

Cell. There is no proposal for winding up the Cell, which continues to function.

(c) Rs. 56.55 crores were paid by the companies of the Birla Group during the financial year 1976-77. Income-tax amounting to Rs. 2.23 crores was due from the companies of this Group as on 15-7-77. This has been reduced to Rs. 0.82 crore as on 31-3-1978.

The total number of assessments which had either been finalised or for which drafts had been submitted by the concerned Income-tax Officers to their Inspecting Assistant Commissioners for their approval under section 144B of the Income-tax Act in cases belonging to the Birla Group during the financial year 1977-78 was 441. Most of the additions made/proposed to be made are disputed before the Appellate authorities/Inspecting Assistant Commissioners.

Income-tax arrears against large commercial houses

154. SHRI ARVIND GANESH KULKARNI:

SHRIMATI LEELA DAMODARA MENON:

SHRI T. BASHEER:

SHRIMATI USHI KHAN:

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 34 given in the Rajya Sabha on the 25th April, 1978 and state the present position regarding speedy collection of arrears of income-tax from the large industrial houses, particularly from those in whose case the arrears are in excess of their equity participation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZULFIQARULLAH): Information is not readily available separately in respect of arrears of income-tax due from large industrial houses whose tax arrears exceed their equity capital. However, information is available in respect of cases wherein gross arrears of income-tax exceeded Rs. 10 lakhs in each case. As on 31-3-77,

there were 63 such cases belonging to large industrial houses in respect of which gross arrears of income-tax aggregating to 26.17 crores were outstanding on that date, the corresponding net arrears being Rs. 11.99 crores. Out of these cases, information as on 31-3-78 is presently available in respect of 56 cases. The gross arrears in these 56 cases aggregating to Rs. 20.89 as on 31-3-77 have been reduced to Rs. 9.26 crores as on 31-3-78, the corresponding net arrears being Rs 5.60 crores.

"Gross and Net Arrears"

Arrears are expressed in terms of 'gross arrears' and 'net arrears'. 'Gross arrears' at any point of time represent the amount of tax demand raised on regular assessment and not paid till then. 'Net arrears' represent, by and large, the legally collectable demands at any point of time and are computed deducting the following four types of amounts from the amount of gross arrears:—

- (i) Amounts not fallen due.
- (ii) Pre-paid taxes (by way of advance tax, self-assessment tax or tax deducted at source) claimed to have been paid but which are awaiting verification/adjustment.
- (iii) Amounts in respect of which stay has been granted by various authorities including courts.
- (iv) Amounts covered by instalments granted.

Alleged involvement of a Cabinet Minister of Punjab in a foreign exchange scandal

155. SHRI ARVIND GANESH KULKARNI:

SHRIMATI USHI KHAN:

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 32 given in the Rajya Sabha on the 25th April, 1978 and state:

- (a) whether the enquiry into the alleged involvement of a Cabinet

Minister of Punjab in a foreign exchange scandal has since been completed; and

(b) if so, what are the findings of the enquiry?

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

(b) The allegations contained in the news item referred to in the question have been enquired into through our Embassy in Japan and by the Directorate of Enforcement within the country. The police authorities concerned in Japan and the Japan Airlines seem to be completely unaware of any such disclosures. No such news item has appeared in the local language press in Japan. Enquiries made by the Directorate of Enforcement have also not revealed any material that would establish any specific case under Foreign Exchange Regulation Act against the Minister in this case.

Credit policy announced by the Reserve Bank of India

156. SHRI DEVENDRA NATH DWIVEDI:
SHRI BIPINPAL DAS:
SHRIMATI MARGARET ALVA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has recently announced its credit policy and issued guidelines to the nationalised banks to make available finance for the priority sector, industry, agriculture and small scale sector;

(b) if so, what are the salient features of this policy; and

(c) whether this policy is likely to boost production?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) to (c) The recent changes in the credit policy announced by the Reserve Bank

of India aim at restraining credit expansion consistent with the genuine requirements of the economy. The policy seeks to encourage investment in sectors such as agriculture, small industry, and transport by reducing the cost of bank credit through lowering of interest rates.

The recent changes effected by the Reserve Bank of India in the lending rates of the banks are set out in the statement.

Statement

Changes introduced in lending rates of scheduled commercial banks, with effect from March 1, 1978

1. Maximum Lending Rate on Advances: The maximum rate of interest chargeable by banks on short period advances (without prejudice to panel charges) will be as follows:

Banks with Demand and Time Liabilities of	Rates prior to March 1, 1978	New rates
	Per cent	Per cent
(a) Over Rs. 50 crores and banks incorporated outside India.	16 1/2	15
(b) Between Rs. 25 crores and Rs. 50 crores	17 1/2	15
(c) Below Rs. 25 crores	No ceiling	16

2. Term Loans. Rates on term loans for priority purposes have been reduced in the recent past. No significant change in these is, therefore, proposed. However, as a measure of rationalisation, the scheme of term