

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI ARANGIL SHREEDHARAN): (a) and (b) The setting up of certain joint venture projects for manufacture of DAP/phosphoric acid in USA and Jordan are presently at discussion stage in MMTC from technical and operational angles. No specific proposals have emerged.

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Check on Deficit Financing

2715. SHRI G. S. BASAVARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry had taken a number of measures to check the deficit financing;

(b) if so, the details thereof; and

(c) to what extent it has been checked so far?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) and (b) Yes, Sir. Government has initiated steps to maximise revenue receipts and contain expenditure growth. All Ministries/Departments have been requested to make sustained efforts for reducing the burden of administrative expenditure and exercise careful scrutiny of all ongoing programmes and schemes. They have been advised not to make any fresh demands for additional funds, however, important or urgent the requirement may be unless they are in a position to identify matching savings in their other ongoing programmes. Orders have been issued imposing a cut in expenditure on foreign travel and petrol and diesel consumption.

(c) The impact of these measures will be known over a period of time.

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Payment of Commission by Banks

2716. SHRI SANAT KUMAR MANDAL: Will the Minister of FINANCE be pleased to state:

(a) whether nationalised banks are paying commissions to large depositors including chiefs of public sector undertakings;

(b) if so, the details thereof?

(c) the names of banks that have been indulging in this practice; and

(d) the action taken/proposed to be taken by Government in this regard?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) to (d) Reserve Bank of India (RBI) has reported that they have not received any specific complaints indicating names of Banks/Undertakings regarding payment of commissions by Nationalised Banks to large depositors including public sector undertakings. Reserve Bank of India has issued a series of instructions prohibiting banks from paying brokerage in any form for acquiring or mobilising deposits to any individual, firm, company, association, institutions or any other person. The Chairmen of Banks have been asked to take effective steps to ensure that any practice of giving inducement in any form are not resorted to in their banks. They have also been asked to bring to the attention of RBI cases coming to their notice where deposits have been acquired by banks by resorting to unfair practices or in contravention of the Reserve Bank of India's instructions.

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Under-Invoicing of Import

2717. SHRI SANAT KUMAR MANDAL: Will the Minister of COMMERCE be pleased to state:

(a) whether in a bid to discourage under-invoicing of imports and plug revenue leakages, India has pressed for a significant change in the import valuation code of the General Agreement on Trade and Tariffs (GATT);

(b) whether the GATT code has created problems of underinvoicing for India; if so, the reasons therefor; and

(c) the stage at which the matter stands at present?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI ARANGIL SHREEDHARAN): (a) to (c) A statement is given below.

STATEMENT

In the context of the Uruguay Round Negotiations for improvement and modification of the Tokyo Round Agreements, India submitted a proposal in September, 1987 relating to the Agreement on Custom Valuation. In the light of the experience with the operation of the Custom Valuation Agreement, India proposed that adequate flexibility should be provided to enable the Customs Administration to shift the burden of proof to the importer regarding the transaction value of the imported goods under certain circumstances, e.g.:

- (i) when the declared price is less than that noticed by the Customs authorities in a series of transactions immediately preceding the relevant one;
- (ii) when the declared price is less than that noticed for transactions involving identical goods imported directly from the country of manufacture.

This proposal was made on the basis of our experience that the existing provisions of the Agreement are inadequate to deal with the situation of collusion between importer and exporter for undervaluation of goods in order to evade customs duty. This is not a problem faced by India alone and is shared by several other developing countries for whom custom duties form a substantial portion of their revenues. This general problem faced by developing countries in implementing the Custom Valuation Agreement has been recognised by all signatories to the Agreement.

As a result of consultations among participants in the Uruguay Round negotiations, there now appears to be broad agreement that where Customs authorities have reason to doubt the truth or accuracy of the invoice, they

will be given adequate flexibility to seek further explanation and information pertaining to the transaction from the importer. If after receiving further information, the Customs authorities still have reasonable doubts regarding the veracity of the declaration, they may set aside the declared value after communicating the grounds for doing so to the importer and providing him a reasonable opportunity to respond. After agreement has been reached among all the participants, an understanding to this effect will be incorporated as a decision of the members of the Customs Valuation Agreement.

218. *Export (s)*

Incentives to EPZs

2718. SHRI SANAT KUMAR MANDAL: Will the Minister of COMMERCE be pleased to state:

(a) whether the Falta Export Processing Zone Advisory Committee at its first meeting held on July 3, 1990 urged Union Government to bring about some policy modifications so as to extend more incentives to Export Processing Zones;

(b) if so, the specific policy modifications sought and other demands made; and

(c) the Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI ARANGIL SHREEDHARAN): (a) Two meetings of the Advisory Committee set up for the Falta Export Processing Zone have been held, one on July 13, 1990 and another on August 4, 1990. The Advisory Committee in its meetings suggested some measures for rapid growth of the Falta Export Processing Zone.

(b) A statement is given below.

(c) Formal proposals from the Development Commissioner on the recommendations of the Committee are awaited.