blocks.

3. The following issues/points were discussed by the Committee:—

- (i) Direction of Supreme Court in the matter regarding import policy of marble.
- (ii) Review of the policy/criteria for grant of licence and physical verification of infrastructure/issue of licences to those firms which do not fall under the criteria or do not have requisite infrastructure and investigation thereinto.
- (iii) The adverse impact of import of marble on small traders or small-scale industries or on other states.
- (iv) Misuse of licence to import marble more than the prescribed quota or import of bad quality of marble and the investigation therein.
- (v) Seizure of marble imported more than the prescribed quota by the custom authorities.
- (vi) The basis on which licences were issued to those who did not fulfil the prescribed terms and conditions by 2002 and the reasons for not cancelling licences in such cases.
- (vii) Submission of report to the Committee after review of import policy of marble.
- (viii) Submission of report to the Committee after review of import policy of marble.
- (ix) To call officers from the Custom Department in the next sitting to inquire about smuggling of marble.
- (x) Alleged misuse of licence meant for import of limestone and sand stone for importing marble and renewal of such licences even though there was no import for 2 years and the need for investigation thereinto.

4. The Committee desired that the requisite details/information on all the points which were discussed in the sitting might be supplied to the Committee at the earliest.

*The witness then withdrew.*

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*The Committee then adjourned.*



MINUTES OF THE FIFTY-FIFTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, the 3rd April, 2007 from 1500 hours to 1640 hours in Committee Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

1. Shri N.S.V. Chitthan
2. Shri Mohan Jena
3. Adv. Suresh Kurup
4. Shri Kishan Singh Sangwan

SECRETARIAT

1. Shri A.K. Singh — *Director*
2. Shri U.B.S. Negi — *Deputy Secretary*
3. Shri H. R. Kamboj — *Deputy Secretary-II*

WITNESSES

**Ministry of Commerce and Industry**

1. Shri G.K. Pillai — *Secretary*
2. Dr. C.L. Fernandez — *Director-General of Foreign Trade*
3. Dr. Shyam Agarwal — *Addl. Director General of Foreign Trade*

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2. At the outset, the Chairman welcomed the representatives of the Ministry of Commerce and Industry to the sitting of the Committee. He then drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposal.

3. Thereafter, the Committee took oral evidence of the representatives of the Ministry of Commerce and Industry on the representation of Shri Ravi Kumar Kabra and forwarded by Smt. Kiran Maheshwari, MP regarding import policy framed by DGFT relating to rough marble blocks.

## 4. The following important points were discussed:

- (i) Follow up action taken by the Ministry of Commerce on the directions issued by the Committee regarding verification of firms to satisfy the eligibility criteria for issue of import licence.
- (ii) Status of the verification reports received from five State Governments and discussion thereon.
- (iii) Issue of Import licences to ineligible units, based on the verification reports received from State Governments.
- (iv) Circumstances under which licences were issued to firms, which were found to be ineligible.
- (v) Action to be taken by the Ministry of Commerce against the firms, which were found to be ineligible to get import licences, based on the physical inspection reports.
- (vi) Status of the applications received for import licenses for the year 2006-07.
- (vii) Import of marble under the guise of limestone/sandstone. Remedial steps proposed to be taken by the Customs authorities.
- (viii) Confiscation of marble by the customs authorities. Instances of misuse of import licence; action being taken by the customs authorities based on the letter addressed by the Commerce Ministry to check misuse of import licences.
- (ix) Demand of limestone in the domestic market, its production and quantity of its import from other countries. Enhancement of quota for import of limestone; criteria for enhancing the quota and renewal of such licenses.
- (x) Import of marble from Sri Lanka under free trade agreement; loss of revenue to the exchequer.
- (xi) Upholding the decision of the Government by the Hon'ble Supreme Court of India to ban DTA sale.
- (xii) Constitution of an Inter-Ministerial Group to review the present import policy of marble.

*The witnesses then withdrew.*

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*The Committee then adjourned.*

MINUTES OF THE SIXTY-FOURTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Friday, the 17th August, 2007 from 1500 hours to 1530 hours in Chairman's Room No. 45(II), Ground Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri N.S.V. Chitthan
3. Shri Anant Gangaram Geete
4. Shri Mohan Jena
5. Shri C. Kuppusami
6. Adv. Suresh Kurup
7. Shri Kishan Singh Sangwan
8. Shri Jyotiraditya M. Scindia
9. Shri Paras Nath Yadav

SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shri U.B.S. Negi — *Deputy Secretary*
3. Shri H.R. Kamboj — *Deputy Secretary-II*
4. Shri V.P. Gupta — *Under Secretary*
5. Smt. Jagriti Tewatia — *Committee Officer*

2. The Committee considered the draft Twenty Ninth, Thirtieth and Thirty First Reports and adopted the same without any modification.

3. The Committee also authorised the Chairman to finalise and present the Reports to the House.

*The Committee then adjourned.*