Trade deficit

1830. SHRI BALBIR PUNJ: Will the Minister of FINANCE be pleased to state what steps are being taken to balance the trade deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): Trade deficit increased from US $ 88.5 billion in 2007-08 to US $ 119 billion in 2008-09 mainly on account of high price of crude oil in the first half of 2008-09. However, the trade deficit has declined to US $ 10.2 billion in April-May 2009 from US $ 19.9 billion in April-May 2008. The decline in trade deficit is due to decline in imports as well as exports since October 2008 as a result of the global recession. While measures are not usually taken to restrict imports or to artificially balance trade that may lead to dampening of the growth of the economy or lead to resurgence of inflationary pressures, import duties on some items which were lowered in April-May 2008 as part of inflation management measures, were restored in November-December 2008 to the earlier levels. The main strategy is to encourage exports. Some of the recent steps taken in this regard include export promotion initiatives such as the implementation of the Focus Product Scheme, Focus Market Scheme, Vishesh Krishi and Gram Udyog Yojana, Duty Entitlement Passbook Scheme, Export Promotion Capital Goods Scheme etc. In addition to above, the steps taken during 2008-09 to arrest the downward trend in exports, *inter-alia*, include interest subvention of 2 percent on pre and post shipment credit for labour intensive exports; additional allocation of Rs. 350 crore for export incentive schemes; enhancement of Duty Drawback Benefits on certain items including knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn, provision of additional funds of Rs. 1400 crore for textile sector to clear the backlog claims of Technology upgradation fund (TUF) etc. In addition, the Union Budget 2009-10 has also announced many measures to help the export sector which include, among others, the following.

(i) Extension of the adjustment assistance scheme to provide enhanced Export Credit Guarantee Corporation (ECGC) cover at 95% to badly hit sectors upto March 2010.

(ii) Enhancement of allocation to Market Development Assistance Scheme by 148%.

(iii) Extension of interest subvention of 2 per cent to the labour intensive sectors to 31.3.2010.

(iv) Flow of credit at reasonable rates to Micro, Small and Medium Enterprises (MSMEs).

(v) Approving Mega Handloom clusters in West Bengal and Tamil Nadu and Powerloom cluster in Rajasthan and New Mega clusters for carpets in Srinagar and Mirzapur;

(vi) Extension of Section 10A and 10B related to Sunset clauses for STPI and EOUs schemes respectively for the financial year 2010-2011. Anomaly removed in Section 10AA related to taxation benefit of 'unit *vis-a-vis* assessee';

(vii) Allowing additional items within the existing duty free imports entitlement for the following employment oriented export sectors;

(a) 5 additional items for sports goods sector;

(b) Additional items for leather garments and footwear and textile items.

(viii) measures related to service tax which include, among others, exemption from service tax on following services linked to exports;

(a) service related to transport of export goods by road from any CFS or ICD to the port of Airport and on service related to transport of export goods by road directly from their place of removal, to an ICD, a CFS, a port or airport;

(b) Commission paid to foreign agents.

Misuse of electronic money transfer

1831. SHRI AMIR ALAM KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large number of electronic money transfer companies are operating in the country;

(b) if so, the details thereof;

(c) whether cases of misuse of the electronic money transfer by terrorist organizations through these companies have been reported to Government;

(d) if so, the details thereof; and

(e) the measures being taken by Government to tackle this menace?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Electronic money transfer in India is operated under Money Transfer Service Scheme (MTSS) or Speed Remittance of Rupee Drawing Arrangement (RDA). Under MTSS, the Indian agents are permitted to tie-up with overseas Principals to receive inward cross-border remittances. These Indian agents undertake electronic transfer activities in India through their branches or sub-agents, and make payment to the beneficiaries. Under RDA, the exchange houses situated in Hong Kong, Singapore and Gulf countries send cross-border remittances into India. Under this arrangement, Authorised Dealer (AD) Category-I banks enter into arrangement with the Exchange Houses to receive cross-border inward remittances and make payment to the beneficiaries.

At present, 26 Indian agents and 37 AD Category-I banks are operating under MTSS and RDA, respectively.

(c) to (e) Government agencies have come across instances of use of electronic mode of money transfer channels by some terrorist outfits. Government has taken various measures to check misuse of electronic mode of money transfer channels which, *inter-alia,* include due diligence for appointment of agents, sub-agents or sub-sub-agents under MTSS, Know Your