

rates are rationalised from time to time.

(b) and (c). During September 1987 some of the existing exemptions in respect of excisable goods were modified which have the effect of increasing the duty incidence on certain goods. The details are given below :

- (i) MODVAT and related benefits to aerated waters were withdrawn ;
- (ii) The exemption for certain goods manufactured without the aid of power was strictly enforced so as to deny the benefit to fire-works ; and
- (iii) The general scheme of small scale exemption for specified goods and the scheme for cosmetics and toilet preparations and refrigerating and air-conditioning appliances were modified by separate notifications issued in September 1987 so as to deny the benefit in the case of goods manufactured under the brand name/trade name of a big manufacturer or trader.

#### Rise in Gold Prices

2104. SHRI SATYENDRA NARAYAN SINHA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the existing Gold Control Order is a contributing factor in sharp increase in gold price ; and

(b) whether there is any scheme to make at least token quantity of gold being made available to common people at reasonable price to meet the social obligation like marriage, etc. ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) No, Sir.

(b) No, Sir.

#### Products Covered by MODVAT

2105. SHRI V. KRISHNA RAO : Will the Minister of FINANCE be pleased to state :

(a) how many products have so far been covered under the MODVAT Scheme ;

(b) the proposals of Government to extend the Scheme to the rest of the items not so far covered ; and

(c) the success of the Scheme in terms of net earnings ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) The MODVAT Scheme is presently applicable to goods covered by 76 Chapters of the Central Excise Tariff. The Scheme does not cover certain items, namely, textiles, tobacco, petroleum products, matches, Cinematographic films and aerated waters ;

(b) The feasibility for extending MODVAT to some of the goods which are presently not covered under MODVAT is under study.

(c) As the MODVAT Scheme is broadly revenue neutral, therefore, no additional revenue directly on account of introduction of MODVAT was envisaged. However, the scheme is expected to curb evasion the effect of which is likely to be apparent after some time.

#### Manufacture of Dornier Aircraft by HAL

2106. SHRI V.S. KRISHNA IYER :

SHRI LAKSHMAN MALLICK :

Will the Minister of DEFENCE be pleased to state :

(a) the number of Dornier 228 aircraft manufactured by Hindustan Aeronautics Limited with Dornier collaboration ;

(b) the number of Dornier 228 planes delivered by the HAL and the details of their utilisation and the performance report of these planes ;

(c) the names of customers in India for these planes ;

(d) whether these planes have been sold to adjoining countries ;

(e) if so, the names of the countries ; and

(f) the cost of each plane ?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUC

TION AND SUPPLIES IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ V. PATIL) : (a) and (b). HAL have so far manufactured 11 Dornier 228 aircraft with Dornier collaboration out of which 6 have been delivered to Vayudoot and the remaining 5 are under delivery. These aircraft have flown on an average of approximately 3000 hours each under varying types of operating conditions since their induction in the fleet of Vayudoot. In regard to the performance of the aircraft, Vayudoot had reported a high rate of engine failures installed on the aircraft and one case of a door opening in flight. Detailed check of all air-craft has been conducted by Vayudoot to ensure the proper functioning of the door locking mechanism. The engine failures have been analysed by a technical team constituted by the Ministry of Civil Aviation. While the engine manufacturers are re-designing some of the components, Vayudoot has also taken corrective steps to improve maintenance.

(c) Production of this aircraft has been planned in HAL for the Indian Navy the Air Force, Coast Guard, Vayudoot, National Airports Authority, Oil and Natural Gas Commission and other civil users.

(d) No, Sir.

(e) and (f). Do not arise.

[Translation]

Position of Foreign Exchange Reserves

2107. DR. CHINTA MOHAN :

SHRI BALWANT SINGH  
RAMOOWALIA :

SHRI SYED SHAHAB-  
UDDIN :

Will the Minister of FINANCE be pleased to state :

(a) whether India's foreign exchange reserves have further declined during this year also as compared to the last year ;

(b) if so, the month-wise position in this regard during the period from April to September, 1987 ;

(c) the main factors responsible for decline in the foreign exchange reserves ;

(d) whether efforts were made to

remove these causes ; and

(e) if so, the details thereof ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) The foreign exchange reserves (excluding Gold and Special Drawing Rights) declined by Rs. 755 crores in the period April to October, 1987 as compared to a decline of Rs. 880 crores in the corresponding period last year.

(b) The month-wise position at the end of each month during the period April to September, 1987 was as indicated below :

Date	(Rs. Crores)
30-4-87	7133
29-5-87	7239
30-6-87	7276
31-7-87	6719
31-8-87	6478
30-9-87	6773

(c) The balance of payments data with the details of individual factors affecting the movements in foreign exchange reserves during this period are not yet available. Provisional trade data pertaining to the current year available so far indicate a narrowing down of the trade deficit as compared to the corresponding period of previous year.

(d) and (e). The level of foreign exchange reserves is continuously kept under review with a view to ensuring that the country's commitments with regard to debt service and requirement of goods and services are met. The present level of reserves is considered to be satisfactory.

[English]

Export Potential of Agricultural  
Commodities

2108. SHRI V.S. VIJAYARAGHAVAN : Will the Minister of COMMERCE be pleased to state :

(a) whether Government have explored the export potential of agricultural commo-