

LOK SABHA DEBATES

LOK SABHA

Saturday, February 29, 1992/ Phalguna
10, 1913 (Saka)

The Lok Sabha met at

Seventeen of the Clock

[MR. SPEAKER *in the Chair*]

Re. ALLEGED LEAKAGE OF BUDGET ✓
PROPOSALS FOR 1992-93 TO THE
WORLD BANK BY THE GOVERNMENT

[English]

SHRI VISHWANATH PRATAP SINGH (Fatehpur): Sir, with your permission, I just want to draw your attention. We have perused those documents which have been laid by the Finance Minister and from them, it is clear that the Government has agreed to the surveillance of the IMF and the World Bank of the economy of the country.

The World Bank Report says that:

"That monitoring of macro-economic performance, in particular, will be closely coordinated with the IMF. The Bank/Association will also monitor the

implementation and progress of reform actions through a mid-term consultation to be held prior to end-January, 1992. In addition to serving as a catalyst to promote greater coordination among the various line Ministries to which the SAL/SAC programme relates, the review would provide a forum to discuss with the authorities the recommendations of several high-level committees established by the Government and their incorporation to the extent appropriate in the 1992-93 Budget."

This is the agreement which the Government has made under supervision by the IMF and World Bank and also on the provisions of the 1992-93 Budget. It is a very serious matter and it deserves justice at your hands. This is what I want to know. The sovereignty of the Parliament has been breached and the economy of the country has been subjected at the feet of the World Bank and IMF. We strongly protest against it. (*Interruptions*)

SHRI SOMNATH CHATTERJEE (Bolpur): Mr. Speaker, Sir, yesterday of behalf on the National Front and the Left Parties, we have sent to you a letter with regard to a very vital matter concerning the preparation and presentation of the Budget. I request the hon. Members on the other side kindly to give a little hearing with patience. (*Interruptions*)

In that letter, we had quoted in extenso a provision from the World Bank Report dated 12th November, 1991 that these documents were made available to us after persistent attempts on our behalf to obtain disclosure of vital documents. The Government never came to disclose the documents on their own. On the other hand, very unfortunately, the Finance Minister imputed motives even to the press. Now, Sir, that document, that Clause which we had quoted - paragraph 97 at page 31 of the World Bank Report - says:

"That monitoring of macro-economic performance in particular will be closely coordinated with the IMF..." It refers to the macro-economic performance of our economy. I again quote: "..... The Bank/Association..." that is, the World Bank and the International Development Association.... will also monitor the implementation and progress of reform actions through a mid-term consultation to be held prior to end-January 1992. (Interruptions)

AN. HON. MEMBER: What is there in it? Sir, what is happening now (Interruptions)

SHRI VILAS MUTTEMWAR (Chimur): I hope you have already spoken on that point. (Interruptions)

SHRI SOMNATH CHATTERJEE: Everybody is helping your Finance Minister so that he can reply. If you do not have patience, what can I do? Why are you interrupting? Is this a matter of frivolity? Is this a frivolous matter that we are talking of? (Interruptions) These documents were deliberately kept back from Parliament. Therefore, the World Bank has imposed a condition that there would be a review, mid-term review, mid-term consultation to be held prior to end-January, 1992.

I further quote:

"In addition to serving as a catalyst to promote greater coordination among the various line Ministries..." Ministries of the Government of India, not of the U.S.A. ".... to which the SAL/ SAC programme relates, the review would provide a forum to discuss with the authorities...." authorities of the Government of India...." the recommendations of several high level Committees established by the Government and their incorporation, to the extent appropriate, in the 1992/93 Budget...."

Therefore, there has been a discussion with regard to mid-term position, with regard to the recommendations of the review committee, review committee consisting of the Government of India's representatives as well as the IMF, the World Bank and the International Development Association. Therefore, they are aware of it. They have decided that they will dictate what is to be incorporated in the 1992-93 Budget. This was deliberately kept back from us. And, the hon. Finance Minister has taken a plea that he had not received the letter of 12th November, 1991. He never said that there was an agreement, the Report of the World Bank which he was ultimately forced to disclose, from which this very serious disclosure has been made. We are concerned about it. Therefore, we wrote to you. We would like to know categorically from the hon. Finance Minister whether the Finance Minister in his Budget has included this. (Interruptions)

SHRI VILAS MUTTEMWAR: This is too much. How can he disclose that now before presenting the Budget? (Interruptions)

MR. SPEAKER: I will take one minute. I will request the hon. Members to understand the solemnity of the occasion. We are going to present the Budget not to the Parlia-

ment alone but this present Budget is being presented to the entire people of this country. I am allowing one or two Members to express their views.

(Interruptions)

MR. SPEAKER: If Members are getting up, interrupting and speaking, you are not supporting the Finance Minister or the Parliament or me also. You please bear with one or two Members who are expressing their views in one or two minutes. Then, I will request the Finance Minister to go to the Budget.

(Interruptions)

SHRI SOMNATH CHATTERJEE: I will take half-a-minute. That is why we made a request to you to see that the rights of the Members are not prejudiced or taken away. Therefore, we made a request, if it is not a part of the Budget, as they say, then that should be made available to the Members of the House. We would like to know what is there in those mid-term recommendations made by the Review Committee. Therefore, we made this request...

MR. SPEAKER: I received your request.

SHRI SOMNATH CHATTERJEE: With respect we made a request to you to see that the rights of the Members are fully protected and they are made aware of the contents of the relevant document as mentioned in the provisions quoted above. That is signed by all the leaders from this side.

When you have permitted me, if the Treasury Benches feel that the voice of the opposition can be throttled in this manner by their still minority ruling party, despite all manipulations played they are still in minority, then we shall not sit here idle for the purpose of being tortured, being throttled. We shall take all steps consistent with the

dignity of this Parliament as we have been doing and not taking it away as they are doing. Therefore, we want a clear and satisfactory answer from the Finance Minister on this.

MR. SPEAKER: I am allowing Advaniji and then I am requesting the Finance Minister later on.

SHRI LAL K. ADVANI(Gandhi Nagar): Mr. Speaker, Sir, ever since when a news item appeared in a daily newspaper the 'Indian Express' about the secrecy of Budget being violated by the Finance Minister through a letter written to the World Bank in November, this House has been witnessing very uproarious scenes. Many of us expressed misgivings that an established tradition of this House, if it has been violated or breached, we should take it seriously. Normally, I would not have liked to raise this issue today taking into account the solemnity of this occasion. But because you have permitted a couple of Members to raise some points, therefore, before the Finance Minister presents his Budget, I would like to emphasise the same point that my colleague yesterday pointed out that there can be two opinions, whether in the present economic situation, this country ought to go to the World Bank or the IMF to secure assistance or we can manage on our own. And that can be debated at length in the course of the Budget discussion other occasions. Once we agree to go to the IMF or go to the World Bank, they would naturally be imposing conditions and we would have to respond to it. As I said...*(Interruptions)*

Mr. Speaker, Sir, I say, along with my colleagues, that a gross impropriety was committed. Whether it can be technically a breach of Budget secrecy or not is a matter for you to judge and decide on the basis of the privilege motion. But a gross impropriety had been committed when in the course of these letters in which we could have dis-

cussed policy, we could have spelt out our response to the conditionality, but the moment we say that we propose to do this in the coming Budget of 1992-93, I feel and my colleagues feel that an impropriety was committed. It would have been better if we. *(Interruptions)*. I would conclude that in so far as policies are concerned, as Shri Indrajit said yesterday, they are very often Part A of the Budget. And till now Part A and Part B both have been demand secret. But there is one particular Report which has been prepared and submitted to the Government, which is the Chelliah Committee Report which deals with taxation. And this taxation is the crucial and vital part of any Budget. If that Chelliah Committee's Report has also been discussed with the world Bank, then I am afraid that a very serious lapse has been committed by the Finance Minister. If it has not happened, I would feel reassured. Therefore my simple question would be, whether the Chelliah Committee report on taxation reforms has also been discussed with the World Bank or not. *(Interruptions)*

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Speaker Sir, I had appointed two committees. *(Interruptions)*

The Narasimhan Committee Report was placed on the Table of the House in December.

[Translation]

SHRI RAM VILAS PASWAN (Rosera): Mr. Speaker, Sir, we have written a letter to you*(Interruptions)*first you please listen. This agreement was made on 5th December*(Interruptions)*

MR. SPEAKER: Your leader has already spoken. You should not speak. *(Interruptions)*

SHRI RAM VILAS PASWAN: No one has got the right to mortgage the country. This Government wants to mortgage the country....*(Interruptions)* First you listen please....*(Interruptions)*

[English]

MR. SPEAKER: Please take your seat. I am not going to hear you.

(Interruptions)

SHRI RAM VILAS PASWAN: I am not going to yield also

MR. SPEAKER: You have to.

(Interruptions)

MR. SPEAKER: This is not going on record.

*(Interruptions)**

MR. SPEAKER: This is not correct. I allowed your leader to speak....*(Interruptions)*

MR. SPEAKER: Not like that.

*(Interruptions)**

MR. SPEAKER: I don't appreciate this kind of imposition by the Members on the House itself. I allowed the leaders to express their views. This is unusual to allow the Members to speak before the Budget is presented. Yet, with deference to the letter and with deference to the leaders I did allow. I would appreciate Shri Paswan who is the Deputy Leader of his Party to take into consideration that his leader has spoken and he may please cooperate with the Parliament and cooperate with the Finance Minister and cooperate with the country.

(Interruptions)

SHRI BASU DEB ACHARIA (Bankura)
You allow some leaders of other parties also.

SHRI MANMOHAN SINGH: I wish to assure you that there is no leakage of the Budget. I repeat that. I wish to assert that I have committed no impropriety of any kind.
(Interruptions)

MR. SPEAKER: May I request the hon. Members not to clap because we would like to hear what the Finance Minister is saying?

(Interruptions)

SHRI MANMOHAN SINGH: I am answering that. *(Interruptions)*

Hon. Leader of the Opposition has asked a specific question about the Chelliah Committee report. I wish to assure this House that this is a top secret document, it has not been made available to anybody outside the Ministry of Finance. We have not shared this report with anybody outside; neither with the IMF nor with the World Bank. Therefore there is no question of Budget leakage.

I had intended to place this Report on the Table of the House. I had already given notice. You had agreed that I could place that report on the Table of the House on 3rd of March. If you permit me today, I am ready to place that Report right here on the Table of the House.

MR. SPEAKER: You have the permission.

17.19 hrs.

PAPERS LAID ON THE TABLE

Chelliah Committee Report

(English)

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): The summary of the Report is being placed on the Table of the House right away with your permission.

[Placed in Library See. No. LT-1397/92].

As far as the main Report is concerned, two copies of the Report are being placed in the Library of the House. [Placed in Library See. No. LT-1398/92].

I wish to assert once again and assure this August House that there has been absolutely no leakage of any Budget secrets. I accept full responsibility for this. *(Interruptions)*

MR. SPEAKER: Mr. Finance Minister to present the Budget.

17.20 hrs.

GENERAL BUDGET, 1992-93

(English)

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I rise to present the budget for 1992-93.

The fiscal year now drawing to a close has been a difficult one by any standards. It has been a year of crisis and of crisis management. It has also been a year of great economic challenges and bold new initiatives.

Honourable Members would recall that when the new Government assumed office eight months ago, we inherited an economy on the verge of collapse. Inflation was accelerating rapidly. The balance of payments was in serious trouble. The foreign exchange reserves were barely enough for two weeks of imports. Foreign commercial banks had stopped lending to India. Non-Resident Indians were withdrawing their deposits. Shortages of foreign exchange had forced a massive import squeeze, which had halted the rapid industrial growth of earlier years