

the world trade and a decline in investment activity. There has been a consequent slackening of domestic demand across most sectors.

Taxation 2000-00

False Customs Duty Drawback

1632. SHRI JANG BAHADUR SINGH PATEL : Will the Minister of FINANCE be pleased to state:

(a) whether frauds in the customs duty drawback availment have come to light where drawback has been availed without any exports actually taking place;

(b) if so, the number of cases have come to light in the last three years giving the full details thereof together with the *modus operandi* adopted in those cases;

(c) the money involved in those frauds and the people involved in those scams/fraud; and

(d) the action taken by the Government thereon fraud-wise?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) Yes, Sir. During the last three years, 13 cases have come to light where Customs Duty drawback has been availed without any exports actually taking place. The common *modus operandi* followed in 12 of these cases involved filing of forged documents and shipping bills by the claimants, wherein the examination reports by the Customs Officers on the shipping bills were also forged. In one case, the *modus operandi* involved making fraudulent entries in the Customs EDI/Computer System including Examination Report, by using computer passwords allocated to Customs Officers, to avail drawback.

(c) and (d) The total amount of drawback involved in these 13 cases is Rs. 59.24 crores.

In one case, adjudication proceedings have been completed and demand recovery of drawback amount of Rs. 49.60 crores for bogus exports from Mumbai Air Cargo Complex claimed fraudulently during the period of July, 1995 to October, 1997, has been confirmed against the claimant. In this case, the main person involved, who admitted the fraud, was arrested in October, 1997, and was subsequently detained under the COFEPOSA Act,

1974. This case is being further investigated by the Central Bureau of Investigation. The recovery proceedings are also underway and an amount of Rs. 4.72 crores has already been recovered.

In two other cases of bogus exports from Delhi Air Cargo Complex during the period of August, 1998 to December 1998, involving fraudulent drawback claim of 5.40 crores, six persons were arrested and an amount of Rs. 1.83 crores has been recovered/frozen in the claimant's Bank account.

In addition to the above, investigations are presently in progress by the Directorate of Revenue Intelligence in one case involving drawback amount of Rs. 1.90 crores, and by Central Bureau of Investigation in 9 cases detected at Nhava Sheva Port involving drawback amount of Rs. 2.34 crores.

In order to prevent such instances of outright fraud, the Ministry has taken the following steps:

- (i) A tighter detailed procedure for scrutiny of drawback claims before sanction and disbursement of drawback has been prescribed. This procedure includes matching of all drawback claims with details of physical exports and a new procedure for post audit of drawback claims, wherever the drawback amount exceeds Rs. 1 lakh, both in the manual system and in the EDI/computerised system of disbursement of drawback.
- (ii) All field formations of customs have been alerted to step up intelligence and maintain greater vigil at all levels to prevent recurrence of such frauds.

Import of Coins

1633. SHRI C.P.M. GIRIYAPPA :
SHRI MOHAN RAJALE :
SHRI PANKAJ CHOUDHARY :
DR. RAMKRISHNA KUSMARIA :
SHRI RAMPAL SINGH :
SHRI NRIPEN GOSWAMI :
SHRI SUSHIL CHANDRA VARMA :

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to import coins of small denominations such as Rs. 1, 2 and 5 to cope with the ongoing scarcity of small coins in the country,