

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1338
ANSWERED ON:03.03.2000
ADVANCE LICENCE SCHEME
SUNIL KHAN

Will the Minister of FINANCE be pleased to state:

- (a) whether due to advance licence scheme, the Government is losing tax;
- (b) if so, the details thereof;
- (c) whether it has come to the notice of the Government that in mid-sea the shipment is changed scrap to finished steel for getting benefit of `Zero` duty in the name of export; and
- (d) if so, the details thereof and the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRIV. DHANANJAYA KUMAR)

(a): Advance Licence Scheme in its present form provides duty free import of inputs for export production subject to quantity and value restrictions and with the attendant condition of fulfillment of export obligation within a stipulated period failing which customs duty foregone alongwith interest @ 24% is recoverable. This facility which entails certain amount of revenue being foregone, enables the Indian exporters to have easy access to high quality inputs at international prices and compete in the global market.

(b): Details of duty foregone under Advance Licence Scheme during the last three financial years are as follows.

Financial year	Amount of duty foregone
In - Rs. (Crores)	

1997-98	3547.00
1998-99	3615.00
1999-2000	3084.00

(upto Jan. 2000)

(c) & (d): No, Sir. The Government has not noticed any case where exports of scrap were shown as finished steel with a view to avail Zero duty benefit under Advance Licence Scheme.