

State-wise break-up. I also want to know if the Governments have a list with them; if not, will the Minister conduct a survey of such people who talk of morals and credibility but who have got their money in Switzerland. I want to get a specific answer from the hon. Minister and I want to know the State-wise details from him.

SHRI MANMOHAN SINGH : I have no such list with me.

KUMARI MAMATA BANERJEE : Will the hon. Minister make a survey so that the country's money can be saved?

SHRI MANMOHAN SINGH : If we get any cues, we will take action; if the hon. Member has nay information it may be passed on to me.

KUMARI MAMATA BANERJEE : I have got lot of information with me.

Monitoring of Export Proceeds

Realisation by Exporters

*123. SHRI CHETAN P.S. CHAUHAN : Will the Minister of COMMERCE be pleased to state :

(a) whether some of the exporters have been found to be refraining from realisation of their export proceeds;

(b) if so, the amount of non-realisation of export proceeds by the exporters during 1995;

(c) the action taken or proposed to be taken by the Government against them;

(d) whether the Government are monitoring the realisation of export proceeds by the exporters;

(e) if so, the details thereof; and

(f) if not, the reasons therefore?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM) : (a) to (f). A Statement is laid on the Table of the House.

STATEMENT

(a) Yes Sir.

(b) to (f) According to the information received from the Reserve Bank of India, the amount of export proceeds pending realisation beyond the due date, as on 30th June, 1995 is Rs. 5168.64 crores.

The Reserve Bank of India monitors the realisation of export proceeds by the exporters. Where proceeds are not realised within the stipulated time period, the Reserve Bank of India follows up with the concerned exporters and their bankers for ensuring realisation of the outstanding export proceeds. Extension in time for realisations of export proceeds is granted in appropriate cases.

Cases of recalcitrant exporters are referred to Enforcement Directorate for necessary investigation and action under the Foreign Exchange Regulation Act, 1973.

[Translation]

SHRI CHETAN P.S. CHAUHAN : Mr. Speaker, Sir, it is a matter of serious concern that out of the total Indian export of Rs. 85,000 crores during 1994-95 about eight percent sales proceeds nearing Rs. 7,000 crores were not allegedly repatriated. This was revealed by the Central Economic Intelligence Bureau, a Government agency under the Ministry of Finance.

The Central Economic Intelligence Bureau has made a study regarding non-repatriation by certain units of their proceeds and has in its recommendation said:

[English]

The Income Tax Act, 1961 provides for deduction of 100 per cent of profit on the ground of misuse.

[Translation]

I would, therefore, like to know whether the hon. Minister is considering this recommendation so that some control can be exercised on this un-repatriated money amounting to nearly Rs. 7,000 crores.

[English]

SHRI P. CHIDAMBARAM : The figure of a little over Rs. 5,000 crore which is outstanding exports proceeds realisation as on the 30th June, 1995 is not out of 1994-95 exports alone. It is a cumulative figure over a period of years. Therefore, I would disagree with the hon. Member that it is eight per cent of that year's exports. That represents the cumulative arrears over a period of time.

SHRI BHOGENDRA JHA (Madhubani) : From When?

SHRI P. CHIDAMBARAM : It is a cumulative figure from the very beginning. It is a cumulative figure which is maintained from the very beginning whenever the exports realisation did not come.

SHRI CHETAN P.S. CHAUHAN : When did that begin ?

SHRI P. CHIDAMBARAM : It is several years ago.

SHRI CHETAN P.S. CHAUHAN : Up to 1993 it was only Rs. 1200 crore. For your information it was only Rs. 1200 crore up to 1992-93. The maximum figure of the amount not repatriated is only after 1993.

SHRI P. CHIDAMBARAM : I was only disagreeing with the hon. Member that he applied this Rs. 5,168 crore on 1994-95 exports alone. I will give the figures. For example, in June 1994 the outstanding was Rs. 3,644 crore, in December 1994 it was Rs. 4,492 crore and in June 1995 it was Rs. 5,168 crore. During this period in 1992-93, 1993-94, 1994-95 our exports have risen by 3.8 per cent, 20 per cent, 18 per cent and now over 22 per cent. Therefore, the proportion which the hon. Member wishes to draw would not be a correct proportion to draw.

As regards action to be taken, yes, action has to be taken by the Reserve Bank of India.

Both under F.E.R.A. and other laws, authorised, dealers are required to report in every quarter and in every six months about the outstandings. Show cause notices are issued and the Reserve Bank is taking action against persons who do not have permission for an extended period to repatriate and would not have repatriated their export proceeds.

SHRI CHETAN P.S. CHAUHAN : Sir, my second Supplementary is as follows : From 1990 to 1995, availing of export benefit was linked to remittances. But after the hon. Minister has taken over he has removed this condition of remittances. Now, in the new policy which the hon. Minister has formed he has done away with this stipulation of export realisation and the entire

onus has been put on the Reserve Bank of India for the repatriation and for the remittances. Under the Foreign Exchange Regulation Act, 1973, the non-repatriation of export earnings is not an offence, which the hon. Minister is talking about.

The other problem is with the rise in the dollar rate. Most of the exporters are delaying the realisation of their exports. What is the hon. Minister doing about this? You are putting the onus on the Reserve Bank of India and the survey also shows that the Reserve Bank of India is also not prepared as yet, it is not geared up for this change which the hon. Minister has brought in. The hon. Minister of Finance is also sitting here. It is a very serious situation that the exporters are deliberately not getting their remittances because the dollar rate is increasing. It is a very alarming situation and it seems that there is no coordination between the Ministry of Finance and the Ministry of Commerce. What the hon. Minister is going to do about this situation? You are putting the entire onus on the Reserve Bank of India and the Reserve Bank of India says that they are not geared up for this kind of situation. How is the hon. Minister going to tackle this situation?

SHRI P. CHIDAMBARAM : Sir, I would most humbly submit that the inferences which the hon. Member is drawing may not be quite right and not borne out by the facts either. The Reserve Bank and the hierarchy of banks perform the banking functions. The trade regime and trade policy is aimed at facilitating imports and accelerating exports so that the trade intensity of the economy goes up from the current level of about 19 per cent to a desired level of about 30 per cent which is what most developing countries, which have shown remarkable progress, have achieved.

Now, you can have any number of forms, any number of certificates and any number of authorisations in order to give a benefit to an exporter. The idea is to reduce that number; the idea is to keep control at one point and not at several points. Now, what was the purpose of insisting upon an export realisation certificate? The purpose was that he will get his incentive only after he produces that certificate. But that certificate is another document, another impediment in the free flow of trade and in the quick movement of goods in and out of the country. So, after talking to the Governor, the Governor convinced us that the Reserve Bank of India and the banking system are fully geared to deal with the export realisation. So, with the full concurrence of the Governor and the Ministry of Finance, we eliminated this requirement of an export realisation certificate. Now, the Reserve Bank is monitoring and what are the results? It shows Rs. 5,000 crore as export outstanding over a

period of time. Even applied to today's level of Rs. 100,000 crore, this five per cent is five per cent even on current level of Rs. 100,000 crore. But, if you take my earlier statement it is a cumulative figure; it is a very small proportion. Why does it happen? There are ten countries with serious BoP problems. Money does not come from those countries. There could be a case of importers going bankrupt; there could be a case that the goods are returned. One has to provide a certain amount of cushion for defaults which will occur in the normal course of trade and business. Is it alarming? To the best of my judgement and what I have spoken to the Governor, it is not an alarming situation.

The Governor and the Reserve Bank have assured me that they are fully in control of the situation and that repatriation is normal and the outstanding level is also normal. Secondly, I have been told that if you fail to repatriate within six months and do not take an extension from the Reserve Bank, then both the authorised dealer who does not report is liable to face penal action as well as the exporter who does not realise it is liable to face penal action. If a specific question is put, I am sure the Finance Ministry will reply about the action taken and the punishments given to both the authorised dealers and to exporters.

SHRI NIRMAL KANTI CHATTERJEE : Sir, after this extended non-reply, let me put this question.

AN HON. MEMBER : What is this extended non-reply?

SHRI NIRMAL KANTI CHATTERJEE : That is a rigmarole.

SHRI P. CHIDAMBARAM : That is a dialectical material...*(Interruptions)*.

SHRI NIRMAL KANTI CHATTERJEE : Sir, even his figures - he is not fond of figures - indicate that accumulation of foreign exchange elsewhere out of export is at a higher rate than the growth in exports. That is what his figures tell. The question is, it within his purview to answer how many of these recalcitrant exporters are not bringing in and for how many years? He says it is all cumulative. I would like to know what is the amount of five-year old cases and what steps have actually been taken against them? The question is not whether this annual accretion of Rs. 1,00,000 crore is one per cent of the GDP, the question is that Rs. 5,000 crore of foreign exchange is not with us right at this time which depletes our foreign exchange reserves. So, will the hon. Minister please satisfy us that the cases are all up-to-date, others have been punished and this is the manner in which they have been punished.

SHRI P. CHIDAMBARAM : Sir, I do not have the figures of year-wise action taken or punishments meted out. I have the figures for the year 1995. In 1995, based on investigations made, sixty-four show cause notices involving cases of the value of Rs. 10 lakh and above were issued...*(Interruptions)*.

SHRI NIRMAL KANTI CHATTERJEE : Which year's case?

SHRI P. CHIDAMBARAM : Sir, obviously it will relate to a case of 1994, 1993 and 1992.

SHRI NIRMAL KANTI CHATTERJEE : Not obviously, is it a five-year old case?

SHRI P. CHIDAMBARAM : Sir, as I said, I do not have the date-wise or the year-wise data. I started by saying that I do not have the year-wise data. In 1995, the Reserve Bank has issued sixty-four show cause notices, involving cases of the value of Rs. 10 lakh and above to exporters for failure to repatriate export earnings.....*(Interruptions)*.

SHRI SYED SHAHABUDDIN : Mr. Speaker, Sir, my question takes this very issue a little further. Does the hon. Minister in the Ministry of Commerce maintain a list of such recalcitrant exporters who, over the years, have been evading the transfer of the total realisation of the export proceeds and whether such a list is published so as to bring such defaulters into the public domain and perhaps shaming them into action. I would like to know the number of such exporters corresponding to this figure of Rs. 5,168 crore - the total number at least he should have - number of cases in which penalty has been imposed during the period that you are talking about, and the nature of those penalties imposed either by the Reserve Bank of India or the ministry of commerce.

SHRI NIRMAL KANTI CHATTERJEE : Only notices have been issued.

SHRI SYED SHAHABUDDIN : No, there must have been also some cases where penalties have been imposed.

SHRI P. CHIDAMBARAM : Sir, when RBI taken action against an exporter for default, it sends a list to the Ministry of Commerce and that list is maintained to deny to them any other advance licences or similar licences.

So, that list is available with the Ministry of Commerce. I do not believe it is being published in the manner in which the hon. Member has suggested. As far as the actual number of cases is concerned, that is not within my knowledge. It is not available with me. On that, I would request, that a separate question may be put to the Finance Ministry, and R.B.I. will furnish the case-wise and amount-wise action taken. That is not within my jurisdiction.

SHRI RAM KAPSE : Mr. Speaker, Sir, I would like to know whether the hon. Minister will table the year-wise information which has been asked for by the Members and I would also like to know whether he is satisfied by the discussion with the Governor of R.B.I. that the situation is really normal. I would request him to tell this. Secondly, you are having the list of offenders and, therefore, you do not issue the new licences and all that. I want to know whether there are any habitual offenders who were caught in this process.

SHRI P. CHIDAMBARAM : Sir, as far as the first part of the question is concerned, I have just consulted the Finance Minister and, Yes, we will ask the R.B.I. to furnish us the year-wise action taken and we will lay it on the Table of the House.

On the second question, I would require notice. I cannot say Yes or No. But as far as possible, the instructions are that if a list of defaulters comes from DRI and customs* no further advance licence and similar licence should be issued to such a person. I would require notice about whether, despite that, licences have been issued to* a habitual offender and I will furnish the information.

SHRI RAM KAPSE : Will you table that information also?

SHRI P. CHIDAMBARAM : Yes, I will table whatever information that I get.

SHRI MURLI DEORA : Sir, the most important factor that has led to the increase in the non-repatriation of export proceeds is the continuous depreciation of Indian rupee and the Minister knows that. In the last year the realisation of export proceeds which were transferred were much less than what they are today. I would like to ask the hon. Minister as to what steps the Government is taking to stabilise the value of Indian rupee which will prevent further non-repatriation.

MR. SPEAKER : No, that cannot be asked from the Commerce Minister.....(*Interruptions*)

DR. KARTIKESWAR PATRA : Sir, I would like to know from the hon. Minister as to what are the reasons of pendency of realisation of export proceeds and whether there are any procedural defects or it has been done intentionally by the exporters for the non-realisation of export proceeds. I also want to know whether it has been surveyed as to what are the reasons of so much accumulation of amount. An amount of Rs. 5,618.64 crore is yet to be realised from the exporters.

*corrections have been allowed as per Direction 16(3) of the Directions by the Speaker.

SHRI P. CHIDAMBARAM : Sir, from time to time the Central Economic Intelligence Bureau takes up the number of cases of non-repatriation of export proceeds and tries to find out why they have not been able to repatriate. Some reasons come up in these studies. For example, during a certain period, a large number of African countries faced serious foreign exchange problems and, therefore, those countries have barred any repatriation of earnings. Another reason which has come up in another study is that the technical credit was suddenly stopped in case of exports to the former Soviet Union and during that period, a large amount of money could not be repatriated from the former Soviet Union to India.

Another reason which has come up is that foreign buyers have refused to take delivery of goods on the allegation that they are of poor quality or delivery was delayed or packing was bad and those kind of reasons. Another reason which has come up is that the B.C.C.I. Bank was liquidated and again a lot of money got blocked there. Another reason is that Iraq had serious problems and a little over Rs. 11 crore could not be brought. There are a number of reasons. These reasons are being addressed as and when these reasons arise.

SHRI BHOGENDRA JHA : I would like to know from the Minister whether, and if any, what part of amount of the non-realised export proceeds are being or have been utilised for arms-droppings like the Purulia incident or for financing the conduits like Jain brothers through the *Hawala* proceeds and endangering our national security like this. Let him say no art is being used. Why can he not say when are they going? I would also like to know whether, or if any, what part or what amount is being utilised for this. The non-realised export proceeds must go through some way, must go somewhere. If they endanger our national security, they are much more offensive than the economic offences. Let him answer this, Sir.

MR. SPEAKER : Can you answer?

SHRI P. CHIDAMBARAM : Sir, it is obvious that I cannot answer such a question.

SHRIMATI SUSEELA GOPALAN : Sir, I have asked a question to the Finance Minister whether the parking of the export earnings due to the reasons of slide in the value of Indian rupee against Dollar has come to the notice of the Government and he has replied that it has come to the notice of the Government, however, delays in the repatriation of export earnings have been noticed. The prohibition already exists under Foreign Exchange Regulation Act, 1973 for imposition of penalty upto the time of the amount involved. The law also provides for prosecution of the defaulters. But with all these things, now these export repatriations stand at Rs. 7 crore. That

is what the *The Economic Times* have reported on 7th February. Last year UNI backgrounder, according to the Report of the Central Economic Intelligence Bureau, the intelligence arm of the Finance Ministry, had quoted proceeds to the tune of more than two billion dollars were not repatriated in 1995. That means, year after year it is increasing and they say the present law is enough to deal with such a situation. Now, especially because of the fall in the value of the rupee, devaluation, naturally this will go up. What steps are actually immediately taken by the Finance Ministry in seeing the mammoth volume of amount not repatriated?

SHRI P. CHIDAMBARAM : Sir, the report which the hon. Member refers to and which appeared in *The Economic Times* has been brought to our notice also. It quotes Government officials, but there is not Government official who says that he was the author of this report or gave material for this report. This report is not quite right.

I just want to take few seconds to make this point. If a country has \$ 100,000 crore worth of export and there are thousands of players in the export-import field, there would be a small amount which will be outstanding on any give date - some for good reasons and some for bad reasons. There are good reasons where an importer, for example, has gone bankrupt in the other country. The poor exporter cannot bring that money. That is a good reason. Obviously, there are bad reasons also where he exports to an non-existent importer there. That is a bad reason. Then, action has to be taken, but I do not think we should paint it as an alarming picture. We believe that the law is adequate, FERA Section 73 is adequate.

But since the hon. Member has made the point, I would certainly write to RBI and request them to take a second look at the law. If the law has to be tightened, I am sure, they will take steps to tighten the law.

[Translation]

Action Plan For Export

*125 DR. MUMTAZ ANSARI :

SHRIMATI SHEELA GAUTAM :

Will the Minister of COMMERCE be pleased to state :

(a) whether Federation of Indian Chambers of Commerce and Industry (FICCI) has formulated any action plan to boost exports;

(b) if so, the details thereof;

(c) whether FICCI has requested the Government to adopt this action plan;

(d) if so, the reaction of the Government is this regard; and

(e) the steps proposed to be taken by the Government to boost the exports?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM) : (a) to (e). A statement is laid on the Table of the House.

STATEMENT

The Federation of Indian Chambers of Commerce and Industry (FICCI) have prepared a paper outlining a four-pronged export promotion strategy to the working Group on Exports constituted by planning commission under the chairmanship of commerce secretary. The export promotion strategy suggested by FICCI comprises (i) planning for global market, (ii) Improving India's competitiveness, (iii) Minimising cost disabilities, and (iv) Building Brand image.

Steps are taken to boost exports in consultation with trade, industry and other concerned institutions. The Government is striving to make the environment of policy and procedures increasingly export-friendly. Among the measures taken for export promotion, mention may be made about simplification of export-import policy and procedures, increasing export production, improving efficiency and competitiveness, focusing on quality improvement and technological upgradation, improvement in infrastructure and actively involving state Governments in export promotion. In the current year an Annual Action Plan has been formulated which, inter alia, covers commodity-specific and country-specific measures for export promotions. Export promotion is a continues activity and the Government constantly interacts with the exporting community regarding steps required to accelerate export performance.

DR. MUMTAZ ANSARI : Mr. Speaker, Sir, as far as improvement or export promotion is concerned, many steps have been taken by the Ministry of Commerce like improving the efficiency and effectiveness and the Ministry has taken various steps to improve the infrastructure also. In all the advanced States and the advanced cities, the infrastructure has been improved and a huge investment has been made for a long time in all these States and the cities for improving the infrastructure.

The backward States like Orissa, Bihar and West Bengal have a lot of mineral resources and they have a very high export potential. So, I would like to know from the hon. Minister as to what steps he is going to take for