

common inputs in the manufacture of both dutiable and exempted final products can avail the credit of duty paid on such inputs subject to the condition that at the time of the clearance of the exempted final product, he has to reverse an amount equal to 8% of the price of the exempted final product towards the credit taken on the inputs contained therein. Further a manufacturer has the option to maintain separate inventory and accounts of the inputs used for the manufacture of exempted final product and not avail credit thereon in which case he need not reverse the credit at 8% as mentioned above. The Rule 57CC is not applicable to a few specified products like textiles, articles of plastics etc.

- (ii) As per the provisions of Rule 57F(3) a manufacturer availing credits on the inputs can send the inputs as such or after partial processing to a job worker outside for further processing of the inputs or partially processed inputs and bring the same back within certain specified time period. This facility was misused and in many instances the goods were not brought back leading to revenue leakages. In order to prevent such misuse, a new rule 57F (3A) has been introduced as per which a manufacturer who has availed credit on the inputs, while sending the goods for further processing has to reverse an amount equal to 10% of the value of the inputs or partially processed inputs. On return of the processed goods from the job worker in full, the manufacturer is entitled to take the credit again for an equivalent amount.
- (iii) The Modvat Credit Scheme has also been extended to specified processed fabrics of cotton and manmade fibres and yarns w.e.f. 4.9.96.
- (iv) Prior to amendment in Modvat Credit Scheme (i.e. prior to 1.9.96) Modvat Credit on inputs and capital goods could be taken on the basis of invoices issued by any dealer registered with the Central Excise Department. This facility was reportedly being misused. To prevent such misuse, rules have been amended to restrict the issue of modvatable invoices by dealers upto two stages only.
- (v) The provisions relating to credit of duty on Capital goods have been amended. These changes have been made with the intention of doing away with the interpretational problems regarding the scope of capital goods which are eligible for taking credit under the scheme. Now, capital goods on

which credit is available have been specified by reference to their heading or sub-heading numbers under which they fall or by their description. Credit is also made available on such capital goods used in the factory for any purpose.

2. While the changes made in the capital goods Modvat Scheme came into force w.e.f. 23.7.96, the other changes have been brought into force w.e.f. 1.9.96. As per information available, the response of the trade so far has been positive.

### Production of Cars

1283. SHRI HARIN PATHAK : Will the Minister of INDUSTRY be pleased to state :

(a) whether there has been adequate increase in car manufacturing capacity in the country during recent years;

(b) if so, the manufacturing capacity of cars in the country and cars manufactured during each of the last three years;

(c) whether the rates of cars are increasing day by day;

(d) if so, the reason thereof; and

(e) the foreign exchange earned during the above period on account of export of car?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir.

(b) The manufacturing capacity of cars in the country has been 2,83,540 in 1993-94, 3,37,740 in 94-95 and 5,34,500 in 1995-96. The production of cars in 1993-94, 1994-95, and 1995-96 has been 2,09,695, 2,64,368 and 3,48,242 respectively.

(c) and (d). There has been increase in the prices of cars due to increase in the cost of inputs.

(e) The foreign exchange earned during the years 93-94, 94-95, 95-96 on account of export of cars has been approx. Rs. 204 crores, Rs. 274 crores, Rs. 373 crores respectively.

### External and Domestic Debt

1284. SHRI BHAGWAN SHANKAR RAWAT :  
SHRI K. PARASURAMAN :  
SHRI O.P. JINDAL :

Will the Minister of FINANCE be pleased to state :

(a) the quarterly increase in the external and domestic debt of the country and the interest thereon during the first half of current financial year alongwith the corresponding figures of last year;

(b) the impact of increased debt on balance of payment of the country; and

(c) the percentage of the revenue earned during the current year and the amount spent on the payment of debt and interest?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) The position is compiled at the end of the financial year. The details are as under :

	(Rs. in crore)	
	1995-96 (RE)	1996-97 (BE)
<b>Fiscal deficit (additional borrowings)</b>		
(i) Internal debt and other liabilities	62041	59805
(ii) External debt	1969	2461
<b>Interest payment</b>		
(i) Internal debt and other liabilities	47101	54726
(ii) External debt	4899	5274

(b) Increase in external debt affects balance of payments position due to additional debt service requirements.

(c) Repayment of debt is met out of fresh borrowings while interest payment is met out of revenue receipts. The details of the provisions in BE 1996-97 are as under :

	1996-97 (BE) (Rs. in crore)
1. Repayment of Debt (Excluding discharge of 91 day Treasury bills, Reserve Funds and Deposits not bearing interest and suspense transaction)	68558
2. Total interest payments	60000
3. Revenue receipts	130345
4. Percentage of 2 to 3	46%

#### Disinvestment Commission

1285. SHRI BADAL CHOUDHURY : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Government are aware of the news item published in the Economic Times dated 23 September, 1996 under the caption "Lackaddisical core group paralyzes disinvestment panel";

(b) if so, the total number of cases referred to the Commission so far and the number of cases in which the Commission has given its recommendations; and

(c) the steps being taken to make the disinvestment Commission more effective?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir. Government are aware of the news item.

(b) and (c). So far 40 PSUs have been referred to the disinvestment Commission. No recommendations have been received from the Disinvestment Commission in this regard so far. The Commission was set up on 23.8.96, and it would be premature at this stage to consider steps to make the Commission more effective.

#### Letters from Members of Parliament

1286. SHRI SANTOSH KUMAR GANGWAR : Will the Minister of FINANCE be pleased to refer to the reply given to the Unstarred Question No. 2702 on August 2, 1996 and state :

(a) whether the information has since been collected in this regard;

(b) if so, the details thereof; and

(c) if not, the reasons for the delay?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). Full information has not yet been collected in view of the need to receive and collate from different agencies.

#### Export Credit by Banks

1287. SHRI A.C. JOS : Will the Minister of FINANCE be pleased to state :

(a) the target fixed by Commercial banks for providing export credit during 1996-97;

(b) whether there is any proposal to enhance this target;

(c) whether the Government propose to make it mandatory for the private sector banks also to provide export credit; and

(d) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) A target of 12% of net bank credit has been fixed for export credit after the recent monetary policy announcement by the Reserve Bank of India (RBI);

(b) Earlier, the target was 10% of net bank credit and this has been increased to 12%. There is no proposal to enhance the target further.

(c) RBI has reported that the target of 12% of net bank credit is also applicable to private sector banks.

(d) Does not arise.