

(d) Does not arise, in view of (b) and (c)J

**REMITTANCE OF SERVICE CHARGES BY
COCA-COLA EXPORT CORPORATION**

1659. SHRI O. P. TYAGI: Will the Minister of FINANCE be pleased to state :

(a) whether the enquiry into remittances on account of service charges by Coca-Cola Export Corporation has been completed by Government;

(b) if so, the findings of the enquiry, particularly, the relationship between the service charges and total exports during the last five years and the action Government propose to take in the matter;

(c) the formula under which Coca-Cola Co., New York, and Coca-Cola London determine the percentage that Coca-Cola Export Corporation, New Delhi, should remit to New York/ London, as its share of Head Office/ Area Office expenses;

(d) the procedure by which Government check that these expenses are realistic and not inflated; and

(e) whether the shared expenses include tax deductible items like, donations to political parties, religious and charitable institutions and entertainment expenses and if so, whether these items are allowed under the Foreign Exchange Act?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): (a) and (b) The matter is still under examination.

(c) Each foreign branch of the Company is charged *pro-rata* Head Office expenses on the basis of percentage which the gross product sales of the respective branch bear to the total gross product sale of the Company. Similarly, the Area Office expenses are also shared *pro-rata* on the basis of gross product sales to the total area sales.

(d) The Coca-Cola Export Corporation is required to produce a certificate or an assessment order from Income Tax authorities regarding the admissibility of the amount as chargeable to revenue of the Indian branch and on this basis the remittances are allowed by the Reserve Bank of India. The Bank also sees the Bank Debit Notes in respect of payments made.

(e) The Reserve Bank of India allows the remittance towards Head Office and Area Office expenses on the basis of the certificate/assessment order from Income Tax authorities referred to in part (d) above. Items like donations and entertainment expenses are not allowed by the Income Tax authorities as chargeable to revenue.

IMPORT LICENCE ISSUED TO M/s. COCA-COLA EXPORT CORPORATION

1660. SHRI O. P. TYAGI: Will the Minister of FOREIGN TRADE be pleased to state:

(a) whether it is a fact that the Coca-Cola Export Corporation has been issued an *ad hoc* licence for Rs. 7 lacs with no export obligation attached thereto;

(b) whether it is also a fact that issue of *ad hoc* licences to them for a total value of Rs. 12.85 lacs has been recommended; and

(c) if so, the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE):

(a) After the Ministry of Industrial Development had obtained a written commitment from Messrs. Coca Cola Export Corporation that they will make a net contribution through its export of at least 20% in respect of all the outgoes of foreign exchange on its account, they have been issued import licences for Rs. 7 lacs for import of raw materials on the recommendation of the D.G.T.D. No export obligation was separately endorsed on the licence.