

are constantly reviewed in consultation with field formations for ensuring speedy and effective results in the fight against tax evasion. Special drive had been launched by the Customs Department to reduce tax arrears in the past years and there is no let up in these special efforts.

Direct Taxes Division: An integrated approach is now being made to find out ways and means practised for indulging in tax evasion through collection of intelligence, investigation, scrutiny of accounts and search operations. Some of the notable features of the Income-tax Department's drive against tax evasion are; thorough and systematic survey for discovering new assesseees; streamlining the machinery for collection, collation and dissemination of useful information amongst the assessing officers, making the Intelligence Wing a more effective tool in bringing tax evaders to book; training of officers in processing potential prosecution cases and an intensive programme for educating the tax-payers.

The phenomenon of tax arrears is a continuing one. Even though the tax outstanding at the beginning of financial year is collected/reduced to a substantial extent by the year-end, the arrears again go up mainly because a part of the fresh tax demand raised during the course of the year is not fully collected and becomes fresh arrears of tax at the end of the year. Depending on the facts and circumstances of each case, suitable steps are taken from time to time by the Income-tax authorities concerned for recovery of tax arrears in accordance with the provisions of the Income-tax Act, 1961. These steps include:—

- (a) levy of interest for delayed payment of tax;
- (b) imposition of penalty for non-payment of tax;
- (c) attachment of monies due to the defaulters; and
- (d) attachment and sale of movable/immovable properties.

(b) There is no proposal at present to constitute a new Committee to evolve new measures in this regard.

Money Supply and Rise in Wholesale Price Index

4224. SHRI MUKUNDA MANDAL: Will the Minister of FINANCE be pleased to state:

(a) extent of expansion of money supply in 1975-76, resulting in a rise in the wholesale price index numbers by 12 per cent in 1976-77 compared to a drop of about 6 per cent in the previous year;

(b) composition and nature of the expansion of money supply during 1976-77;

(c) factors responsible for this expansion;

(d) whether inflationary pressure has increased in recent period; and

(e) if so what steps, if any long-term as well as short term, are being contemplated to contain the same?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) to (c). Money supply with the public recorded an increase of Rs. 1232 crores of 10.3 per cent in 1975-76. It is, however, difficult to relate this rate of growth in money supply in 1975-76 to the rise in the wholesale price index of 12 per cent in 1976-77. A statement showing the composition of money supply in 1975-76 and 1976-77 and factors responsible for money supply expansion is laid on the Table of the House.

(d) and (e). Inflationary pressures re-emerged in 1976-77 when general index of wholesale prices (1970-71-100) rose by 12 per cent. During the current financial year, a fair degree of stability has obtained, the general index showed an increase of only 0.7 per cent between the last Saturday of March 1977 and November 19, 1977 as compared to that of 8.7 per cent during the corresponding period of last

year. During the last three months between August 20, 1977 and November 19, 1977, general index of wholesale prices, however, declined by 2.8 per cent.

The major steps which led to this favourable result include: liberalisation of imports of commodities in short supply, larger releases from Government stocks, removal of restrictions on movement of foodgrains, restrictions

on exports of essential commodities, streamlining of distribution and regulation of stocks of pulses, edible oils, etc., and a restrictive monetary and credit policy. As part of long term measures, Government have formulated a comprehensive plan for increasing the production of pulses, raw cotton and oilseeds and improvement in public distribution system. Recently, the prices of agricultural inputs like fertilisers and pesticides were reduced.

Statement

Analysis of Variations in money supply with the public

(Rs. crores.)

	Variations during	
	1975-76 (on last Friday of March basis)	1976-77
Money supply with the public (a + b)	+1232 (10.3)	+2460 (18.7)
(a) Currency with the public	+356 (5.6)	+1164 (17.4)
(b) Deposit money	+876 (15.7)	+1296 (20.1)
<i>Sources of change in money supply</i>		
1. Net bank credit to Govt.	+576 (6.1)	+909 (9.0)
(a) RBI's net credit to Govt.	+127	+229
(b) Other bank's credit to Govt.	+451	+680
2. Bank credit to commercial sector	+2745 (21.7)	+3089 (20.1)
(a) RBI's credit to commercial sector	+69	+166
(b) Other banks' credit to commercial sector	+2676	+2923
3. Net foreign exchange assets of the banking sector	+755 (192.6)	+1463 (127.6)
4. Govt's currency liabilities to the public	+24 (4.5)	+13 (2.3)
<i>Minus</i>		
5. Non-monetary liabilities of banking sector.	+2870 (25.6)	+3014 (21.4)
of which:		
Time deposits with banks	+1591 (21.1)	+2524 (27.6)

NOTE : Figures in brackets are percentage variations.