

SHRI H. M. PATEL: Let me answer the question. If it is established, then definitely, certainly, action will be taken in regard to discontinuance of supplies. It is not yet established. So, many enquiries are still pending. So far as the Defence contracts are concerned, they are supplying certain important parts to defence establishments and, therefore, orders that have been placed, certainly, they must go through and see that they are supplied.

श्री लालजी भाई : मैं इस बात में नहीं जाना चाहता हूँ कि अदालत में जो मुकदमे चलते हैं, उन में बहुत समय लग जाता है, लेकिन मैं मंत्री महोदय से जानना चाहता हूँ कि जिस व्यक्ति या फर्म के खिलाफ, जैसे प्राटो पिल्स (भाई) रजिस्टर्ड के खिलाफ मामला चल रहा है, उस में सरकार क्या कोई समय की सीमा निर्धारित करने जा रही है या नहीं? यदि नहीं, तो क्यों?

SHRI H. M. PATEL: When I say that we shall do it as expeditiously as possible, it does not mean that officers are being allowed any amount of time.

श्री लालजी भाई : अध्यक्ष महोदय, मेरा प्रश्न यह है कि समय निर्धारित करने की कोई व्यवस्था सरकार करने जा रही है या नहीं, यदि नहीं तो क्या कारण है?

SHRI H. M. PATEL: It is not possible to say exactly within what time the matter will be completed because there are...

(Interruptions)

If I say any definite time, then you would say, if there is a little excess over this, that I have exceeded that limit. So far as action is concerned, wherever we can take action, we have taken. For instance, one of the Nationalised Banks has reported that no fresh limits have been granted to this concern ever since this particular search and seizure was revealed. Wherever we can take action, we are taking, but it is not possible to do all the things that are said until everything is established.

Request for Financial Assistance from the State of West Bengal

*365. **SHRI TRIDIB CHAUDHURI:** Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any request from the State Government of West Bengal to the effect that the financial assistance to be given by the Central Government to West Bengal for flood relief this year should be in the form of an outright 'grant' and not as a 'plan advance'; and

(b) what has been the decision of the Central Government on this request from the Government of West Bengal?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Yes, Sir.

(b) The Central assistance for meeting the expenditure in connection with relief operations in the event of a natural calamity is continued to be given in the current year in the form of advance Plan assistance in accordance with the existing arrangements and policies adopted by the Union Government on the recommendations of the Sixth Finance Commission. In the circumstances, the request for treating the Central assistance as an outright grant will go against the existing arrangements and policies and cannot therefore be acceded to in the case of any one State. In this matter, the Union Government is following a uniform policy for all the States.

Following the recommendations of the Seventh Finance Commission, the Union Government have now taken a decision to follow the revised arrangements and policies as suggested by them from the next financial year.

SHRI TRIDIB CHAUDHURI: Sir, the Sixth Finance Commission has recommended that assistance for the purpose of meeting a natural calamity would be given as 70 per cent loan and 30 per cent grant. Now, may I know whether this entire assistance, cent per cent will be treated as loan or plan assistance or this 30 per cent could be deducted? Whatever is the quantum of loan, what is the mode of repayment, the rate of interest and the number of instalments by which the loan has to be repaid? Has there been any talk with the State Government in this regard?

SHRI H. M. PATEL: Whatever the position is, uptodate it is under the Sixth Finance Commission's recommendation that assistance is being given and that assistance is being given as advance plan assistance.

MR. SPEAKER: He says about 70 per cent loan and 30 per cent grant.

SHRI H. M. PATEL: Now with the Seventh Finance Commission's recommendation, that will come along.

SHRI TRIDIB CHAUDHURI: Is that the recommendation?

SHRI H. M. PATEL: The advance plan assistance is given in the form of 30 per cent as grant and 70 per cent as loan. The loan component carries the some terms and conditions as the normal Central assistance for the plan, that is, it is repayable in 15 years with an interest of 5-1/2 per cent per annum. The loss component has been taken into account by the Seventh Finance Commission in assessing the States' indebtedness to the Centre at the end 1978-79 and in recommending relief in relation to repayment of Central loans to the States. So that is how it will be taken into account. In the case of West Bengal the debt relief recommended by the Seventh Finance

Commission for the Five Years 1979—1984 is estimated to be Rs. 92.0 crores. I may also say that I have assured the West Bengal Chief Minister that adequate care would be taken to see that as a result of advance plan assistance, no adverse effect will be allowed to take place on the economic development of this State.

SHRI TRIDIB CHAUDHURI: Sir, after the publication of the recommendations of the Seventh Finance Commission, has there been any further discussion with the West Bengal Government in this regard?

SHRI H. M. PATEL: On the recommendation of the Seventh Finance Commission, there will be no discussion.

SHRI CHITTA BASU: May I know from the hon. Minister whether it is a fact that the Government of West Bengal has complained that out of the total demand or request to the Centre of Rs. 350 crores to meet the situation, only an amount of Rs. 88 crores has so far been sanctioned and out of that sanction amount, only Rs. 18 crores have so far been made available to the State Government? The complaint of the State Government is that if the payment either in the form of loan or grant is in dribblet the situation cannot be met properly. Whether that is a fact? If it is a fact, what steps the Government of India proposes to take in order to meet the situation?

SHRI H. M. PATEL: Sir, it is quite correct that the State Government might have assessed their requirements for assistance of Rs. 300 crores and odd. Whatever it may be, on the basis of report of the central team which had visited the State, the Central Government recommended certain amount and that amount has been sanctioned. It is like Rs. 88 crores or so, as he mentioned. But the point about this is that this amount

of Rs. 88 crores is released as the expenditure is actually incurred and what my hon. friend says is that it is only a smaller amount that has been released. I think nearly Rs. 50 crores have already been released. This amount has been released as they required out of Rs. 88 crores sanctioned. We have also given assurance to the State Chief Minister that whatever assistance the State will require will be provided. But it will be done as it becomes necessary. The actual expenditure must be incurred.

SHRI V. ARUNACHALAM: Sir, the Minister is aware of the fact that due to cyclone and flood, there was a devastation in Tamil Nadu last year.

MR. SPEAKER: That does not arise here.

SHRI V. ARUNACHALAM: Now, the Seventh Finance Commission has recommended revision of the policy of the Government. Will this Government come forward to give retrospective effect to the recommendation of the Seventh Finance Commission so that the Tamil Nadu Government may get the benefit of getting the grant?

SHRI H. M. PATEL: Certainly not.

Increase in Smuggling after Gold Auctions

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*367. **SHRI VAYALAR RAVI:**

SHRI N. SREEKANTAN NAIR:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that smuggling has increased considerably after the Government introduced gold auctions;

(b) whether there is any provision to verify that the auctioned gold is converted into ornaments and prevent the introduction of smuggled gold;

(c) if so, the steps taken to verify it; and

(d) the finding after the verification?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) No, Sir. There is no increase in the smuggling of gold after introduction of the gold auctions. On the other hand smuggling continues to be well under control.

(b) to (d). Under the Gold (Control) Act, 1968 all transactions by way of sale, purchase or transfer of gold for conversion into ornaments are to be recorded in the statutory accounts as and when the transactions take place. Every gold transaction should be covered by a voucher in the prescribed form wherein the identity of the gold acquired and/or disposed of and the identity of the persons making the transactions are to be shown.

Further by issue of an Order dated 2-6-1978 inter-dealer transactions in the gold sold in R. B. I. auctions were banned. Such gold is required to be sold to a goldsmith not exceeding 100 grammes at a time for conversion into ornaments or the licensed dealers themselves may convert such gold into ornaments for sale.

The accounts and stocks of all licensed dealers who purchased gold in the R. B. I. auctions are scrutinised/checked to ensure that the gold purchased in R. B. I. auctions are properly accounted for and their disposal is in accordance with the rules.

They are also checked to see that no smuggled gold finds its way into the accounts under the guise of standard gold bought in the auction.

Verification of the accounts and checks have not revealed any malpractices on a large scale.

SHRI VAYALAR RAVI: Mr. Speaker, Sir, as you and the hon. Minister know, the policy of gold auctions has completely failed and it has an adverse effect on the Indian economy.