

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

UNSTARRED QUESTION NO:1861

ANSWERED ON:26.07.2002

MISUSE OF EXPORT PROMOTION SCHEMES

CHADA SURESH REDDY;CHELLAMELLA SUGUNA KUMARI;KINJARAPU YERRANNAIDU;SUKENDER REDDY GUTHA

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

- (a) whether the Government are aware that export promotion schemes are being misused rampantly;
- (b) if so, the number of cases detected during the last three years particularly about the misuse of DEPB and EPCG;
- (c) the action taken thereon; and
- (d) the steps taken to tighten inspection of exports and imports from / to free ports, especially from Dubai, Hong Kong and Singapore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) to (c): Government has been receiving some complaints regarding misuse of export promotion schemes from time to time which interalia include misuse of advance licenses, EPCG, DEPB Schemes etcln addition some complaints have also been received in the past about over invoicing of exports, mis-declaration, submission of forged documents and suppression of facts etc.

Every such complaint is investigated and dealt with under the provisions of Foreign Trade (Development & Regulation) Act, 1992, and Rules and Orders made thereunder. The Customs authorities also take action under Customs Act, 1962 in such cases for recovery of duty and penalty. Enforcement proceedings by DGFT and recovery proceedings by Customs in such cases are at various stages and the position keeps changing.

(d) In order to tighten inspection of exports to free ports viz Dubai, Singapore , Sharjah and Hong Kong, customs have increased the scale of examination of consignments to 25- 50 % as against 2-10 % resorted to in case of consignments destined to other ports.