

**Price Situation**

365. SHRI H. N. NANJE GOWDA :  
SHRI RAMASHRAY PRASAD  
SINGH :  
SHRI S.M. GURADDI :

Will the Minister of FINANCE be pleased to state :

(a) whether despite the seasonal decline in prices of certain commodities during November, 1986 the average price situation continues to be worrisome;

(b) if so, whether the average official price index for the month of November was higher by 6.5 per cent over the corresponding month of 1985;

(c) whether it further increased during December, 1986 and January, 1987; and

(d) if so, the reasons thereof and the efforts made to check rise in prices of essential commodities and the results achieved ?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHMA DUTT) : (a) and (b). The average wholesale price index for the month of November, 1986 was higher by 6.3 per cent over November, 1985.

(c) and (d). The index registered a decline of 0.2 per cent between November, 1986 and January, 1987 (latest available) following a fall in prices of both agricultural and manufactured food items like, foodgrains, fruits and vegetables, condiments and spices, sugar, khandsari and gur.

The thrust of Government's anti-inflationary policy continues to be on effective demand and supply management including strengthening of public distribution system, regulated releases of sugar and edible oils, and mopping up of excess liquidity in the system. The Central Government has advised the State Governments to take strict action against traders indulging in profiteering, hoarding and blackmarketing.

**Revision of Gadgil Formula for Central Assistance**

366. SHRI H.N. NANJE GOWDA :  
SHRI S.M. GURADDI :  
SHRI UTTAM RATHOD :  
SHRI RAMSWAROOP RAM :

Will the Minister of PLANNING be pleased to state :

(a) whether the Gadgil formula for the allocation of Central assistance for State Plans is being revised;

(b) whether the Planning Commission has set up a high level committee to suggest the changes in the existing formula; and

(c) if so, when the high level committee is likely to submit its report to the Government ?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI SUKH RAM) : (a) No, Sir.

(b) No, Sir.

(c) Does not arise.

**Income Tax Raids in December, 1986**

367. SHRI H.N. NANJE GOWDA :  
SHRI G.S. BASAVARAJU :

Will the Minister of FINANCE be pleased to state :

(a) whether Income Tax Department swooped on 32 residential and business premises and recovered Rs. 60 lakhs;

(b) if so, the details thereof;

(c) the total value of goods and cash seized during the raids; and

(d) the action taken against those held responsible ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c). The Income Tax Department conducted 588 searches in December, 1986 in which *prima-facie* unaccounted assets including cash,

jewellery and others amounting to Rs. 719.15 lakhs were seized.

(d) Appropriate action under the Income Tax Act is taken in all these cases.

#### Reserve Bank Views on Reserve Money and High Liquidity

368. SHRI NITYANANDA MISRA : Will the Minister of FINANCE be pleased to state :

(a) whether according to the RBI during the period 1985-86 there was a large overhang of reserve money in the economy and the rate of growth of liquidity had also been very high;

(b) if so, the position with regard to reserve money and growth of liquidity during 1984, 1985 and 1986;

(c) whether the present rate is considered safe as it might not kick up an inflationary trend; and

(d) the precautionary measure taken in this regard ?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHMA DUTT) : (a) In its Report on Currency and Finance, 1985-86, Volume I, (page 154), the Reserve Bank has stated as follows :

"Against the backdrop of a large overhang of reserve money and a high rate of growth of overall liquidity (M3) during the past three years, the focus of credit policy in 1985-86 was on containing the overall growth of liquidity to a rate lower than that for 1984-85".

(b) The position with regard to growth of reserve money and overall liquidity (M3) during 1983-84, 1984-85, 1985-86 and 1986-87 (upto January 2, 1987) is given below :

#### Percentage Variations in

	Reserve Money	M3
1983-84	25.5	18.1
1984-85	21.5	18.9
1985-86 (P)	8.3	15.9
1986-87 (P) (upto January 2, 1987)	8.3	15.7

#### P—Provisional

Note : Variations are worked out on the basis of March 31 date, after closure of Government Accounts.

(c) and (d). The growth in reserve money and M3 is continuously monitored and corrective measures taken, when necessary. An account of measures taken in the current year are given in Economic survey 1986-87, presented to Parliament on 24th February, 1987.

#### Thar Desert

369. SHRI NITYANANDA MISRA : Will the Minister of ENVIRONMENT AND FORESTS be pleased to state :

(a) whether the great Thar Desert continues to grow and the present area covered is much more than it was 50 years ago;

(b) whether this trend is due to the growing influx of the population to the scarce patches of the green thus upsetting and destroying this fragile ecological balance of this area; and

(c) if so, the steps to contain and reverse the march of this desert ?

THE MINISTER OF STATE IN THE MINISTRY OF ENVIRONMENT AND FORESTS (SHRI Z.R. ANSARI) : (a) and (b). The results of the integrated research conducted by the Central Arid Zone Research Institute, Jodhpur and the analysis