

continues in overdrafts for more than 7 consecutive days. This is applicable to all States except Jammu & Kashmir and Sikkim which do not bank with the RBI. The State of Kerala was in overdraft for 14 continuous days from 5th December, 1987 to 22nd December, 1987. When the State's drawal of overdraft continued for more than 7 continuous working days, the RBI stopped payments on the State Government's account for a few days and the payment was resumed only on 23rd December, 1987 when the overdraft was cleared by the State Government on 22nd December, 1987. Since October, 1985, no State except Kerala has been in overdraft with the RBI for more than 7 consecutive working days.

Some State Governments have requested that the ways and means limits fixed for them by the RBI may be increased keeping in mind the increase in the level of their transactions and their requirements of funds to tackle drought. They have also requested an increase in the time fixed for clearing overdrafts under the Overdraft Regulation Scheme from the present limit of 7 days to around 21 days. The matter is under consideration.

PROF. K.V. THOMAS: The present Kerala Government finds it very difficult even to distribute the salary to the Government employees. Kerala is now in a financial mess. I want to know whether this financial difficulty is created by the present Nayanar government or the earlier Karunakaran Government.

SHRI B. K. GADHVI: The financial position of the present Kerala Government was under pressure and we have always constantly tried to help this Government in giving assistance in various forms and in various ways. This Government, without much realising the financial position, tried to take populist measures and thereby it came into a little difficulty but we have tried to solve it and, therefore, now I believe the Government is in a comfortable position because of the Centre's assistance.

PROF. K.V. THOMAS: In the first week of last December, the overdraft facility to

Kerala was stopped. There was an allegation that the overdraft facility was stopped just to embarrass the present LDF Government just before the local body election.

My question is whether the overdraft facility to Kerala was stopped to the other Governments in other states and whether the proposal of many of the States to extend the period of 7 days to 17 days or 21 days be considered.

SHRI B.K. GADHVI : So far as the overdraft facility is concerned, there is a uniform policy that overdraft is allowed for seven working days by any of the States and not for more time. The State of Kerala this year was in a overdraft for 15 occasions. On two occasions, the overdraft was for 7 consecutive days. On one occasion, they held it for 15 days.

On one occasion, the over-draft continued for 14 days. That was from 5th of December to 22nd December 1987. When the State crossed the seven days' limit of overdraft, the RBI stopped the payment. Therefore, now we do not intend to extend the limit from seven days to more days. But, at the same time, when the Kerala Government was facing the situation, we tried to help it. I would like to say that we immediately--in the year 1987--advanced release of share in Central Taxes by 10 times and advanced release of Central Assistance for the State Plan by three times and rephasing of the payment of loan, Central loans and interest was made five times. At the same time, we gave the natural calamity, drought relief assistance also. Thus, the State was helped.

WRITTEN ANSWERS TO QUESTIONS

[Translation]

Relief against price rise

*62. **SHRI SARFARAZ AHMED:**
SHRI VILAS MUTTEMWAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the prices of petrol, coal and some food articles were increased in December, 1987;

(b) the number of times prices of these articles increased during the last three years;

(c) whether due to the rise in the prices of these commodities, the prices of coal based products and other goods have also increased; and

(d) if so, the steps being taken by Government to provide relief to common man from this price rise?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Yes, Sir. The prices of petrol, coal and some other items were increased at different dates during December 1987--February 1988.

(b) and (c). Since January 1985 prices of petrol were revised three times, and those of coal and steel two times. Issue prices of sugar were revised four times in line with revision in minimum statutory price of sugarcane and those of important edible oils twice.

The prices of coal-based products and other goods, apart from administered items, are determined by conditions of supply and demand. Increases in input costs get passed on to prices of final products after a time lag, depending on market and other conditions.

(d) The measures taken by the Government to keep the price rise under check include enhanced distribution of foodgrains through Public Distribution System (PDS); relief programmes and employment programmes; strengthening of PDS with the opening of additional outlets; import of essential commodities like pulses, edible oils and sugar; strict economy in government expenditure; mopping up of excess liquidity in the economy by raising Cash Reserve Ratio and Statutory Liquidity Ratio; imposition of selective credit controls and intensive action against hoarders and profiteers. Prices are closely being monitored at various levels to facilitate prompt action.

Mechanisms also exist for periodic revision of compensation to various groups viz. employees of the Central/State governments, employees in the public sector,

workers in the organised sector, agricultural labourers etc. The procurement/minimum support prices paid to the farmers for their products are also revised from time to time in line with the increase in input costs.

Income Tax on Funds Collected by Organisers of Film Star Nites

*67. SHRI SAMBHAJIRAO KAKADE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the 'NITES' organised by individuals and institutions associating the names of film stars and renowned singers for collection of funds;

(b) whether organisers of such 'NITES' have to obtain permission from the Excise and Income-Tax Department; if so, the reasons therefor;

(c) whether the amount collected by the organisers of these 'NITES' is held income-tax free; and

(d) the details of such 'NITES' organised during the last two years in various cities including the amount of funds collected by the organisers and allowed as income-tax free and whether any of such funds were handed over to the film stars or singers whose names were associated with the 'NITES'?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K.PANJA): (a) Yes, Sir.

(b) There is no such provision either under the Income-tax Act or under the Central Excise Law.

(c) The net income arising from the holding of such 'NITES' is liable to income tax. However, if such a 'NITE' is organised by a charitable society/association etc. the income of which is exempt from income-tax under any other provisions of the Income-tax Act i.e., section 10 or section 11, the net income from the holding of such a