

failed to discharge their duties of rehabilitation as advised by the Board for Industrial and Financial Reconstruction;

(c) the names of such banks and financial institutions and the penal action taken or proposed by the Government/BIFR against them; and

(d) if no penal action is proposed to be taken, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) No such news-item has appeared in the Delhi edition of 'The Times of India' dated June 29, 1991. However, such a news item has appeared in certain other newspapers, including the Delhi edition of 'Financial Express' of the same date.

(b) While the Board for Industrial and Financial Reconstruction (BIFR) had sanctioned revival schemes in respect of New Central Jute Mills, Calcutta and Easwaran & Sons Engineers Ltd., Madras on 20-9-1990 and 24-1-1989 respectively, the implementation of the schemes were delayed due to several reasons resulting in the non-release of funds by the State Bank of India (SBI) and the Industrial Finance Corporation of India (IFCI) in the former case, and by Vysya Bank and Lakshmi Vilas Bank, in the latter case.

(c) and (d) BIFR has reported that it threatened penal action under Section 33 of the Sick Industrial Companies (Special Provisions) Act, 1985 against SBI, IFCI, Vysya Bank and Lakshmi Vilas Bank, for not releasing the need-based funds. BIFR has also reported that while SBI and IFCI have reported compliance, the dead-line prescribed by BIFR for Vysya Bank Ltd. and Lakshmi Vilas Bank, is not yet over. Penal action can be initiated by BIFR only after giving due notice of the violation of the schemes sanctioned by it.

[*Translation*]

Rate of Inflation

696. DR. LAXMI NARAYAN PANDEYA: Will the Minister of FINANCE be pleased to state:

(a) the percentage increase in the rate of inflation in May, 1991 in comparison to its position prevailing in March, 1990; and

(b) the reasons for this increase?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The annual rate of inflation in terms of the wholesale Price Index (Base: 1981-82=100), on the basis of monthly average, increased by 2.4 percentage points from 8.6 per cent in March, 1990 to 11.0 per cent in May, 1991.

(b) The accelerated rise in prices was the result of the following factors: (i) persistent and large fiscal imbalances resulting in a higher increase in money supply, liquidity overhang and thus effective demand; (ii) supply and demand imbalances in sensitive commodities mainly due to shortfall in domestic production and inability of the Government to import desired quantities because of the constraints on balance of payments; (iii) substantial increase in procurement prices/support prices of agricultural commodities; (iv) imposition of the Gulf surcharge at the rate of 25 per cent on domestic prices of petroleum products since the middle of October, 1990 and the resultant increase in transportation cost; (v) the disturbed law and order situation leading to disruption of transport and localised shortages; and (vi) the consequent inflationary expectations.

[*English*]

Cases Pending with Grievance Committees and Appellate Authorities

697. DR. LAXMI NARAYAN PANDEYA: Will the Minister of COMMERCE be pleased to state the