

the Soviet authority about the follow-up actions to be taken so that this economic cooperation will be further strengthened and we will be benefited. I hope he will answer my first question now.

**SHRI YESHWANTRAO CHAVAN:**  
The discussions held were not specifically meant for implementation of any particular Article. But, certainly, they were in the spirit of a follow-up actions in some aspects of the Agreement. As you know there is a Joint Commission between the Soviet Russia and India for economic cooperation. I think that the Joint Commission is likely to meet in Soviet Russia itself to discuss some of the specific matters arising out of these things. As I said one aspect of the Agreement itself was about improvement of trade and economic relations. 'Economic Relation' is one of the specific Articles of the Agreement and with reference to which, we had discussions. Some aspects of the problem mentioned in my reply were also discussed from that point of view. In his first question he raised a question about the inflationary conditions of non-socialist world and enquired whether we had discussed this particular aspect or not. I cannot say that this particular aspect was discussed. Naturally this background was in my mind all the time.

**PROF. MADHU DANDAVATE:**  
Since during these discussions, a number of matters of mutual economic interests must have been discussed I would like to know from him whether the problem of import of food, particularly, wheat, during our difficult positions on the repayable basis also came in for discussions and whether the Finance Minister realised the fact that on the basis of this Agreement if we were to repay the imports made, in that case, a higher price in terms of value will have been payable by us therefore, on that particular basis, is any relaxation called for regarding the import that we have made already?

**SHRI YESHWANTRAO CHAVAN:**  
I did not specifically discuss the price aspect or the repayable terms and conditions aspect. Of course, the supply of important commodities like fertilizers, steel and wheat came to be mentioned in the discussions. But generally the question of softening of the terms of repayment was one of the major aspects of discussion.

**SHRI DINEN BHATTACHARYYA:**  
While discussing for reaching a mutual understanding whether the interest aspect of any loan that may be given by the Soviet Union to India was compared with the World Bank loan or the other capitalist countries loan that we are taking?

**SHRI YESHWANTRAO CHAVAN:**  
There is no question of any comparison and it did not come up for discussion.

**SHRI SAMAR GUHA:** I want to know while having discussions with the Government of USSR regarding mutual economic interest between the two countries whether the hon'ble Minister had drawn the attention of the Soviet Government to the reports that kerosene, fertilisers and some oil products which are sold to India are sold at a higher price than are sold to the East European countries.

**MR. SPEAKER:** I am sorry. The question is much beyond the scope.

**SHRI YESHWANTRAO CHAVAN:**  
I did not raise this question because it was not right for me to raise this question.

**Proposals received from Indian Economists to control Inflation in the Country**

+

\*84. **SHRI P. GANGADEB:**

**SHRI D. D. DESAI:**

Will the Minister of FINANCE be pleased to state:

(a) whether a group of economists headed by Prof. C. N. Vakil has sub-

mitted a scheme to Government for controlling inflation,

(b) if so, Government's reaction thereto, and

(c) whether Government have reacted favourably to the suggestion about index linking of the currency?

**THE MINISTER OF FINANCE**  
(SHRI YESHWANT RAO CHAVAN)

(a) Yes, Sir. A group of Economists headed by Professor C N Vakil submitted to the Prime Minister in February 1974 a Memorandum on a Policy to contain Inflation. In a supplement to the Memorandum the Economists have presented a detailed plan in June 1974 setting out the mechanics of the scheme for immobilisation of money under the name of Semi bombla

(b) The methods suggested by the Economists for the immobilisation of money supply are not favoured by Government. The other suggestions are either already under implementation or are under detailed examination.

(c) The technique of index linking is not considered suitable for implementation under the prevailing conditions in India.

**SHRI P GANGADEB** Apart from fiscal measures for controlling expenditure and monetary tools for immobilisation of resources I would like to know what direct measures have been taken so far or will be taken now in terms of providing relief to the vulnerable sections of the society on whom there is direct and severe incidence of this inflation.

**SHRI YESHWANTRAO CHAVAN** I thought we were discussing the particular scheme suggested by Prof C N Vakil. If it is a part of it, I can answer it. Otherwise, it is a general type of question which I can go on answering.

**SHRI P GANGADEB** In view of the fact that the real value of the rupee is going down and there is little likelihood of a return to the old value of the rupee, may I know whether Government have considered afresh the question of linking the values of the LIC policies, provident fund schemes and gratuity schemes to the index of wholesale prices so that at the time of retirement the fixed income groups are not put to hardship, and if so, what action they are going to take in this regard?

**MR SPEAKER** The main question is about the report of the economists. Does this supplementary question arise out of it? I think he is asking a general question.

**SHRI P GANGADEB** This question comes within the ambit of the main question. That is what I feel.

**SHRI YESHWANTRAO CHAVAN**

In a way it does arise because it one suggestion which is a part of the recommendations of the SEMIBOMBLA scheme of index linking of the currency and the savings. This is one of the schemes that they have suggested. In principle, one can say that this question does arise out of it. But as I have explained, it is very difficult for us to accept it because Government do not favour index linking.

**SHRI INDRAJIT GUPTA** In view of the fact that during the three months following the last budget presented by the hon Finance Minister the price index according to Government has gone up already over 10 per cent may I know whether some of the other specific proposals which have been contained in this SEMIBOMBLA scheme such as that there should be a five per cent ceiling on the growth rate of money supply every year and secondly that the public distribution system should be strengthened and for that purpose buffer stocks should be built up and compulsory levies

should be imposed, have been considered by Government? What is Government's thinking about such specific measures indicated by this group of economists? Are they really considering them on an emergency basis? What do they propose to do about such proposals?

**SHRI YESHWANTRAO CHAVAN:** As I have said, there are many suggestions in the scheme of Prof. C. N. Vakil which are such that in principle they have been accepted already by Government, and some of them are under examination. As for the specific suggestion about confining the money supply to five per cent, it is a part of his package scheme. He wants the money supply to be frozen at five per cent level. We accept it in principle that we must make an effort to reduce the money supply and balance it with the level of production in the country. That policy has been accepted, and the different steps that we are taking in the monetary field and fiscal field and production field are aimed at that. But it is very difficult to say that we accept the proposal that it should be fixed arithmetically or quantitatively at five per cent. It is very difficult to accept it.

As far as the other suggestion is concerned, it is a fact that we are committed to strengthening the distribution system.

**SHRI INDRAJIT GUPTA:** But instead of its being strengthened at present it is being dismantled to some extent.

**SHRI YESHWANTRAO CHAVAN:** Simply because there is a change in some of the steps that we took in regard to the take-over it does not follow that we have dismantled the distribution system. It was a change meant for making it effective. Therefore, there was no question of withdrawing from that position or dismantling it. We are committed to this position that there will have to be a build up of a buffer stock of

some of these essential goods and their balanced distribution so as to help the vulnerable sections of society.

**SHRI JAGANNATH RAO:** The hon. Finance Minister talked of the public distribution system. Is that system intended to supply essential commodities to the entire population or to only 30—40 per cent below the poverty line? If it is meant to cater to the poorer sections, is Government going to continue nationalisation of the wholesale trade in foodgrains as without a public distribution system will have no meaning? What are the objectives of Government?

**SHRI YESHWANTRAO CHAVAN:** The objectives is to reach essential commodities to the vulnerable sections of society.

**SHRI JAGANNATH RAO:** Not to the entire population?

**SHRI YESHWANTRAO CHAVAN:** It is difficult to accept this commitment. The basic point is to see that we reach the vulnerable sections.

**SHRI P. G. MAVALANKAR:** Prof. Vakil and his fellow-economists submitted a memorandum in February this Year and followed it up with the SEMIBOMBLA in June. Government themselves have accepted that to a large extent the scheme contains in principle many good things. The Prime Minister and the Finance Minister also said the other day during the No-Confidence Debate that people should co-operate in terms of tackling economic problems. In view of this, may I know whether Government are thinking in terms of having these economists roped in in some kind of active advisory capacity so that they could be brought face to face across the same table for discussions instead of their merely sending to the Government the various representations or memoranda? In other words, have Government any scheme whereby these economists can be roped in in an active advisory

role thereby making it possible for the economists to reply to the Minister when he says that Government are not able to accept this or that point?

**SHRI YESHWANTRAO CHAVAN**  
This is a suggestion. Normally we do meet economists and take their views. When there is a public debate on public issues, it is done. The memorandum was very carefully examined in the Economic Affairs Department and the Reserve Bank also. I do not know what he exactly means by roping them in because we cannot rope in people like that.

**SHRI P G MAVALANKAR** Because they are academically-manded independent people.

**SHRI YESHWANTRAO CHAVAN**  
It is good that they should give their views freely. There is no question of not having a dialogue. If necessary we can discuss with them.

**SHRI G VISWANATHAN** What are the reasons for Government's rejection of their suggestion of 30 per cent immobilisation of the total money or partial demonetisation? What is the alternative of Government if they are going to reject the SEMIBOMBLA?

**SHRI YESHWANTRAO CHAVAN**  
The alternative is the policy we are following. I can certainly give you a large number of reasons, but I do not think I should go into all the technical reasons. I mainly said that this would certainly weaken faith in the currency and banking system. That is the major reason.

**SHRI NIMBALKAR** Is Government not willing to accept SEMIBOMBLA completely because it thinks it will lead to complete BOMBLA?

**SHRI YESHWANTRAO CHAVAN**  
I thought it was a joke.

**श्री मधु लिमये** अध्यक्ष महोदय, तीन दिन पहले अपने भाषण में वित्त मंत्री जी, ने कहा—इसकी योजना हमलिये हम नहीं स्वीकार करना चाहते हैं क्योंकि उससे जनता का विश्वास मुद्रा और बैंकिंग सिस्टम से खत्म हो जायेगा। यदि इनका यह मैमोरेण्डम गौर से पढेये तो इसमें कोई धन जप्त, एक्सप्रोप्रियेट करने की बात नहीं की गई है। मंत्री महोदय ऐसा क्यों मानते हैं कि इससे मुद्रा और बैंकिंग सिस्टम में जनता का विश्वास खत्म हो जायगा ?

**श्री यशवन्त राव चव्हाण** इस पर बहस हो सकती है लेकिन मैंने अपनी राय आपकी बतलाई है।

**श्री मधु लिमये** बहस तो हो सकती है, लेकिन आप उसके कारण बतला दीजिये। इसमें तो वे ब्लाक कर रहे हैं, धन और डिपॉजिट एक्सप्रोप्रियेशन नहीं होता है।

**श्री यशवन्त राव चव्हाण** : ब्लाक नहीं होता है, एक्सप्रोप्रियेट होता है।

**श्री मधु लिमये** : कैसे एक्सप्रोप्रियेट होता है ?

**SHRI YESHWANTRAO CHAVAN**  
I do not want to enter into a debate on this.

**श्री मधु लिमये** : बहस नहीं करनी है, डिबेट नहीं करनी है, समझना भी नहीं है, समझाना भी नहीं है—आप क्या करना चाहते हैं ?

**अध्यक्ष महोदय** ऐसी बात नहीं कहनी चाहिए।

**श्री अटल बिहारी वाजपेयी** : ऐसी बात बहनी चाहिए जो गले के नीचे न उतरे।

श्री जगु लिंगडे : प्रसली बाल यह है कि इस मामले में इनकी सलाह नहीं ली जा रही है, सारा मामला प्राइम मिनिस्टर सेक्रेटेरियट में तय होता है, मैं आपकी नाराजगी समझता हूँ।

SHRI P. VENKATASUBBAIAN. Is it a fact that some economists have opened that there is an urgent need for restructuring the Reserve Bank as it is not keeping in tune with the economic trends prevailing in the country and is not in a position to guide the Government properly as it is constituted today?

SHRI YESHWANTRAO CHAVAN: I do not agree with the hon. member. It is not so.

#### घायकर प्राधिकारियों द्वारा छापे

\* 85. श्री फूल चन्द बर्मा : क्या बिल मंत्री यह बताने की कृपा करेंगे कि :

(क) घायकर अधिकारियों ने गत तीन मास में किन-किन स्थानों पर छापे मारे,

(ख) जिन कम्पनियों एवं संस्थाओं पर छापे मारे गये उनके मालिकों के नाम क्या हैं, और

(ग) प्रत्येक मामले में अब तक क्या कार्यवाही की गई है ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): (a) to (c). A statement is laid on the Table of the House giving the requisite particulars about the searches made by the Income Tax Authorities during the three months April to June, 1974. [Placed in Library. See No. LT-8054/174].

श्री फूल चन्द बर्मा : अध्यक्ष महोदय, यह जारी-भरकम स्टेटमेन्ट—जो 15 पेज का है . . .

श्री हुकूम चन्द कडुनाथ : अभी पीने प्यारह बजे मिला है।

श्री फूलचन्द बर्मा : इतने थोड़े समय में सर्चिमेन्ट बनाने से कार्रवाई समझ लगता है। मैं मंत्री महोदय से जानना चाहता हूँ— इस सूची में 103 फर्मों का उल्लेख है, इनके प्रतिरिक्त जिनवल समूह, विशम्भर दयाल बन्नी प्रसाद समूह, सेठ सम् और सुरेखा समूह की फर्मों अलग है, कुल मिला कर इन 133 फर्मों की जांच की जा रही है, इनमें 22 फर्मों के ऊपर 1961 के आयकर अधिनियम की धारा 132 के अधीन कार्यवाही की जा रही है। यह कार्यवाही कैसी की जा रही है— सरसरी तौर पर की जा रही है। क्या इस सरसरी तौर पर की जाने वाली कार्यवाही का यह अर्थ नहीं है कि इस जांच में देरी की जा रही है ताकि अधिकारी माठ-माठ कर के कुछ मामले रफ़्त-दफ़ा कर सकें।

SHRI K. R. GANESH: The hon. member had asked about the number of searches made between April and June and I have given it. He said there is delay in finalising this. When searches are made, documents are seized, cash, assets and jewellery are seized. The ITO has to determine whether the seized assets belong to the assessee or are unaccountable. Under section 132 (5) of the I.T. Act, within 90 days of the search, the ITO has to determine it and make a summary assessment. When he makes a summary assessment, he will keep a part of the seized assets which is equal to the value of the tax determined. Later on, other processes will follow. You will have to find out whether there is falsification, fraud etc. As far as the searches made from April to June are concerned, there is absolutely no delay.