

1	2	3	4	5	6	7	8	9
Financial Expenses	28	25	50	51	65	60	15	34
Depreciation Exp.								
Interest Expenses	10	27	10	17	12	24	12	31
V. Total Financial Exp.	38	82	60	68	77	84	27	65
Pretax Cost (IV+V)	510	550	557	535	479	485	431	392

Note: All the above data is for saleable steel.

Source: World Steel Dynamics, March '97.

[English]

Insurance Premium on Trucks

763. SHRI K. PARYMOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance companies have any proposal to increase the insurance premium of trucks;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Insurance companies have also decided to increase the claim ratio from the present 111 percent; and

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

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) Tariff Rates are regulated by Tariff Advisory Committee (TAC), a statutory body established under the Insurance Act, 1938. The TAC had initially increased the premium rates for third party risks of motor insurance in three instalments effective from February 1998. However, on reconsideration the TAC has recently withdrawn further instalments of rate revision due in February 1999 and

February 2000 and only the first instalment revision effective from February 1998 is operative.

(c) No, Sir. The claim ratio is based on the actual loss experience and cannot be pre-determined.

(d) Does not arise.

Declaration of Metropolitan cities as A-1 City

764. SHRI K.C. KONDAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Metropolitan cities in the country have been declared as A-1 Cities;

(b) if so, the number of Central Government employees in these cities have been given HRA and CCA at higher rates as per A1 City status and the population of these metropolitan cities;

(c) whether the Karnataka Government has declared that the population of Bangalore has crossed 60 lakhs;

(d) if so, the reasons for not declaring Bangalore as A1 City so far; and

(e) whether the Government propose to declare it as A1 City immediately?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Delhi and Mumbai were declared as 'A-1' class cities for grant for HRA and CCA with effect from 1st August '97 since they fulfilled the population criteria prescribed by the Fifth Central Pay Commission and accepted by the Government. Subsequently, Government decided to classify the principal metropolitan cities of Calcutta and Chennai also as 'A-1' class cities for the purpose of grant of HRA in order to restore the parity that existed earlier between these four metropolitan cities.

(b) Information in regard to the number of Central Government employees in these cities who have been paid HRA and CCA at the rates applicable to 'A-1' class cities is not centrally maintained. However, the population of these four principal metropolitan cities as per the 1991 Census Report was as indicated below:

	Municipal Corporation	Urban Agglomeration
Delhi	72,06,704	84,19,084
Mumbai	99,25,891	1,25,96,243
Calcutta	43,99,819	1,10,21,918
Chennai	38,41,396	54,21,985

(c) to (e) Several representations have been received from various quarters mentioning that the population of Bangalore had increased after the last census in 1991. However, the population of a city within its municipal limits and that within the Urban Agglomeration, as reflected in the latest Census Report of the Registrar General of India, are taken into consideration for the purpose of HRA and CCA, respectively. The population of Bangalore as per the 1991 Census Report was 26,60,088 within its municipal limits and 41,30,288 in the Urban Agglomeration. The city does not, therefore, fulfil the prescribed population criteria so as to qualify for being declared as an 'A-1' class city for the grant of HRA and CCA.

Impact of Economic Recession on Indian Banks

765. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether the recession trend in the economy has seriously affected the Indian Banks;

(b) if so, the facts thereof; and

(c) the steps taken by the Government in this regard?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) As per the latest data on GDP growth (1993-94 base), the economy is estimated to grow at 5.8 per cent in the current financial year. However, as noted in the Mid-term Review of Monetary and Credit Policy for 1998-99, Industrial slowdown still persists. This is reflected in the relatively lower growth of 6.8 per cent in non-food credit extended by scheduled commercial banks (SCBs) till January 29, 1999 in the current financial year as against 8.8 per cent in the corresponding period of 1997-98. Nevertheless, investments by SCBs in Government and other approved securities increased by 14.8 per cent during this period as against 10.7 per cent in the comparable previous period. As this reflects addition to the aggregate expenditure, the economy is expected to get a stimulus, which in turn should contribute to industrial revival. In order to enable the SCBs to meet the credit requirements of productive sectors without impairing their financial health, the Mid-term Review of Monetary and Credit Policy for 1998-99 has announced a strengthening of prudential regulations based on the recommendations of the Narasimham Committee (II). These relate to, *inter-alia*, higher Capital to Risk-weighted Asset Ratio (CRAR), risk weight for Government and other approved securities and general provision for standard assets.

Export by Defaulters

766. DR. BIZAY SONKAR SHASTRI: Will the Minister of COMMERCE be pleased to state:

(a) whether exporters who have availed of the import facilities against export obligations have remained far behind in their exports;

(b) if so, the details of such exporters and the amount by which they have remained behind; and

(c) the action taken against such defaulting exporters?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (c) The Duty Exemption Scheme under the EXIM Policy allows a maximum period of 30 months for fulfilment of export obligation against licences for the import of duty free imports required for the export production.

In respect of duty free licences issued during five licensing period, that is, April-March, 1990-91 to April-March, 1994-95, the extent of export obligation fulfilment was 94.64%.