

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3159
ANSWERED ON:10.08.2001
FINANCIAL TRANSPARENCY
IQBAL AHMED SARADGI

Will the Minister of FINANCE be pleased to state:

- (a) whether the Advisory Group on Fiscal Transparency has recommended that States may adopt a minimum set of rules for financial transparency to be achieved within a period of three years;
- (b) if so, the details thereof;
- (c) the other recommendations made by this Advisory Group;
- (d) if so, whether the International Monetary Fund has insisted that different States should adopt a code of conduct in this regard;
- (e) whether IMF has indeed pointed out that the States in India are lagging behind in meeting the standards of such a Code of Conduct;
- (f) if so, whether any high level meeting of officials has been called by the Government in this regard; and
- (g) if so, when was the meeting held and the results thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The Advisory Group on Fiscal Transparency constituted by the Reserve Bank of India has recommended that the State Finance Secretaries' Forum could review the Report of the Advisory Group on Fiscal Transparency and determine a set of minimum standards on transparency which all State Governments should achieve within a three - year period.

(c): The main recommendations are as under:

(i) the state governments should be encouraged to increase the extent of reporting on contingent liabilities, major tax expenditures and on quasi-fiscal activities;

(ii) the tax structure be simplified with greater use of information technology;

(iii) the major categories of expenditure and revenue be projected for two years ahead from 2002-03;

(iv) additional information on previous year data on both Revised Estimates and actuals should be provided in the Budget at a Glance;

(v) the external liabilities in the Receipt Budget should be reported at the market exchange rate;

(vi) a start should be made in presenting the information on fiscal risks based on the uncertainties inherent in the basic macro-economic projections.

(d) & (e): The report has not been submitted to the IMF and hence the issue of IMF response does not arise.

(f) & (g): Does not arise.