

and there are legitimate reasons to create a company in an offshore jurisdiction and many people declare them to their tax authorities when that is required. In view of the above, further course of action depends upon outcome of the investigation.

Request for reimbursement of revenue deficit of Andhra Pradesh

247. DR. K.V. P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government has rejected the request of Andhra Pradesh for reimbursement of its revenue deficit even after the C&AG certified the estimates submitted by the State Government;

(b) if so, the reasons therefor: and

(c) if not, when the Central Government will release funds to bridge the revenue deficit of Andhra Pradesh as provided under the AP Reorganisation Act?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (c) The request of Andhra Pradesh for reimbursement of revenue deficit for the year 2014-2015 has not been rejected. The Union Government having considered the provisional accounts for the financial year 2014-2015 made available by Accountant General of Andhra Pradesh as forwarded by State Government has so far released special assistance of ₹ 2,803 crore to the State Government towards reimbursement for its resource gap though there is no specific provision of revenue deficit grant under Andhra Pradesh Re-organisation Act, 2014. Further, Fourteenth Finance Commission has adjudged Andhra Pradesh as revenue deficit State and recommended Revenue Deficit Grant of ₹ 22,112 crore for the period of 2015-16 to 2019-20. Of which, ₹ 7020 crore has so far been released during 2015-16 (₹ 6609 crore) and 2016-17 (₹ 411 crore).

CBI's remarks on PSBs regarding wilful defaulters

248. SHRI A. W. RABI BERNARD: Will the Minister of FINANCE be pleased to state:

(a) whether the CBI slammed public sector banks for not reporting frauds to the investigators, accusing the lenders of giving wilful defaulters and fraudsters the long leash to escape law;

(b) if so, the details thereof;

(c) whether the CBI's comment came at a time when banks have reported a sharp increase in bad loans; and

(d) if so, the details thereof and the necessary steps taken on this issue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) to (d) Central Bureau of Investigation (CBI) has informed that during the 7th Conference of CBI with Banks and Financial Institutions on “Combating Financial Crimes” held at Mumbai on 2nd March, 2016, CBI had expressed concern regarding slow and long process by which bank loans and advances are red flagged, declared Non Performing Assets, then willful defaulters and finally fraudulent. It was stated that the whole process was time-consuming allowing fraudulent borrowers ample time to siphon off funds and destroy evidence. CBI has further informed that these issues were flagged in order to sensitize the concerned banks and institutions in order to expedite reporting of Bank frauds.

**Resolving grievances of the gems and jewellery industry
as regards budget 2016-17**

249. KUMARI SELJA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that gems and jewellery industry is disappointed with the Government apathy towards the sector with the proposal of imposition of one per cent Excise Duty in the Budget 2016-17;

(b) whether Government proposes to reconsider its decision, keeping in view the protest by the jewellers, to roll back the said proposal to save this industry from ruin; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) In the budget 2016-17, Central Excise Duty has been imposed at the rate of 1% (without input tax credit) or 12.5% (with input tax credit) on all articles of jewellery (except for silver jewellery, other than those studded with diamond, ruby, emerald or sapphire). Representations have been received from trade/associations against the said imposition.

(b) and (c) Most of the States levy VAT on jewellery. Thus, this duty is a preparatory step towards GST. Further, Government has prescribed a higher small scale industries excise duty exemption limit of ₹ 6 crore per annum, if the aggregate value of clearances during the preceding financial year has not exceeded ₹ 12 crore. Moreover, in case of jewellery manufactured on job work basis, the liability to take registration, pay duty and file return is on principal manufacturer and not on job worker. Clear instructions have also been issued regarding registration no post-registration verification of premises; maintenance of records, etc. to facilitate