

early part of the current financial year and accordingly, it was anticipated that deterioration in the States' financial position will be to the extent of Rs. 892 crores.

(b) to (e) The deterioration in the financial position of the States in the current year is due to shortfall, against the targets agreed to by the State Governments, in additional resources mobilisation, decline in revenues on account of drought, additional expenditure on grant of dearness allowance and other benefits to State Government employees, expenditure on drought relief, etc.

The Reserve Bank of India, in its study, advised additional resources mobilisation and restraint on the growth of non-essential expenditure by the State Governments to arrest the deterioration. No specific advice was given by the Reserve Bank to the Government of India in this regard.

The Governors/Chief Ministers of all the States had been advised to conduct an immediate and intensive review of the resources and expenditure in order to ensure that the expenditure was suitably adjusted to available resources and the current financial year should not close with any deficit. In the discussions recently held in the Planning Commission, the State Governments indicated that they would abide by this advice and close the year either without any deficit or with a small deficit. It is expected that the deterioration in the States' financial position is likely to be much less than what was anticipated in the RBT study.

Patel Committee Report on gold auction

414. SHRI K.L.N. PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the I.G. Patel Committee has recommended the scrapping of gold auctions which were introduced by the Janata Government;

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(b) if so, what are the other recommendations of the Committee and decision taken by Government thereon;

(c) whether any new gold policy is being considered; and

(d) if so, what are the details in this regard?

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): (a) to (d) The Report submitted by the Committee headed by the Governor, Reserve Bank of India is under examination of the Government. The recommendations of the Committee will be made known after a decision is taken.

However, the Government have no intention of resuming the gold auctions which were suspended on 26-10-1978.

Enquiry into cornering of gold at the gold auctions

415. SHRI K. L. N. PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken a decision to institute an enquiry into the cornering of gold by a consortium of people at the gold auctions held during the Janata regime; and

(b) if so, who are the members of the Enquiry Committee?

THE MINISTER OF FINANCE AND INDUSTRY (SHRI R. VENKATARAMAN): (a) and (b) In pursuance of the statement made by the Prime Minister in the Lok Sabha the matter is under examination of the Government.

416. [Transferred to the 20th March, 1980.]

Payment of retrenchment benefits to the workers of Shri Krishna Kumar Spinning Mills, Mahuva

417. SHRI IBRAHIM KALANIYA: Will the Minister of LABOUR be pleased to state: