

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

UNSTARRED QUESTION NO:6277

ANSWERED ON:06.05.2013

IRREGULARITIES IN EXTERNAL TRADE

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

- (a) whether there have been major irregularities in the external trade with most of the export data found not matching against their corresponding banking transactions and if so, the details thereof along with the facts in the matter;
- (b) whether the Government proposes to take steps to ensure that exporters do not hide or fudge their export transactions with the various banks and if so, the details thereof and if not, the reasons therefor;
- (c) the details of claims paid by the Export Credit Guarantee Corporation of India Limited (ECGCIL) to various banks as per the cover provided to banks against any unforeseen losses during the last three years, bank-wise;
- (d) whether the ECGCIL has suffered huge losses and repeatedly ignored the bank's failure to update customers list and if so, the details thereof and the reasons therefor; and
- (e) whether the Government proposes to release subsidy to the Government scheme beneficiaries online from the current fiscal year by involving banks and if so, the details thereof and if not, the reasons therefor including the amount of subsidy released during the last three years and the current year?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(a) No Madam. Reserve Bank of India (RBI) has, however, informed that there has been mismatch (not irregularities) in exports data as communicated to RBI by Customs (based on shipment of goods and services) and banks (based on documents deposited with banks). This mismatch is on account of various factors like lead and lag in undertaking exports and approaching bank for discounting/negotiation of documents, part negotiation of bills, errors of multiple level data entry / wrong data entry at either level, etc.

(b) A mechanism already exists in this regard. Under the present procedure, exporters have to declare the exports details in GR/PP/SOFTEX Forms which are verified by Customs. All the transactions are routed through banking channel and it is mandatory to realise and repatriate export proceeds within the stipulated period, which is presently, twelve months.

For ensuring timely and proper realisation of export value and fulfilment of conditions of order, RBI shares Caution List of defaulting exporters with Customs Authorities in India and Banks.

(c) Details are given in Annexure.

(d) Export Credit Guarantee Corporation of India Limited (ECGCIL) provides cover to banks under ECIB (Export Credit Insurance for Banks) on 'account to account basis' and a not on transaction to transaction basis. Therefore, updation of customer list may not be relevant. The bank lodges a claim only when the entire account becomes an NPA, generally with a consequent time lag, generally perceived to be of over one year.

The claims paid to banks in respect of short term ECIB covers is as under:-

Particulars	2008-	2009-	2010-	2011-	2012-	Average
	09	10	11	12	13	

Claim to premium ratio 50% 76% 90% 104% 63% 74%

(e) Under certain export facilitation schemes like Duty Drawback, administered by Department of Revenue and Interest Subvention Scheme, administered by RBI through banks, money is deposited in the bank account of the exporter.