

4 P.M.

### LEAKAGE OF BUDGET PROPOSALS

**Mr. Speaker:** The House will now take up this discussion under Rule 212, of which notice has been given by Dr. Lanka Sundaram. Two and a half hours have been allotted. I will allow Shri M. C. Shah, Minister, to make a statement and thereafter the discussion will begin.

**The Minister of Revenue and Civil Expenditure (Shri M. C. Shah):** Sir, with your permission I will make a statement. On the last three occasions when the matter was raised in this House, I was not present here in the Lok Sabha as I was busy in the Raja Sabha. I feel, therefore, that I owe it to the House to tell it how the information was received by me and what steps I had taken subsequently.

I was in Bombay on the 29th February. After lunch, at about 2 p.m. when I was preparing to leave for the office of the Commissioner of Income-tax, where I had fixed a discussion with the Commissioners and thereafter with officers of the Company Law Department, I received a telephone call from the Chief Minister of Bombay who told me that there appeared to have been leakage of some tax proposals and that he had got some paper which he wanted to show to me. It seemed to me inconceivable that a leakage could have occurred. I told him that I would go to see him at about 4-30 p.m. after finishing the meeting with the officers. He told me to come to the Council Hall as he would be there at that time.

I left the Income-tax office at about 4-15 or so and met the Chief Minister at about 4-30 p.m. There he gave me a typed paper which was in three sheets. I went through the same and told him that some paragraphs in the sheets were phrased like Part B of the Budget speech but that I could not say whether the contents were correct or not as I had not seen the Budget speech and I could only find out the difference after I had verified the paper with the Budget speech. He told me that I should hand over the papers to the Finance Minister and also verify it and let him know. He desired that I should mention this to the Home Minister also.

At about 4-55 p.m. I left the Council Hall for the aerodrome. I came by the evening plane to Delhi and reached my place at about 11 p.m. The next morning I compared the paper with Part B of the Budget speech and found that apart from minor typing errors there was only one material point of difference between the contents of the paper and the relevant portions of Part B of the Budget speech delivered by the Finance Minister.

I immediately got into touch with the Finance Minister and met him at about 9 a.m. and gave him the paper and also acquainted him with what had happened in Bombay. The action subsequently taken has already been stated to the House by the Finance Minister. I did not speak to the Home Minister as the Finance Minister had decided that a note should be prepared and sent to the Home Minister for investigation to the Special Police Establishment. On my return from the Finance Minister's place, I rang up the Chief Minister of Bombay and informed him that I had handed over the paper to the Finance Minister and also told him that on verification it has been found that the paper did contain extracts of Part B of the Budget speech with some variations.

**Dr. Lanka Sundaram (Visakhapatnam):** Mr. Speaker, Sir, I was amazed at the point that the Minister of Revenue and Civil Expenditure should have taken 20 long days to make a statement to this hon. House, a statement which he has just made. He has hardly given us any information which has not been made known to this House in the course of the statements which have been made by more than one spokesman of Government including the Prime Minister. The Prime Minister has my sympathies for he has not been properly briefed by his colleagues in the Council of Ministers, with the result that the statements so far made on this very serious and grave matter relating to the Budget leakage are not only confusing but are contradictory in certain material respects.

On the 6th March, the Finance Minister told us here—on page 4325 'some time in the afternoon'. It was 7 days after the Minister of Revenue and Civil Expenditure arrived in town. Even then he could not give us the information as to in what manner and what information was sought to be conveyed to

the Minister of Revenue and Civil Expenditure. The Prime Minister, on the 12th, mentioned, '4 p.m.' as the time at which the Minister of Revenue and Civil Expenditure got this information conveyed to him by Shri Morarji Desai. At that time the Finance Minister interrupted the Prime Minister and then it was corrected to 4-30. Later on, the Prime Minister said that Shri Shah left Shri Desai at 5 minutes to 5 o'clock, a point which was now confirmed by the Minister in his statement. The Prime Minister further said on the 12th that Shri Desai got to know this information 'just before'. I am quoting from the record, without any violence to the text. The Prime Minister also said, "Well, I do not know." Shri Deshmukh corrected him and said, 'He got it about two or three hours before.'—roughly about 2 o'clock.

I draw attention to this series of statements only for one purpose. When an adjournment motion was given notice of on the 3rd, even as late as the 12th, the Prime Minister was not properly briefed, with the result that he had to make a statement, which, as I had shown just now, not only shows discrepancy but also material differences. I am here to say that some of the papers both in English and in the languages carried substantially the Budget proposals in the Dak editions of the 28th of February. That is a matter for investigation.

Apart from these small points, I would like to go into the manner this House has been informed by the spokesman of Government, including the Prime Minister, on the quantum of leakage. The Prime Minister on the 3rd March said :

"...so far as we know, some kind of information, some information through some Ministry, leaked out at an earlier stage when the matter was under consideration not on the file."

Then, he said : that this information could not make much difference to anybody. He further said that it is not easy for anyone to take much advantage of it, because he was not briefed or informed obviously.

In the Rajya Sabha, the Finance Minister took a different position. He said—I am quoting—

"It is undoubtedly correct that leakage took place of the Budget proposals and that we received evidence of it on the 29th."

Finally, on the 6th March, the Finance Minister trying to explain the statement made by the Prime Minister, said as follows :

"It could bear the meaning that while the proposals were being formulated and had not been finalised somebody got hold of them."

Now, I draw attention to these two sets of facts only to emphasise my point, the point being, this House which is entitled to information, adequate, comprehensive and accurate information, has not been given that information even as late as the 12th, that is, 12 days after the leakage.

You, in your ruling yesterday, disposed of the question of privilege. I submit to your ruling as far as that point goes. But, I draw your attention to one small point which apparently has escaped your notice—with great respect. When I raised the question of the Finance Minister giving information to the other place without giving it first to this House, you said, on the 6th March, as follows :

"The Finance Minister might have communicated this matter to this House as soon as he came to know about it." "There is a breach of privilege because that matter was raised before the Rajya Sabha."

This point you have not disposed of yesterday. I am not pursuing it because the item on the agenda or the Order Paper in my name deals with not only leakage of the Budget but matters connected with the secrecy of the Budget and Budgetary reform. With your permission and with the permission of the House I propose to address myself to these two very important issues. Yesterday you referred to the famous Thomas and Dalton cases and you are perfectly right when in your ruling you stated that those two cases do not supply any precedent at all for us to approach this question raised today, because there was no suggestion even as I said on the 15th of this month in my speech on the budget debate that the Finance Minister's integrity was never suspected by anybody. You, Sir in your ruling yesterday said, "It is neither alleged nor even suggested in the case

[Dr. Lanka Sundaram]

before us that the Finance Minister was himself responsible for any unauthorised disclosure of the financial proposals." So, that disposes of the matter as far as the Finance Minister is concerned and I am satisfied. But you also said two other very important things, not only yesterday, but also, on the 12th and I will quote now :

"The House ought to know whether any Minister is responsible for it, and if so, what to do further, apart from any other matter which may or may not take place in a court of law, and what are the steps that have to be taken if any Minister is involved in this."

That was on the 12th. You also said yesterday:

"Parliament has ample power to enquire into the conduct of a Minister in suitable proceedings in relation to the leakage and the circumstances in which the leakage occurred."

The Finance Minister is absolved of all responsibility in this matter. I am satisfied with this as you are satisfied in your ruling yesterday to absolve him of responsibility. But who is the Minister involved in this matter? I think the House is entitled to an answer.

The Prime Minister said on the 12th :

"It has been established that the leakage occurred from the Government Press situated in Rashtrapati Bhawan where the Budget papers have been given for printing."

The words "Rashtrapati Bhawan" might convey a very wrong impression altogether, as if the Rashtrapati is somehow involved in it. Surely nobody would have imagined that the Rashtrapati was in the picture at all. Some Minister is concerned, Who is that Minister?

Since the Prime Minister's statement on the 12th about this leakage—and it was a very categorical, comprehensive statement that he made—has the Minister concerned come before this House and made a statement and accepted responsibility? In other words, today I think the House must address itself to one simple question, namely, who is answerable to this House for this leakage? If it is not the Finance Minister, somebody else must answer it.

Now, Sir, a number of statements are appearing in the papers and affidavits filed by some of the accused are appearing. It was stated in one of these affidavits by one of the accused that the Superintendent of the Press is responsible for the secrecy. He also said that the Superintendent is supposed to open sealed documents and have them printed in his presence and also that of two Secretaries. Now, who is the Superintendent? Under whose jurisdiction is he working? Which is the Minister of the Council of Ministers who are responsible for the superintendence, efficiency and secrecy of the printing? Who are these Secretaries? As far as I know, these two Secretaries are Secretaries of Government. Do they belong to the same Ministry, which is entrusted with the printing of the Budget or to the Ministry of Finance? I do not know about this. The House is still in the dark. All the statements supplied so far have not been concentrating their attention on these points. There may be other points which may come up in due course. I do not know how long we have to wait for those statements to come. Here I put a straight question: Is it a fact that the Superintendent of the Printing Press is a relative of the Minister? The House must have an answer.

**An Hon. Member:** Which Minister?

**Dr. Lanka Sundaram:** I want to know who is the Minister in charge of this. I put down a short notice question and I got an answer here from you that the Minister is unable to answer a short notice question as the police investigations are still going on. I wanted the House to be told who exactly is in administrative control of the Printing Press in Rashtrapati Bhawan. I have my information here that till recently the printing arrangements were not made in Rashtrapati Bhawan. Who made these arrangements and why and how are these arrangements processed? This is a matter on which the House is entitled to an answer and I am sure the spokesmen of the Government will certainly answer these questions.

You, Mr. Speaker, are aware of the famous Crichton Down case which occurred in the House of Commons on the 15th June, 1954 dealing with the relation between civil servants and Ministers of the Crown. I will be rather very brief, and it is a very famous case

and a very recent case. The moment aspersions were cast on the conduct of these servants about the disposal of certain agricultural property, the Minister straightaway took the responsibility—that was Sir Thomas Dugdale—and this is what he said in the House of Commons :

“Most of them are those for whose conduct I am answerable as a Minister of the Crown, the responsibility rests with me. That responsibility I wholly accept.”

Having said this, he tendered his resignation, which was also accepted.

I am trying to draw the attention of the House to the very specific point: who is answerable to this House for this leakage? The leakage, according to the Prime Minister's statement, is located in the Rashtrapati Bhawan Press. I think the House should not escape this very important and vital point which has not been raised so far.

You wisely, Sir, in your ruling left this matter open—about the rights of the House to go into this question. I have already quoted you on two relevant occasions that the House can go into it. Actually I would like to quote the Finance Minister to clinch the issue. He made a statement here, that is on the 6th :

“We are anxious to place all the facts that we have at our disposal and that we can collect through departmental agencies before the House. We do not ask them to accept those facts. Certainly they can make the inquiry right from the beginning, *ab initio*.”

Then he said on the 6th March again :

“It is all a question for the House to decide as to how soon they should start the enquiry. On that I, particularly, have no views. If the House decides that they should start today, certainly we will help them now.”

In the light of your ruling of yesterday, which we accept unreservedly I suggest that it is now a fit case for this House to appoint a Committee of this House to investigate into this matter of leakage and also about the answerability of the Ministers of the Council of Ministers to this House for this

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particular leakage. I hope you will take this point into your consideration and give an appropriate ruling at the proper time.

I come to the second portion of the item on the Order Paper standing in my name—matters connected with the secrecy, of Budget. I am going to make certain suggestions, constructively, for preserving the secrecy of the Budget and I hope that they may be found acceptable by Government, and they will indeed strengthen the hands of the Government to preserve the secrecy of the Budget, than which there cannot be a greater question of importance as far as this House is concerned. Here on the processing of the Budget there are a number of remarkable statements by my hon. friend, the Finance Minister, when he spoke here on the 6th, he stated:

“No Ministers know the entire Budget. The Income-tax Minister will know his portion; the Minister dealing with customs and excise will know his portion. None of them knew what was decided in regard to Posts and Telegraphs, which is known to my colleague the Minister of Communications.”

And then he said :

“Ministers do not know what speech I am going to make. Also, the Prime Minister does not know. The Home Minister does not know.”

These bits known to individual ministers when added up, I do not know what the resultant position will be. Individual Ministers know their bits and when all these are added up, what will be the position? You can very well imagine it. Then the Finance Minister said :

“A few officers of my Ministry, the typist later on the steno-typist . . . Till two years ago, one steno-typist only who sits in the room of the Joint Secretary used to know it.”

What is the present position?

**The Minister of Finance (Shri C. D. Deshmukh):** The same position.

**Dr. Lanka Sundaram:** Why did you not state it.

**Shri C. D. Deshmukh:** Hindi translation is added.

**Dr. Lanka Sundaram:** I hope I am not doing any violence to his statement. But what is the present state of affairs? When I interrupted him about the Hindi translation in that discussion, he said that as far as he remembered, it was given to him on the 19th that is, ten days earlier. I am here to make one proposition. The Budget proposals, particularly the taxation proposals, cannot be known to anybody other than the Finance Minister. That was a convention which you know, in this House was the current usage for twenty years. It is the usage all over the world. The responsibility for the Budget is the responsibility of the Finance Minister. I want to affirm that principle. In any case, in their final form the taxation proposals should not be made known to any one of his colleagues in the Council of Ministers. That is a point which the House of Commons has established, and I am sure that is a point which this House will endorse. The position in the U.K. is this. The Chancellor of Exchequer is individually responsible for the economic and financial policies of the country, and when a vote of the House is to be taken, he is personally held responsible, individually held responsible, whereas we in this House has got a different procedure. Under rule 217 of the Rules of Business of this House, we can only have a vote upon the confidence or the lack of it on the Council of Ministers but not on individual Ministers. I submit with the greatest respect this is a matter which has got to be looked into because this is not the first occasion when leakage has occurred. This is a matter which will deserve your immediate and serious attention.

I come to another point. That is about printing of Part A and Part B. As far as I am aware—and I think you will sustain me in this point because you were functioning during that time—it was Sir James Grigg who separated Part A and Part B. He never allowed Part B to be printed in advance. I happened to know because I was sitting in the gallery. I am sure you were in this House. You also know about that position. When was this procedure of printing simultaneously Part B with Part A established and why? In the light of the experience that we have had, I suggest very seriously that Part B should not be printed simultaneously with Part A. It only means that the whole responsibility for

presenting the Budget rests, individually upon the Finance Minister. That was the position in the old days. All of us know about it. The Finance Minister noted down in his hand. He was the typist or pseudo typist; he typed it and he himself read it out here. Later on they were duplicated and circulated to the Press.

I know that the Press people will be slightly upset by the suggestion that I am making. But I say this. By the time the Finance Minister rises here, the stock markets all over the country are completely closed. Whether you release the proposals to the Press one hour earlier or a little later—it makes no difference in the present condition of instantaneous despatch of messages. Whether you give it at 7 or 9, the morning papers all over the country will carry them. I make the suggestion very sincerely that Part B should not be printed simultaneously with Part A. I say again that it was a point well-known to us years ago.

Here, Mr. Speaker, you will recall that last year because of circulating, by mistake, Part B, a leakage occurred. Some copies of Part B went out of the Chamber and I raised the point on the 5th of March. It was a *bona fide* mistake. All the same it was a mistake and Part B proposals went out before the Finance Minister stood up and read out his taxation proposals.

I now come to another concrete suggestion. I want the immediate amendment of the Provisional Collection of Taxes Act. It is a very ancient document and dates back to 1931. It is only an enabling measure and clause 3 says "may" and not "shall". After imposing the taxes here and as amendments are made to the taxation proposals, refunds are sanctioned, are authorised under this Act. The point is that there is no need to announce as the Finance Minister regularly does; under the legislative authority of the Provisional Collection of Taxes Act, all that is necessary is that a notification has to be issued.

I would make another procedural suggestion which I think will eliminate the risk of leakage. After he stands up here and makes his taxation proposals, let the House pass a motion. After Part B is explained by him, let the House pass a motion. That is the procedure in the House of Commons. There will

be enough time for him and his colleagues to get that duplicated and circulated to the Press. There is no difficulty about what you call obstruction of publicity for the proposals. I repeat it again that the stock markets are closed and in the interval between the moment he stands up here and the next morning when the paper appears, there is enough time for the papers to carry the story fully.

On the question of Budget reforms, I have two or three concrete suggestions I hope the House will bear with me a little while on this item of the Order Paper. Mr. Speaker, you were the distinguished Chairman of the Estimates Committee of which I had the honour of being a Member for three years. You will recall this question was raised there and you almost ordered a sort of an investigation into this question. Then fresh elections took place and neither I nor you are there in it with the result that I have to take the forum of the House. I am referring to what I have attempted to do in the Estimates Committee.

The Budget must be a very precise document. It is the constitutional bulwark of the representative Government. It is an estimate of their receipts and cash payments. Yet, what is our experience in this House?

In 1951-52, I would like to give one instance out of many—the closing balance on the 31st of March 1951 was shown to be Rs. 155 crores. But when the Finance Minister made a reference to the closing balance in his Budget Statement, it was stated to be Rs. 95 crores—a difference of Rs. 60 crores. I am only drawing attention to the point that the question of Budgetary reform is very important in the sense that unless and until the cash receipts and cash payments are shown properly and accurately, there will not be any possibility of budgeting.

Take the UK practice which is followed in part by us, for instance. It is followed in the case of Appropriation Bill, vote on account and so on. Instead of making simultaneous statement of receipts and expenditure, could not a better procedure be followed? It is now based upon obviously seven months' experience of the preceding year. Especially in the case of expenditure, the departments start what you call bringing the data together about August and

the Finance Minister comes to know of it roughly by about October and then the forecast for the coming financial year is based upon—shall I say—half year's knowledge of affairs or seven months at the most.

In UK there is a gap, between the presentation of the statement of receipts and of expenditure, of as much as six weeks or two months. I would suggest that the Finance Minister and the Government should examine this question and find out the possibility of adopting a procedure here which will ensure budgetary reform of the most desired type. Without that, there is no possibility for this House to come to right conclusions.

I suggest that the Budget be presented on the last day of March instead of on the 28th February, or nearabout that. 28th February was the date, which you, Mr. Speaker, know was hit upon by the British because of the exodus to Simla. In our constitutional set-up as at present, there is no sanctity or mystic significance attached to 28th February. It means that one more month will be available for the Finance Minister to keep track of the inflow of revenue or the behaviour of taxation provisions or the estimates for expenditure by the various departments. He will be able to give a more accurate statement.

Finally, in this regard, I would like to say that instead of rushing the Budget proposals as we are doing now, it should be spread over two sessions. The House should adopt the House of Commons procedure of spreading the Budget discussions over two sessions. Nothing is lost in doing so. Hon. Members will have ample opportunities for ventilating the grievances. You may remember very recently one Select Committee had to be rushed—I think on the Appropriation Bill. I do not remember; I am subject to correction. It was because of lack of time. If that is being done in the House of Commons, why not here? It only means a proper time table. What you fix for August may have to be brought here and the Budget may be carried forward.

Finally, one other matter and I have done. I confess that the Finance Bill is a very cumbersome document. My biggest grievance is that it contains two categories of taxes.

**Mr. Speaker:** Order, order. In all these matters relating to Rule 212, only one important matter of public importance ought to be raised: Budget leakage or Budget secrecy. Matters pertaining to secrecy of Budget must alone constitute the subject matter for discussion here. Many things can be said by way of budgetary reform. Incidentally it has escaped notice. There may be one or two matters. Budgetary reform itself cannot take the time of the House for three hours or four hours.

**Dr. Lanka Sundaram:** I would not labour the point further. Because it is on the Order Paper, I referred to one or two matters.

I was only saying that in such a measure annual taxes and amendments to permanent statutes are lumped together. I ventured to draw the attention of the House to that because the Order Paper carried it as it is.

I hope in raising these issues I have attempted to specifically strengthen the hands of the Government in order that there is no further possibility of leakage and that the security of the Budget, processing of the Budget and budgetary reforms will be undertaken by the Government. I have done.

**Mr. Speaker:** Hon Members will confine themselves to matters relating to the Budget leakage and Budget secrecy. That will be the main theme. A number of hon. Members want to speak and each hon. Member will be allowed ten minutes.

**Shri A. K. Gopalan (Cannanore):** Mr. Speaker, I want only to add a few sentences to what has already been said by the previous speaker.

Sir, on the 3rd March I moved an adjournment motion on the basis of reports in papers and also a letter received from somebody in Bombay saying how there was leakage of the Budget and how some cyclostyled copies were distributed on the previous day. Some days back that letter was forwarded to the Home Minister.

What I want to point out is this. We were told that the Chief Minister of Bombay came to know of it at about two o'clock on the 29th February. We do not know when the Chief Minister of Bombay got this information. Is it before the 29th, is it on the 27th or 28th or is it on the morning of the 29th? Even now we do not know. I say this because the Budget was presented here

on the afternoon of the 29th. According to the report of the Deputy Finance Minister it was at two o'clock that the information was given to him by the Chief Minister of Bombay. So we can understand that it was not at two o'clock that he got the information. He must have got the information either one or two days before or at least on the morning of the 29th February.

If he got the information before the first thing I want to know is when actually the Chief Minister got this information. In case he got the information before or at least on the 29th morning if the Chief Minister of Bombay had informed the Finance Minister or the Prime Minister about it certainly while introducing the Budget on the 29th afternoon this would have been mentioned and also a comparison could have been made whether it is the same thing or what are the differences.

In this connection the first thing I want to point out is about the responsibility of the Chief Minister of Bombay. When he got this information on the 29th he should have certainly, instead of waiting to see that the Deputy Finance Minister came there for some work, informed about it to the Prime Minister or to the Finance Minister whoever he wanted to inform.

**Mr. Speaker:** Order, order. We have no jurisdiction over the Chief Minister of Bombay here.

**Shri V. G. Deshpande (Guna):** Why not?

**Shri S. S. More (Sholapur):** Why not?

**Mr. Speaker:** That is exactly what I am saying. Why not? Now, there are many other persons. It is not their duty who have no control over it. All that can be said is that these people, wherever it may be, ought to have made enquiries as to how he got it. From the statement made here, at two o'clock on the 29th there was information in the hands of some others who ought not to have the information, whether it came to the Chief Minister or any other person. The Finance Minister alone must have the information. Then it is open to any hon. Member to say, we would like to know when it reached Bombay or any other place. That is all that can be said. To talk of the Chief Minister as if he is responsible to this House is not correct. I would not allow any reference as to why the Chief Minister did not inform earlier. That ought not to be made in this House.

**Shrimati Renu Chakravartty** (Basirhat) *rose*—

**Shri S. S. More:** May I with your permission, Sir, point out one thing? In the case of Shri Sundarayya the question of privilege was raised and the late Mr. Speaker in reply to my question said that when it is a question of privilege of this House there is no person who is beyond the jurisdiction of this House. I refer you to this particular specific reply by the late Speaker, Sir.

**Mr. Speaker:** I have ruled that it is not a question of privilege of this House. Yesterday I said so.

**Shri A. K. Gopalan:** What I said was, I want to know when the Chief Minister of Bombay got this information. Was it on the 29th morning or was it on the 27th or 28th? That is an information which we can certainly ask. The story begins from the 29th two o'clock. Is it at two o'clock that he got it or is it on the 29th morning? It may even be that he got it two days before. This is very important for us. Whether he sent it or not is another question and I shall not raise it if you so desire. But, we want to know when the Chief Minister got it. It is for this reason I say there must be a committee to investigate into these things. I support the proposal that there must be a committee to investigate into these things because the story begins at two o'clock on the 29th and on the 29th the Deputy Finance Minister got the information.

**Shri M. C. Shah:** May I say, . . .

**Mr. Speaker:** Why not he reserve. I will give him an opportunity.

**Shri M. C. Shah:** This is a piece of information on this point. On the 29th early morning at about 9-30 A.M. I had been to the Chief Minister to give him felicitations on his birth-day. He did not mention about it at that time. If he had got that paper in his hands at that time he would have certainly mentioned that to me. He told me that he got the paper at about two o'clock.

**Shri A. K. Gopalan:** Why did the Deputy Finance Minister make a statement like this? He is responsible for this question being raised now. He should have made this statement even before. He is coming out with this information only when the discussion is raised. He has been in this House for

the last so many days. He knew there was going to be a discussion. He should have made a statement so that this question would not have been raised. I do not know whether birth-day is an occasion where Budget leakage should be mentioned. Nobody talks about Budget leakage when all people are assembled.

So, now it is said that at two o'clock the Deputy Minister got this information.

**Some Hon. Members:** He is Minister now.

**Some Hon. Members:** Correct yourself.

**Shri A. K. Gopalan:** All right; the Minister of State gets the information at two o'clock. He quietly puts it in his pocket. He comes by the plane and then sleeps without informing the Finance Minister about it. The point I want to make is this. The Minister of State wants to have some time to make an enquiry. After that the Finance Minister comes to know about it and he wants two days to make an enquiry. On the 3rd between 9 and 11 in the morning only the Prime Minister knows about it when the adjournment motion was moved.

What I say is, the Minister of State as soon as he got the information he must have informed the Finance Minister from Bombay that such a thing has happened, he has got the information, he is coming and that he will meet the Finance Minister. Here as soon as he came he does not bother to inform the Finance Minister about it. The next day morning he himself made some enquiries and after that only he told the Finance Minister about it.

In the statement given in the Rajya Sabha and also here it was said that on the 1st and 2nd March the Prime Minister was not informed about that matter. The Prime Minister has also said in his statement that he knew it only on the 3rd between 9 and 11. He did not know about this thing before and he had only hurried consultations with the Finance Minister on the 3rd and it was only then that he knew about it. I want to know. . . .

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** I did not quite say that.

**Shri A. K. Gopalan:** I have got the actual sentences here.



[Shri A. K. Gopalan]

If the Prime Minister wants I will read them here.

**Shri Jawaharlal Nehru:** I said that I knew of it at 9 A.M. that day when the Finance Minister telephoned to me.

**Shri A. K. Gopalan :** The first point that I want to bring forward is this and that is regarding the urgency of the matter. It was a very important thing. When the thing was known certainly the Finance Minister should have been informed and if the Finance Minister knew it at least he would have said that he was going to make some enquiries about how the leakage occurred. Then again that information should have been given to the Prime Minister. It was not given and this matter was taken up. Whoever knew this matter—I do not say that they do not understand their responsibility—in utter disregard of this House and the people of the country did not inform the House about it. This question of leakage of the Budget that was there in the country was known to this House only on the 3rd even though in Bombay and other places it was known on the 29th. On the 3rd when the Prime Minister made a statement I said that I was satisfied because the Prime Minister said that some investigation was being made, some more enquiries will be made and the whole thing will be placed before the House.

But my point is that even on the 29th or before the people of Bombay and other places had known about the budget proposals which the House did not know. Certainly when the information was received at least the Prime Minister ought to have been informed. That was not done. So what I say is that it is in utter disregard of the House, the country and the people that this matter was not taken very serious notice of.

Not only that. Two days after this we got another letter saying that there was leakage of the Insurance Ordinance. That was taken up in the Rajya Sabha by Shri Bhupesh Gupta. Then it was replied that it was only half an hour before or something like that and that it was also not a very serious thing. That letter was also sent to the Home Minister. I request the Home Minister to see that those who have sent these two letters are protected otherwise they would stop writing such letters. That is one special request I have to make to the Home Minister.

People outside say that there is not only the budget leakage but there is another leakage. People outside will never say that if there is absolutely nothing. The budget leakage came, the Insurance Ordinance leakage came. There may be so many leakages, not only about the budget but about some other important matters, like the defence of the country and other things. There may be so many leakages.

How did the leakage come? To put the responsibility merely on some manager or superintendent and others is not correct. When I moved the adjournment motion the other day I did not know that it was so serious. What I say is that the seriousness of the question was not taken into consideration; those who knew of it first did not inform the Prime Minister and they did not see and investigate quickly into those things. That is the most important thing that I want to point out.

There is not only this question but there are certain other questions which are not under the jurisdiction of this Parliament, as you said just now. We want to know when the Chief Minister of Bombay knew it, from whom, on what date—so that if it was known before the 29th or on that day itself at 3 o'clock or at 3-30 or 4 before the Budget was presented, even then something could have been done. So, considering the importance of the question I say there must be a committee of the House to investigate into this thing and also seriously consider and understand as to how came and who is responsible for this thing. That is all that I have to say.

**Shri M. S. Gurupadaswamy (Mysore):** Sir, you know the story of Shakuntala. Both the father, Viswamitra, and the mother, Menaka, denied responsibility of protecting the child. Similarly here we do not know who is really responsible for the budget leakage.

The budget leakage has come to light only this year. But I have got information that there was also leakage in the past. (*Interruption.*) I am just placing the available information before the House, and I crave the indulgence of the House for a few minutes on this question. Since last four years, I was given to understand, a group of people were engaged in getting most of the budget secrets and sell them to persons on a personal basis. Only this

year it took a rather commercial form.

**Shri V. G. Deshpande:** Democratic form!

**Shri M. S. Gurupadaswamy:** After the experience of the last four years the persons thought that it could be made into a good selling proposition and they wanted to establish a market for it. So only this year it came into the open. But in the past there was leakage.

I might also say incidentally that there have been leakages—about the Import and Export restrictions and liberalisations. And the same gang of people were at the back of the whole thing. And I want the Ministry should look into the matter and say whether it is not so.

What is the real story of the present budget leakage? A person by name Mr. Chadha has been arrested. Who is this person? I was told he has got an organisation called India Auto-Travels. This person along with others had established a close ring to cull out secrets of the budget every year.

**Shri S. S. More:** In fairness to the persons who are accused, will it not be proper on our part not to mention any names?

**Shri M. S. Gurupadaswamy:** Well, I don't mention. I was told that a bribe of a thousand rupees was offered to a certain gentleman in the Security Press, and I was also told that only Rs. 700 was given to that gentleman.

**Shri Jaipal Singh** (Ranchi West—Reserved—Sch. Tribes): On a point of order. May I raise this question which has just arisen here? When the House is seized of a particular problem, just because some matter is *sub judice* is that out of court as far as Parliament is concerned? (*An Hon. Member:* No.) I would like to have your clear ruling on this. Just because it is a matter before the court and we are seized of that particular matter, is it therefore, your ruling, or not your ruling, that the whole thing is outside our purview?

**Mr. Speaker:** May I know whether any prosecutions have been launched so far?

**The Minister of Home Affairs (Pandit G. B. Pant):** Evidence is being collected, and has been collected. I do not quite know if the case has been challaned; perhaps not, but I am not very sure.

**Shri Raghavachari** (Penukonda): The moment the matter is handed over to the police, even if you have to take action and trace the accused, even if his whereabouts are unknown, the moment information is laid in the hands of the police it becomes *sub judice* and it is improper to discuss it.

**Mr. Speaker:** It is well known and it is also in the Rules of Procedure that matters for adjudication before a court of law are *sub judice*, and reference ought not to be made to those matters which will prejudice in any way their proper adjudication by the court.

**Shri Algu Rai Shastri** (Azamgarh Dist.—East cum Ballia Dist.—West): Then how can we discuss it?

**Mr. Speaker:** The House cannot discuss those details here. In a general way it can discuss it, certainly. It is a matter for consideration as to whether, when a matter is placed in the hands of the police and they are investigating that matter, any reference to it may also not prejudice a fair and impartial trial. The details are not necessary for the purposes of this. Therefore, without mentioning the details or names, reference can be made by hon. Members to strengthen any position that they want to take.

**Shri Jaipal Singh:** My point has not been met. According to your interpretation, therefore, it means that the House cannot be seized of a particular situation *in toto* if anything is in court.

**Mr. Speaker:** No, no. It is not for the purpose of the legal interpretation here. When once any case is launched against a particular person and the matter is in seisin of the court, references ought not to be made to the prejudice of a fair trial or adjudication in the court. That there is a case pending there can certainly be referred to. That the prosecution has said such and such a thing, which is public property, those details can be referred to. If the accused has made a statement it can be referred to. But inferences ought not to be made here, and any other matters, that is other than those which have been made public in a court of law ought not to be referred to.

**Shri M. S. Gurupadaswamy:** I do not want to go into details. As I mentioned, this person had enjoyed the goodwill of high dignitaries in office, and I was told that he is having a permanent

[Shri M. S. Gurupadaswamy]

pass to go about in any part of the Secretariat, whereas others have to go to the receptionist and get a permit to go in. May I know whether it is true?

May I also ask the hon. Minister whether it is true that this person and some others stayed at the time of this leakage in Raj Bhavan. (*An hon. Member*: You mean Rashtrapati Bhavan?) Not Rashtrapati Bhavan, I mean Raj Bhavan at Bombay, at the time when this leakage took place. This particular person was staying at Raj Bhavan and it was a problem for the police to arrest him. And if I am wrong I may be told that I am wrong. But this is what I gather.

I have also got information that a person who is related to this individual is in the employ of the A.I.C.C., the All India Congress Committee. As usual in such cases a young lady was also found. All these persons formed a gang, and their purpose, their only work, since last four years was to sell budget secrets to various people and to make money.

**An Hon. Member:** About others also.

**Shri M. S. Gurupadaswamy:** About others, I have already mentioned: for instance about import export policies.

Budget secret is a very important matter. I want to draw the attention of the Minister, especially the Prime Minister, to certain things, which have come to me as to the reasons why the secrets have not been maintained properly. I learned that the work of the security press in the Rashtrapati Bhavan has considerably increased recently. Formerly, the security press used to confine its work to non-commercial work. That is, the ordinary general work was not entrusted to the security press. Now, all kinds of works are entrusted to the security press. So, the work of the press has enlarged and more people are there and security could not be maintained because of the large expansion of work.

Formerly, I was told, a Joint Secretary used to be in the security press at the time of the printing of the budget proposals. I want to know why that practice has been given up if it is not so, or whether that Joint Secretary even today attends the security press at the time of the printing? Formerly, I was told, that when the time of working of the press was over, the whole

material would be taken by the Joint Secretary and kept in safe custody. But, now I feel that there is too much laxity in this matter.

Thirdly, since sometime now we have introduced Hindi translation of the budget papers. As a result of this, more people, translators and other people, have to be recruited to the staff of the security press and the secrets of the budget papers are known now to a larger number of people. Formerly, it was not so.

Lastly, I want to state before the House, the question who is answerable for this budget leakage? I was told that the foreman of the press was held responsible for this. I want to know whether the foreman himself was the head of the press. Whether he was given the sole responsibility of printing, publishing and keeping everything in connection with budget papers. Further is he the head of the entire administration of the press? If that is not so, why has not action been taken in regard to the other officers of the press? Why is this Joint Secretary who is responsible for printing of budget papers not held responsible? These people who work at the bottom may also be responsible. I do not deny that. But, why has action not been taken against the higher officials who are more responsible for keeping the secrets of the budget?

I concur wholeheartedly with the suggestion of my hon. friend Dr. Lanka Sundaram that a Committee of the House should be set up to enquire into the whole matter and to find out who is ultimately responsible and answerable for this budget leakage. If that is done I think the whole matter would be clear.

**Shri Shriman Narayan (Wardha):** May I inform the House—the hon. Member referred to somebody connected with some one who is an accused in this case, as being in the employ of the A.I.C.C.

**Shri M. S. Gurupadaswamy:** I said, the brother of that gentleman.

**Shri Shriman Narayan:** I may say that nobody connected with any of the accused is in the employ of the A.I.C.C.

**Shri V. G. Deshpande:** He is in the Congress Party office; that is my information.

**Shri U. M. Trivedi (Chittor):** This is not a very happy subject on which one should open his mouth. But, it looks that this disgraceful conduct on the part of certain officials who have acted in the manner in which they have, requires very careful consideration at the hands of the Government.

Lethargy is one thing and dishonesty is another thing. You may not do a work at a proper time. You may have certain excuses for it. But, to do it dishonestly and dishonestly with a view to have wrongful gain for oneself is the most abominable crime which a government servant commits. In this particular instance, as things have come to light, we are faced with this position: the most trusted servants of the Government have either acted dishonestly or their superiors have acted in a most negligent manner. When I use the word superiors, I should say that this should not mean that I am pointing my fingers at any of our Ministers. I know that, so far as our Finance Minister is concerned, all his actions are above board and his integrity and honesty are unchallengeable. But, I am talking of those on whom the responsibility rests of conducting official duties and who have been negligent enough not to discharge them honestly and squarely and fairly.

To allow a secret of this type to escape from the press, which is meant for that specific purpose of keeping secrecy, I should say, must be compared with an offence only equivalent to high treason. It is not that we should just take a lenient view of a man making a few rupees here and there. It is not that we should merely treat it as an official secret leaking out. We have got so many secret documents. Although they are marked secret or top secret, nobody bothers about the contents being known one way or the other. Here was a secret which was essential to be kept a secret for the security of our country. If this thing goes unpunished, if this thing goes uninvestigated in a proper manner, the result would be that a time will come when we would be handicapped in all our administrative actions which will require secrecy at the top. The Budget is considered sacrosanct and the proposals are sacrosanct. Our Minister comes with a closed portfolio in his hands and opens the

proposals just only when he enters the House. Such secrets we will have to keep. The time is now coming and coming rapidly before us—the whole thing is so near us—when we may have to preserve many more secrets than we have been able to do so far. If budget secrets can leak out, there is nothing to prevent our defence secrets leaking out. After all, we have to take stock of the people who are working under us. It is brothers of the same type who are working in the various departments, whether it is in the Finance Department or in the Defence Department. If we have got such dishonest people who have absolutely no feeling for the country or for the nation for which they are working, who are drawing fat salaries, and then sleep over the thing and do not discharge the duties which are imposed upon them by law, which are imposed upon them by morality, which are imposed upon them by their own self-conscious conduct, if they do not want to discharge those duties fairly, it is high time that we should have a true probe into the affairs of those who handle these secrets.

5 P.M.

I do not wish to go into details. People in Bombay, they say, were simply laughing. It is true that businessmen, dishonest businessmen I should say, are always very anxious to find out if they can get something or other even from Members of Parliament who practically know nothing about what the budget proposals will be. But then there are people always hovering about, and it is these people who are able to negotiate these things. We have now reached a stage when examination papers simply leak out. Last time this happened, and for two or three years also the same thing has been going on. People take a sort of delight in finding out what an examination paper contains, and then sell those papers and make money out of it. It is there that we ought to have put a stop to this, and it would have acted as a deterrent to those who might be able to do this injustice to us. I say this is an opportune moment for us to investigate, and I join my voice with the voice of other friends in saying that this is not a matter which we should tolerate just sitting with folded hands, but the probe must be very deep and the sentences that may be awarded, even if the law has to be amended for this purpose, must be very deterrent in such cases.

**Shri Bansal (Jhajjar-Rewari):** I am one of those who believe that it has been a matter of the gravest concern that the budget has leaked this year. I have not the slightest intention of mitigating what has happened. I agree to a very great extent with most of what has been said by my friend Dr. Lanka Sundaram. I believe that full justice has not been done to this House both in the manner and in the timing of taking it into confidence. There is still no definite answer as to the time the budget secrets leaked, the manner in which they leaked and from where they leaked. I am sure that Government also have been deeply perturbed over this development.

The Finance Minister has made a very candid statement. He has accepted the gravity of the situation and he has placed the matter squarely in the hands of this House. Every one here would like that these things are not repeated in future.

My friend Dr. Lanka Sundaram wanted to know as to who is the Minister who is responsible to this House in this particular matter of budget leakage on this particular occasion. I should have imagined that that particular Ministry which is responsible for framing the budget should be normally responsible to this House, and I think that the time has come when, in order to preserve parliamentary democracy, in order to preserve the rights of this House, in order to see that the work of Government is carried on with the greatest probity, the Minister in whose department or in whose Ministry this kind of thing happens should come with a clean breast before the House and make an admission of the failing. I am glad that the Finance Minister has done this. In this particular occasion the situation got complicated because of the fact that while the budget is prepared by his Ministry, it is printed in another Ministry. To that I would say only one thing, that it should be the responsibility in the future of the Finance Ministry to see that the budget is printed under the supervision of that Ministry and that Ministry alone, so that the responsibility is not divided between various Ministries. And in order to see that that happens I would suggest that there should be a small press attached to the Finance Ministry itself where documents of such top secrecy can be printed.

I agree with Dr. Lanka Sundaram that there is no sanctity in Part B of the budget statement being printed. Also there is no sanctity that it should be translated at the same time. I think the Finance Minister can very well prepare Part B of the budget, and if necessary get it printed in his own secret and confidential press. That will be one method of securing the secrecy of this very top secret document.

In this connection I would like to know whether our Finance Ministry has studied in what manner the budget is prepared in America. I did not want to attenuate the effects of this debate by suggesting that perhaps the time has come when we should revise our ideas of the budget. I understand in America no secrecy attaches to the budget. It is not a matter of laughter. Here in our own country our Finance Commission has given us an idea as to what should be the framework of taxation in future. In our Five Year Plan has been indicated the order of finance we will require from taxation. I understand that in America the President's proposals are freely discussed, and here also after the budget is presented in the House we have a debate ranging over a period of a month and a half, and it is after that full debate that the budget proposals are finally adopted by the House. I am not suggesting that we must give up our present method of budgeting altogether, but what I am suggesting is that if we cannot maintain the secrecy of the budget as we have been doing in the past either on account of the fact that it has to be translated or on account of the fact that a large number of Ministries have to be consulted—I do think a large number of Ministries will have to be consulted in the future; the very nature of our budget is becoming so complicated that almost every Ministry is bound to be consulted to some extent or other—we should study the forms in which budgets are prepared in some foreign countries and try to see whether we cannot adopt some of these methods to our best advantage. That will be the surest method of reducing speculation in our country, because the greatest amount of speculation takes place on the eve of the budget. When there is no fixed date for presentation of the budget, when all the proposals are being discussed throughout a period of two or three months, there is not going to be any fear of undue speculation. But if this proposal is not acceptable to the House, I would suggest

that as far as possible the Ministry which is responsible for preparing the budget should be held responsible up to the very end, and for that purpose a small secret press should be placed at their disposal, so that this kind of division of responsibility is eliminated. I am sure with this small safeguard we will not be faced with this kind of difficulty in future.

**Mr. Speaker:** Pandit Pant.

**Shri N. C. Chatterjee** (Hooghly) rose—

**Mr. Speaker:** Hon. Members who have given notice earlier alone will be called.

**Shri Raghavachari:** For half an hour or one hour discussion.

**Mr. Speaker:** Even here. Let me see.

**Pandit G. B. Pant:** The leakage of the budget proposals is a serious affair. I quite appreciate the interest taken by this House in the subject. They are the custodians of the finances of the country, and the Members have to see to it that everything with which the administration is concerned is done in a straight-forward manner, maintaining the highest standards of integrity.

This anxiety shown by the House is wholesome in every way. And we have to admit that Government stand in need of correctives; sometimes, we might slur over things which call for special attention, and we could perhaps miss the opportunity of revising our ways and correcting our errors, if the Members were not vigilant. So, I am in a way thankful to the hon. Members who have drawn attention to this matter.

But I feel that to some extent there has been unnecessary excitement over certain parts to which the criticisms have been directed. Nobody here denies that there has been a leakage, and everyone of us regrets that such a leakage should have occurred. It is also our desire that we should seek the assistance and the co-operation of the Members in administering the affairs in an efficient and appropriate manner.

With regard to this very subject, when I heard that Shri Bhupesh Gupta had made a speech saying that certain persons had sold cyclostyled copies of the budget proposals, I wrote to him and requested him to let me have the

information which he possessed. He was not here. Then, I wrote to Shri H. N. Mukerjee, and he was good enough to send me the letter that Shri Bhupesh Gupta had received. So, the desire of all of us to eliminate the chances of such happenings is common, deep and sincere.

But let us look at things from a correct perspective. Too much of emphasis has been laid as to whether the suspicion about leakage was entertained at two, or three, or one or four o'clock. I do not think that would make very great difference. We all agree that nobody knew anything about it, except the conspirators and those who had been exploiting the premature knowledge that they had acquired about the proposals that were included in the budget. Mr. Morarji Desai was busy on the 29th of February, and it was, I think, some time in the afternoon, that somebody handed a paper to him. There was a crowd in his house. And he spoke to Shri M. C. Shah, I think, shortly thereafter. Then, Shri M. C. Shah was busy with other things. He had his engagements and appointments. And as soon as it was possible, he contacted Mr. Morarji Desai, ascertained all that Mr. Morarji Desai knew, came over to Delhi, and on arrival here he just tried to ascertain the facts, to check the paper that he had received with the real budget speech and to see if it was a genuine imitation of the proposals. He found to his regret that it was really a document which had revealed the proposals. Then, he ran to the Finance Minister and gave him the information that he possessed. The Finance Minister immediately took action. He called the officers of his department and asked them to make enquiries. They started the enquiry forthwith, and as soon as the enquiry in the Finance Ministry was completed on the evening of the 2nd instant, he sent over the papers to me. On the morning of the 3rd instant, he spoke to me. I took action such as was open to me.

I might also inform the hon. Members of this House that on the 3rd instant, after he had come to know of the facts, he tendered his resignation to the Prime Minister, and said, as the leakage had occurred, he would like to resign. Nothing could be more honourable and we all should admire him for maintaining the highest standards. In fact, he spoke to me on the phone on the morning of the 3rd, and gave expression to similar sentiments, that he

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would like to resign. I told him he had hardly anything to do, and it would be absurd to deprive the country of his valuable services because some corrupt sneak somewhere had played a trick and done something which had caused anguish to most of us. So, he reconciled himself.

In the circumstances, to say that the Minister in charge has been sleeping over it or has not shown appropriate sensitiveness in the matter is, I think, not altogether correct. Now we all must know that on the 29th of February, the budget had been made known to everybody in the world. The budget speech had been made, and everyone knew what was contained there. What was to be done thereafter? Whether one knew or not, there was nothing secret thereafter. The secret had been revealed before that. No secrecy would have been left if it had leaked after the 29th February. Nobody was to gain, and nobody was to lose thereby. The only thing that was to be done was to hold an enquiry and investigation to find out the culprits, to judge them and to punish them by law courts. It is also possible that some persons may have been negligent and may have otherwise failed in the discharge of their duties. That would be a matter for disciplinary action, and so far as that goes, I think immediately the report of the enquiry is received from the police, the Ministry concerned will deal with the persons who are found to have erred in any way in discharging their duties.

In the circumstances, I submit that so far as this leakage is concerned, nobody has at any moment tried to cover up this matter. No one on the part of Government had at a single moment said that there has been no leakage. We have all frankly and candidly accepted that there has been leakage, and we are sorry for it; and someone or other who was charged with the duty of looking after this in the press had failed in doing his part in the proper manner. So far as the culprits are concerned, some of them have already been arrested; if there are others, who have failed to do what was expected of them, action will be taken against them too.

I was sorry to hear one of the remarks which amounted almost to an insinuation that the superintendent of the press was related to one of the Ministers. What does that mean? I think in this House we have to maintain certain

standards of dignity. The Press is in charge of Sardar Swaran Singh, the Minister of Works, Housing and Supply. He has sent me a chit saying that he was not at all related to this man, that he had seen him only once in his life two years ago. So such sort of remarks need not be made. They really do not affect the position in the least. I think we expect the hon. Members of this House, including the Ministers who are also Members of this House and claim privilege and protection as much as hon. Members are entitled to claim, to see that no insinuations against any person's integrity should be made and the Ministers should be treated on the same level and at par with other hon. Members. We are here as Members of this House and are entitled to the consideration and goodwill of all our other colleagues. So such sort of reflections do not seem to me to suit the dignity of this House.

**Dr. Lanka Sundaram:** As the person who made the point, may I apologise? I did not mean any insinuation against the Minister. These are questions of public importance. Was there any protection given? That was the point I sought to make. And with your permission, I would withdraw the statement.

**Pandit G. B. Pant:** It was capable of being interpreted by some other people in a different way, and I am glad that the possibility of such interpretation has now been ruled out.

I may also submit that so far as the other part of the speech delivered by Dr. Lanka Sundaram, which we all appreciate, is concerned, it will certainly receive attention. As to what has to be done in order to guard against such possibility for the future, that is an important matter. What has happened has happened though I must say that while we regret that such a thing should have occurred, we should not think thereby—we should not infer therefrom—that considerable damage has been done to the economy of the country.

Hon. Members might be remembering what happened last year. The Budget proposals, as they were placed before the House, were considerably modified by the time the discussions were over. At the start, an excise duty had been proposed on cloth and certain other levies had also been suggested. But after a month and a half, many of those proposals were dropped. So there was a change in the proposals.

Here this was not a secret—that is the only thing. Otherwise, the economy is affected by our democratic methods to some extent.

But I must also state the position as it is. The administrative machine today is a very complex one. Whenever action has to be taken on new budget proposals, the Finance Ministry has not only to publish its proposals for the information of the public, but has also to issue instructions to officers who are posted all over the country to enable them to take immediate action on the lines indicated in the Budget. If that action is not taken there will be greater loss than even an occasional leakage might cause. That has to be done.

Then ours is a vast country and we have to reach every nook and corner, as the Budget these days contains vital matters which affect the everyday life of every person. So we have to examine the proposal as to the secrecy of the Budget bearing all these aspects in mind and then to devise effective means for safeguarding the sacrosanct character of the proposals contained in the Budget.

I am sorry that one of the employees of our Congress Party Office has come in for a certain amount of criticism. He has been suspended by our Party and I hope effective action will be taken against him. If there is any black sheep in our fold, we are sorry for that and it is a matter of greater regret to us, that someone like that should have been employed by us. But I can assure hon. Members that there is no desire on the part of any one to do anything that would in any way be harmful to the interests of the people at large or that would not be in accord with the highest standard of integrity, honesty and public morality. That will be our effort and endeavour and we seek the co-operation and assistance of every hon. Member of this House in maintaining that standard.

**Shri Bhagwat Jha Azad** (Purnea *cum* Santal Parganas) : Before you call upon the next speaker, may I request that that portion of Dr. Lanka Sundaram's speech in which he stated that the Superintendent of the Press was related to a Central Minister be expunged from the proceedings?

**Some Hon. Members:** He has withdrawn it.

**Shri N. C. Chatterjee:** I am sorry I am not satisfied with the speech of the hon. the Home Minister. Let us face the issue. I am sorry we are getting involved in certain side issues, and the real point is being side-tracked and—may be—clouded.

The real issue is : What is the difference between Sir James Grigg and Sir Basil Blackett sitting on the Treasury Bench, and the parliamentary set-up under a democratic form of government today? I am quite sure if there had been a budget leakage when the Britishers were ruling here, when the imperial domination was over India, they would have taken immediate steps to apprehend the delinquent and put him before a Magistrate and see to it that that man was thoroughly punished and that he was expelled from the service. But that won't do. We are now in independent India. The difference between an autocratic set-up and the parliamentary democracy is this, that if there is any charge of budget leakage, some Member from the Treasury Bench must stand up and say, 'I am the man responsible'. Immediately there was a budget leakage, the House should have been taken into confidence. He should come forward and say, "Here among the Council of Ministers, I am answerable." The answerability of the Minister is the cardinal point round which parliamentary democracy revolves. If you do not accept that principle, then the entire fabric of parliamentary democracy is going to be disintegrated and the control of Parliament over finances will be completely rendered nugatory and illusory. Therefore, what we expected was not that there has been a budget leakage and a charge was made immediately. We expected some Minister to get up and admit here that there has been a failure that there has been a dereliction, that there has been a lapse. They are running the administration, not we. They have got complete control. The cardinal principle of the democratic form of Government and of parliamentary democracy is this, that whenever such a thing happens, one Minister must come forward before the House of Commons or before the House of the People and boldly say, 'I am responsible, I am answerable'. This answerability is lacking. This thing ought to have come forward spontaneously, not forced by the Opposition. After three weeks of humming and hawing on a question



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of this importance, they say that they shall proceed against the man who has done something wrong. That was not what we wanted. We know perfectly well that that would have been done by any other government. But that does not satisfy us. Again, what does not satisfy us is the attitude of the Government. They do not undertake to abide by the cardinal principle of the accountability of the Minister. The Minister should have come forward and offered an explanation promptly. The answering Minister should stand up and say, 'I am answerable. Here is my answer.' If it is accepted, if there is absolutely nothing against him personally, we are quite happy. He apologises that this thing has happened and he says that these are the steps he is going to take; if he does not satisfy us, he quits office, as happens in every other country.

This is going to be a disease which is endemic. It is going to be an annual feature in this Parliament. It is also going to be a feature in some of the States. In some of the States also, there has been budget leakage. What we want to be pinpointed and established today for the vindication of the cardinal principle of parliamentary democracy is, that the Ministry should realise that it is their lapse, it is their default and that they cannot take shelter under the delinquency and the dishonesty of one particular official. They should immediately come forward and take the House into confidence and tell the representatives of the country elected on adult franchise, this is where we have gone wrong and we have taken such and such an action to rectify it. If the House is satisfied he gets a clean sheet. That is all. This point should be accepted and our grievance is not that the culprit will not be punished, not that the culprit will not be prosecuted. Our charge is that for three weeks you had not the courtesy, you had not the decency to conform to the principle of parliamentary form of Government to take this House into confidence. What is the good of the Finance Minister resigning before the Prime Minister; what is the use of his tendering his resignation? We do not want that. We want the Government or the Finance Minister to tell this House what happened and if the Parliament is not satisfied then he should resign. There is no question of inter-departmental or inter-Cabinet talkie-talkie between themselves.

This is the point that I want to emphasise and to impress upon Government and upon every Member of this House. I want some Minister, even today, to categorically declare: This is my department; this is my responsibility. I am answerable; this is my answer and I hope you will be satisfied. I am going to take this action and if you are not satisfied, then out I go. That is the principle on which this Parliament should function and this is the principle which ought to be accepted by the Treasury Benches opposite.

**Shri S. S. More:** I think we are discussing this very serious matter under some adverse circumstances. If the motion for consideration or discussion of this matter had emerged from the Treasury Benches by way of taking the House into confidence, we would have been in a position to discuss this matter without any partisan spirit. But, because, unfortunately, one of the Members of the Opposition was constrained to table this motion, it looks as if it is a struggle and usual constitutional wrangling between the party in power and the party in opposition. But, we are not approaching this matter from the partisan point of view. The future of our democracy is concerned not with that side or this side, but with the whole House collectively and therefore, if we have noticed the disease, the remedy should also be sought by the House collectively.

I do accept the statement of the hon. Home Minister that after the 29th the question of secrecy disappeared and there was no point in having quick action. I quite concede that point. But the real point, is the preventive measures that could have been taken at a certain time before the Budget was presented here. That had not been taken. That is our grievance. The Preventive Detention Act is there. Government's excuse and Dr. Katju's excuse was that they want to prevent offences, that they want to nip the offences and criminal tendency at the very root. Why was not this preventive spirit put into operation when the matter came to the notice of the Chief Minister of Bombay?

**Shri U. M. Trivedi:** They do not believe in it.

**Shri S. S. More:** I am not holding the Chief Minister of Bombay or anybody responsible because we know the

principle of criminal liability that everybody is supposed to be innocent till he is actually convicted. In this case; there were two principles involved, criminal liability and constitutional responsibility. As far as criminal liability is concerned, the function of the police comes and as far as constitutional responsibility is concerned, it is the Members of this House and this House which is properly interested in discussing this question.

I quite concede that the Finance Minister or any other Minister working under him is not responsible for the leakage. I give them the cleanest bill. On the contrary, I am led to suspect that certain vested interests who are experts in the art of corruption and who have been reaping the benefits of that art have entered into a sort of conspiracy against the Finance Minister to dislodge him from his place so that... (Interruption).

Sir, my submission, is whether there is any conspiracy or not, what are the preventive measures for? If the matter came to the notice of the Chief Minister of Bombay at 1 o'clock on the day previous—that is the day on which the Budget was presented, if the other Minister was also informed of that fact at 2-30 it was open to the two Ministers to contact immediately the Prime Minister or the Finance Minister. I am told that there is a separate telephone line which can be utilised by them at one minute's notice and if that had been done, we would not have been constrained to discuss all these unpalatable and unsavoury things. But, unfortunately, proper action was not taken by these two Ministers.

**Mr. Speaker:** The hon. Member will refrain from saying anything against a Minister who is not our Minister.

**Shri S. S. More:** My submission is that there are many persons involved in this matter who are criminally guilty and who can be charged of contributory negligence. Who are responsible and to what extent they are responsible, it is not my function to say. I do not possess the detective skill which my hon. friend, Shri Gurupadaswamy possesses. The real question in this case is that we are entering into a sort of *post mortem* examination of the matter.

But I want to make certain concrete suggestions. As the Speaker of this House, you are the custodian of the rights and privileges of the House.

And, the Leader of the House has also equal interest in the future of this House. I would make a request to you that you, as the Speaker of this House, in consultation with the Leader of the House, may appoint a committee—I am not saying a committee of enquiry because some people are allergic to the word 'enquiry' (as the late Mr. Speaker Mavalankar appointed a Committee on the Offices of Profit) to undertake an examination of our procedure of preparing the Budget, of our procedure of presenting the Budget, of our procedure of taking too many persons into confidence. I am sure that any of the persons placed in the position of the Finance Minister with so many subordinates and other persons involved will not be in a position to keep the secrets. That is the effect of human nature. As it is we are too weak. Therefore, I would say that this whole procedure, the constitutional procedure, the Rules of Procedure, everything ought to be subjected to an examination. Otherwise, as my hon. friend Shri Chatterjee has said, this is likely to be a disease. I am not prepared to accept that this is the first time that this leakage has taken place. It was done crudely this time due to some over-confidence. Therefore, the whole thing has come out. Formerly it was done under the speciousness of intelligent guess; that is another word which would cover all leakages.

**Pandit Thakur Das Bhargava** (Gurgaon) : How can that be prevented?

**Shri S. S. More:** Therefore, I want to make a suggestion that a small committee of this House along with some experts should be appointed by you. You should take the initiative. I do not want any committee by Government but a committee appointed by the Speaker of Members of this House to examine the constitutional procedure and the Rules of Procedure and other relevant matters, because so many suggestions can be made. I would, therefore, request that you will accept this suggestion, apply your mind to it and to come out with this proposal as early as possible so that we can avoid this trouble next year.

**Shri Bhagwat Jha Azad:** It has been said in very clear words by the hon. Home Minister and everybody in this House that this leakage of Budget secrets is a very serious matter and every member of Government regrets that it has happened.

[Shri Bhagwat Jha Azad]

I only want to concentrate on one aspect of the objections raised by the Opposition and that is the demand for appointing a committee to go into this matter. Though there are some minor points as stated by Dr. Lanka Sundaram, about the contradiction in the various statements by the Finance Minister and then the Prime Minister—that he said at 4 P.M. and another at 4-30 P.M. and then at 4-55 P.M. he (the Revenue Minister) left Shri Morarji's place and all these,—none the less the fact remains that it was not possible during that short time to rush up to the telephone and inform Delhi that there was Budget leakage because nobody was sure whether the thing that was circulated was really part of the Budget proposals. That is a matter of opinion as to whether it was possible or not, but the demand of the Opposition Members to appoint a Committee, I think is completely wrong and illogical. How is this House entitled to appoint a Committee here? The whole point is that when there is any breach of privilege of the House, the House is entitled to form a Committee, and you are entitled to appoint a Committee to go into the question. But here the point is that Budget proposals should not be announced outside by the Finance Minister before they are announced in this House. It is a privilege of the House that the Finance Minister should come first in this House to announce his proposals. In this case we are clear that there was no complacency, no deliberate or undeliberate connivance on the part of the Finance Minister to allow these Budget proposals to go out before they were announced in this House. Therefore, there was no breach of privilege of this House. And the Finance Minister took all precautions to come to this House first. Let me put the question in another way. Suppose some secret documents of the Government in the custody of the Finance Minister are stolen. Am I to understand that the Finance Minister—in this case I suppose the Budget proposals were in the custody of the press on behalf of Finance Minister—is responsible for allowing this theft? Am I to understand that he allowed this theft to be committed and therefore we should charge him?

We were just told about democratic traditions that should be set up—we were told by Shri N. C. Chatterjee—and

I for one support him. If, like the Dalton's case in England, there is any leakage by the Finance Minister, certainly all of us would say that for maintaining the democratic traditions, the Finance Minister should resign. Even in this case, though he is not responsible, he straightaway tendered his resignation. Our expert on Constitutional Law says that the Finance Minister should tender his resignation to this House. So far as I know, a Minister presents or tenders his resignation to the Prime Minister and it is for the Prime Minister to accept or not to accept. But this is a novel procedure suggested by Shri Chatterjee that any Minister who wants to resign should come to this House and say that he tenders his resignation to this House. It was very rightly held that there was no case of breach of privilege of this House in this case. Therefore, there should be no Committee to go into this question. Am I to understand that tomorrow, if there is a fire in the Secretariat and some secret documents are burnt, or if there is a theft and some secret documents are stolen, this House should then appoint a Committee to go into the matter of theft and fire which were responsible for burning Government documents or disappearance of Government documents? These are the questions which should be taken notice of by the Home Ministry and the police, and we think in this case in right earnest these things have been taken notice of. Therefore, the appointment of a Committee arises only when there is a breach of privilege of the House. Since there is no breach of privilege in this case, there is no necessity of appointing a Committee. Therefore, I oppose the appointment of any Committee by this House to go into this question.

Only one small point that I want to make is this. It has been referred that somebody or one of the accused was the relation of the Minister, though it has been stated that is not so. It has been said that somebody's relatives are employed by the A.I.C.C. Office or the Congress Party Office or the Government. Am I to understand that all the relatives of the accused in the Government or in the A.I.C.C. Office or the Congress Party Office should be immediately dismissed? Suppose Shri Gurupadaswamy's brother, God forbid, committed a murder in his constituency, am I to understand that you should suspend him from this House on that account?

It is a novel procedure. The concerned man has been suspended and if he is guilty of the charge, he will certainly be punished. But merely because one of the relations of a certain person happens to be in the Congress Party or in Government service, should he be dismissed? It is a novel procedure.

Therefore, I will say that the appointment of a Committee is not within the competence or purview of this House because there has been no breach of the privilege. With these words, I oppose it.

**Shri Jawaharlal Nehru :** Mr. Speaker, I propose to take only very few minutes of the time of this House. I have naturally listened with great care to what has been said, more especially, by the hon. Members from the other side of the House. It is admitted that any Budget leakage is a matter of serious concern. I have been trying to find out what exactly is in the minds of the hon. Members who spoke on this matter excepting a natural concern that they feel.

Some suggestions have been made. Some proposals were put forward for Committees. These proposals, too, seem to be not exactly the same. One hon. Member wants a Committee for one purpose and another, for quite a different purpose. The hon. Member, Shri Chatterjee, made such an eloquent speech that I completely failed to understand its meaning. . . . .

**Shri V. G. Deshpande :** Difficult to understand.

**Shri Jawaharlal Nehru :** . . . except that he said : Somebody should get up and say : I am responsible. I really do not understand. I suppose the hon. Member knows the names of the Members of the Cabinet of the Government of India; he knows who are responsible for the various department; he knows, in the final analysis, the Prime Minister is responsible for everything. I do not understand what the question is—I do not understand Shri Chatterjee or some hon. Member at this stage, getting up in a theatrical way and waving his arms—or what it means in the case of a serious debate.

Here we are dealing with this matter both for the present and for the future—the present, meaning that we want to punish those who are guilty—not only those who are guilty but those who are negligent. If it is a member of the Government, well and good; if it is some

employee of the Government, well and good; if it is a member of the public that has committed an offence, let us punish him.

The question of future is there.

In fact this whole question may be divided into three parts, if I may say so : delay in communicating this information by various persons concerned—the Chief Minister of Bombay, Shri M. C. Shah and then thirdly the Finance Minister and fourthly, perhaps the Home Minister and fifthly, the Prime Minister and so on—the delay possibly in communicating by one to another.

Dr. Lanka Sundaram made a great play with the great inconsistency with the various statements made. Of course I said it was at about 4 o'clock that something had happened in Bombay and the Finance Minister corrected me: 'No, it was half past four'. I bow to the great inconsistency there—a matter for this House to take notice of. When I said that Shri Morarji Desai or Shri M. C. Shah was at about 4 o'clock in Bombay, naturally I heard about it; I said 'roundabout 4 o'clock.' 'No, it was at half past four', I should have said. Well, if that is the offence, I plead guilty and I am prepared to suffer any punishment.

We must look at this thing in some perspective. That is the first thing. The second part is what might be called the police part: finding out, in the investigation, as to who were actually guilty. The first part was, I said, the part of the Members of the Cabinet or officials of Government in having delayed in giving the information.

The second part is the finding out by investigation as to who has been guilty of this leakage and taking such steps to punish him or them as are possible. The third part is about the future: as to what arrangements should be made to prevent, in so far as human ingenuity can prevent, any such leakage. They are the three parts.

Now, I have nothing to say about the first part because all the timings etc., have been repeatedly laid before the House and the House can judge. We shall submit to the verdict of the House, whatever it is.

The second part is the police part. We know, as it happens, quite precisely and definitely how this leakage took

[Shri Jawaharlal Nehru]

place. There may have been others involved—that is a different matter—but we know that it took place in this Press which, of course, as Dr. Lanka Sundaram rightly pointed out has nothing to do with our President, Rashtrapati, except that in a corner of that huge block this little Press is situated there and it is called the Government Press situated in Rashtrapati Bhawan. That matter is well in hand and has actually yielded results which we know. It may be, of course, that if the enquiry proceeds some other persons may be involved in it and they may come out as having had something to do with it probably more in relation to distributing the information than in getting it. That, no doubt, will be taken up in the court of law.

The third part is about the future. About that undoubtedly you must look into it and I might inform the House that the Finance Minister has already given a great deal of thought to this matter and has various proposals in mind which he is going to give effect to as soon as possible among them being that he will have a secret press of his own and not trust any other press for these and other matters too.

Now, Dr. Lanka Sundaram said something to the effect—some practice, some ancient practice in the pre-independent days of what some Lord somebody did, I do not quite remember those names, he is more acquainted with them; I was not functioning in this sphere then—that the Finance Minister must keep these secrets locked in his breast and must not tell anybody. I do not accept that statement. It is the duty of the Finance Minister to tell the Prime Minister; not only it is desirable but it is necessary that this should be done. We are a Cabinet. We are not different heads functioning here. Of course the Finance Minister is ultimately responsible. But there are other colleagues of his, either in part or otherwise, who are responsible, who have to be consulted as he himself has said—and some part goes out—and the Prime Minister is essentially responsible also. However that is a question of Cabinet responsibility how these matters are to be dealt with. Because now it is not such a simple matter of some excise duties being raised or lowered or some tax going up, the income tax going up or lowered,—important as it is—because we are entering a domain of, well, going out of the old ruts in these

matters I am talking about the future and that involves a serious consideration of all kinds of matters, financial policy and the like.

Financial policy is the primary responsibility of the Finance Minister but where wide considerations have to be thought of then do you expect the Finance Minister one fine morning to present to this House or to the country without his colleagues' knowledge something which upsets or is completely different from our financial policy thus far? I do not mind his doing that. But it is obvious that such important matters have to be considered jointly, the principles governing them, not the details. Therefore, that type of secrecy of locking these things in one's breast cannot go very far in the future. That has nothing to do with this matter but as Dr. Lanka Sundaram mentioned it I said something about it.

Now, about this Committee of Enquiry Dr. Lanka Sundaram apparently wanted some rather broad Committee of Enquiry to enquire into this whole business. I do not quite know what the Committee of Enquiry would enquire into so far as the police case is concerned because I do not myself see how this will not overlap. The police are doing it. The matter will go to the court of law.

A committee of enquiry can certainly, if it chooses, enquire into the conduct of the various Ministers concerned, which means whether they took ten minutes or two days or three days to transmit a piece of information.

Every fact is before this House. There is nothing more to enquire into. The House can decide this way or that.

The third thing is about the future. About that every consideration is being given. I am quite sure the Finance Minister, whatever changed procedure he ultimately decides, he will inform the House that he is going to proceed in this way. And if any Member has any suggestions to make I am quite sure the Finance Minister will welcome them. And he will inform you.

**Shri S. S. More:** Why not a Committee of the House?

**Shri Jawaharlal Nehru:** I have absolutely no objection for a Committee of the House to enquire into our conduct. I do not want the House to think that we are fighting shy.

**Shri S. S. More:** Regarding the future procedure.

**Shri Jawaharlal Nehru:** I am not averse to any Committee of this House for any matter. I am merely pointing out that considering the necessity or the desirability of it, if the House so chooses, there is no objection.

Even so, the point is that certainly it will be desirable for the Finance Minister to consider these matters fully, frame his own proposals, and any of the existing Committees of the House too can be consulted, if necessary, or a new committee can be constituted. We have no objection. I have not discussed this matter with the Finance Minister, but I am quite sure he will not object to having consultations with a Committee of the House in this matter.

**The Minister of Finance (Shri C. D. Deshmukh):** I think in this matter I am a co-sufferer with the House, because my property was stolen. It was a speech which I was going to deliver....

**Shri Algu Rai Shastri:** You have our sympathy!

**Shri C. D. Deshmukh:** ..... in about five or six days, and my fault was that I sent it to the press for printing and it appears it was stolen from there. So I have nothing to gain, as I said, from coming in the way of any enquiry into how this happened and what precautions should be taken in the future.

So far as the (in my opinion) minor point is concerned of when the House should be taken into confidence, I think this is essentially a matter of judgment. If we had sufficient facts to place at the disposal of the House, we should have come before them earlier. The fact that leakage had taken place had become quite patent. But I do not suppose that anything was to be gained by any Member of Government just informing the House solemnly that we had come to the conclusion that a leakage had taken place. The circumstances in which this particular leakage took place left no doubt about this matter. So, when this came to my notice, for the first time on the 1st. I thought that it was my duty to satisfy myself as to the procedure adopted on this occasion in my Ministry and, secondly, to make it easy for the Home Ministry to make an enquiry. It was for this purpose that I called my officers together at

about 10 o'clock on the 1st and gave them detailed instructions. A very large number of people are involved, because of the complexity of our taxation proposals; several officers handle several parts of the proposal at several stages; and therefore it took a little time for the highest officers in my Ministry to carry out my instruction.

6 P.M.

As I said, I received the results of their enquiry so far as our own procedure was concerned on the evening of the 2nd. I did not even wait for dictating separate letters to the Home Minister, but sent whatever material we had with the file to him, and this is what I said. I have no doubt the House will see the file at some time.

"Will the Home Minister kindly see the above. (That is, the report of Shri Negi, Joint Secretary in charge of Budget.) I would request him to have the matter investigated thoroughly through his Special Police Establishment. It is possible that the leakage will be referred to in either House of Parliament.

We had it in mind that at some time or other a statement would have to be made.

For this as well as other reasons immediate action is necessary."

I might mention that the other reasons in my mind were the possibility of copies of this being destroyed. The information that had come to my notice was that cyclostyled copies had been in circulation in Bombay and one disadvantage of making it too prominent that a police investigation was under way was that there was a danger of these documents being destroyed, as it happened. I learn that is precisely what has happened. That has occurred. The only copy that is now with us of the so-called cyclostyled document is the one which the Chief Minister of Bombay handed over to the Minister of State. I learn that all the other copies have been destroyed. So that, although there is certain material leadings us on to the people who are supposed to have bought some of these secrets, I doubt whether the police will be able to get any concrete evidence of their possession of a similar document. That is as far as this particular point of delay in taking the House into confidence is concerned.

[Shri C. D. Deshmukh]

I would like to add that I do not regard this discussion as the end of the matter. The police investigations have more or less been completed. I believe it will not be very long before the cases are challaned in the court. Then the cases will follow their usual course through the courts and in the fullness of time, we shall be apprised of the results of the prosecutions. The evidence that has been collected by the police will also give us clues as regards the adequacy or otherwise of the security arrangements in the press and it will be the duty of my colleague the Minister in charge of Works, Housing and Supply to go into that matter more thoroughly in order to ensure that secrecy is maintained even though a decision might be taken that, so far as budget documents are concerned, the Finance Ministry might have a press of their own.

**Shri A. M. Thomas:** Is it a fact that the Superintendent who was in charge of printing is not even a gazetted officer?

**Shri C. D. Deshmukh:** I could not say whether he is a gazetted officer or not. I do not know whether my colleague is able to say that.

**The Minister of Works, Housing and Supply (Sardar Swaran Singh):** It is a matter of detail. I do not remember. Probably he is not.

**Shri C. D. Deshmukh:** We shall go into these things. If he is not an officer of sufficient standing, one of the methods of improvement would be to place somebody higher up in charge.

I should now like to say something about the actual Budget procedure. It has always been the practice to print copies of the Budget speech a few days in advance of the day on which the Budget is presented. Copies of the speeches together with copies of the press summary are despatched to the Accountant General and Comptrollers in sealed covers to be opened by them at 5 P.M. on the Budget day and distributed to the representatives of the press and commercial bodies at those places. Copies are also sent for distribution to the Governors of States, the Chief and Finance Ministers and important officials. In places where there is no Accountant General or Comptroller, these advance copies are sent to the State Finance Secretary for distribution.

Up to 1936-37 the entire budget including the budget proposals used to be thus printed and distributed. In that year the budget speech was divided into two parts, Part A dealing with the factual and historical material and Part B dealing with the budget proposals. Part A of the speech together with the covering summary continued to be printed and distributed in advance as before. Part B of the speech and the Finance Bill—one must remember there are two documents, not only the speech but also the Finance Bill which has to be introduced immediately after the speech is over—used to be roneoed in the Finance Ministry and were distributed only after the presentation of the budget. The entire budget papers were circulated to the Members of the Legislature immediately after the conclusion of the speech. Part A of the speech and the summary were distributed in the press gallery as soon as the Finance Minister rose to deliver the speech. Part B of the speech, the Explanatory Memorandum and the Finance Bill, all roneoed you should remember, were circulated to the press as soon as the speech had been completed.

**Shri Syamnandan Sahaya (Muzaffarpur Central):** Roneoed, not printed?

**Shri C. D. Deshmukh:** It was not so complex those days. I am coming to that point later.

The procedure for the cyclostyling of Part B of the speech and the Finance Bill was altered in the early forties, when with the increase of the war-time taxation, the Finance Bill ceased to be the small and compact measure it used to be before the war. It became impracticable to cyclostyle it and the printing of the Bill was entrusted to the Government of India Press, New Delhi. Simultaneously, that is to say in the early forties, the printing of Part B of the speech and the summary was resumed, but in view of the top secret nature of the contents, it was entrusted to what was then called the Viceroy's Press which is now the press in the Rashtrapati Bhavan compound. This press was not organised for printing the Finance Bill, and only printed Part B of the speech and its summary. This procedure of getting the Finance Bill printed in the Government of India Press as also Part A of the speech and the summary, and getting the Part B speech and the summary printed at the President's Press has continued.

In the case of both the presses, the material for printing is sent at all stages in a double sealed cover to a nominated officer in the press by the Joint Secretary or the Deputy Secretary in charge of the budget. It is made clear at all stages that the material is top secret and the security arrangements in both the presses are left to the officers in charge of these presses and are not under the control of any officer of the Finance Ministry.

Within the Finance Ministry itself, the budget proposals are handled, and personally handled, at the highest level by senior officers. There are consultations among these officers such as the Secretary of the Ministry, the Joint Secretary and Deputy Secretary in charge of the budget and the Chairman and Members of the Central Board of Revenue. These officers also consult on individual proposals and to the extent absolutely necessary certain senior officers of other Ministries such as the Ministries of Commerce and Industry and Food and Agriculture, as for instance last year when we raised the excise duty on sugar. These consultations are as far as possible done verbally and are reduced to writing only at a very late stage. At this stage the personal staff of the officers concerned such as the stenographers have to be taken into confidence. Beyond this the proposals do not reach out to any staff.

In the case of changes affecting excise duties, it is necessary to take a further *tranche* (?) of staff into confidence. This is necessary because changes in these duties as in the case of customs take effect immediately on the introduction of the Finance Bill in Parliament and the tax-collecting authorities should know the changes that are proposed. Two years ago the Collectors of Central Excises and their personal staff were taken into confidence about a week before the budget date.

But this procedure which involved a certain amount of risk was changed last year. Now, the budget packets containing the proposals and instructions are sent to the collectors with instructions that they should open them at 6 P.M. on the budget day, about the time the Finance Minister would be announcing his proposals in Parliament, and arrange immediate despatch of the instructions to assistant collectors and superintendents.

In order to avoid delay, draft telegrams containing the budget proposals are included in the packets for immediate despatch.

A sufficient number of copies of detailed instructions to the field staff has also to be sent in sealed packets to be opened at 6 P.M. on the budget day, and immediately despatched to the authorities concerned. The preparation of the draft telegrams and instructions in the Central Board of Revenue involves necessarily the taking into confidence of certain senior officers like the deputy secretaries and their personal staff. Consistent with the actual requirements, the number of people who handle the budget proposals and the documents connected with them, such as Part B of the speech and the Finance Bill, is kept at the minimum possible.

In drafting the Finance Bill senior officers in the Law Ministry have also to be consulted. They prepare the Bill and check the proof at various stages, and in handling the Bill at all stages, precautions are taken that they are sent backwards and forwards personally or in double sealed covers.

In the last two years, arrangements have been made for the translation of the budget speech and the summaries, the explanatory memorandum and the budget statement into Hindi. The translation of the top-secret documents like the budget speech and the press summaries is always made by an officer sitting in the room of the joint secretary or the deputy secretary (Budget), and no one is allowed to take the documents outside the room. They are printed in the same way in the press as the corresponding English documents. Identical security arrangements are made for the transmission of the material between the Ministry and the presses. The entire procedure has now been reviewed. The leakage in the current year does not appear to have occurred anywhere in the Finance Ministry but at the press, the security arrangements in which will as I said, be reviewed by the press authorities.

We have considered this question of making arrangements within the Finance Ministry itself for the printing of top-secret documents like part B of the budget speech and the Finance Bill. And we except that by the time the next budget is due to be presented, satisfactory arrangements would have been



[Shri C. D. Deshmukh]

made within the Ministry itself. Therefore, we welcome the suggestion thrown out by some Members. Our minds had been thinking on the same lines. This, we feel, would eliminate the risk involved in dividing the security arrangements between the Finance Ministry and the press.

It seems to us, and this is certainly not a final view, that no other major changes in the remaining procedure appear to be necessary. Of course, the ideal thing would be perhaps not to print anything in advance and keep the entire speech and the Finance Bill secret in the Finance Ministry till the budget day, but in my opinion, it would be a retrograde step to withdraw the existing arrangements for circulating Part A of the budget speech in various important centres simultaneously with the budget speech: If the entire speech is released in the capital only after it has been delivered in Parliament, it would be impossible for it to appear simultaneously all over the country even on the following day. It is also not practicable to keep the entire budget proposals from the subordinate offices of the Finance Ministry like the excise authorities, if the taxes have to come into immediate effect. The present arrangements secure that no one outside the Central Board of Revenue knows these proposals till 6 P.M. on the budget day.

By then the proposals are usually announced in Parliament and the revenue authorities are placed in a position in which the tax changes could be implemented straightway.

We also think it undesirable to let the budget proposals under customs and central excises take effect from a future date. Prices of commodities will tend to adjust themselves with reference to the modified duties and while the State will not be able to collect the revenue between the date of the budget and the date the duties came into effect, the trading community will benefit at the expense of the consumer from the increased prices.

The Demands for Grants and the Explanatory Memorandum on the budget are printed in the Government of India Press, New Delhi. These documents are so voluminous that it is out of the question to get them printed in any small Press under the control of the Finance Ministry. During all stages of printing they are treated as confidential. They do not include any part of the budget proposals except that at the very last stage, the figures in the Explanatory Memorandum and the Budget statement are corrected with reference to the budget proposals but without any mention of the actual proposals. We do not believe that there is any possibility of leakage of the budget proposals through these documents.

Now, as I said, this is our provisional view. As the Prime Minister said, if the House wishes that a Committee go into this matter—I think the matter of precautions for the future is far more important than the question of punishing the offenders and so on which is under way—if the House now or at any later stage, after we have formulated our proposals, wishes that a Committee should go into the matter, we shall abide by it.

**श्री भल्लू राय शास्त्री :** प्राय काफी विस्तार से बता चुके हैं और जितना जानना था उससे ज्यादा ही मालूम हो गया है।

**Shri C. D. Deshmukh :** The hon. Member will have a little patience.

I am saying that the Estimates Committee have got the power to suggest forms of the budget. And they might consider budget procedure if they want. We are quite indifferent; it is left entirely to the wishes of the House.

6-18 P.M.

*The Lok Sabha then adjourned till Half Past Ten of the Clock on Wednesday, the 21st March 1956.*