

From New Delhi by Susan Maitra

Economic reformers in the dock

A letter to the World Bank has triggered an uproar, amid charges that next year's budget is being leaked to foreigners.

The crucial Parliament session dedicated to allocation of the 1992-93 budget started with a bang. The Feb. 4 Lok Sabha witnessed a spectacle with the opposition chanting "*IMF ka dalal*" ("IMF agent") and "death to the agent" on the second day. The target of the opposition was Finance Minister Manmohan Singh, and the issue was the revelation by an English-language daily of correspondence between the Finance Ministry and the World Bank in November 1991.

According to the news report, in a reply to the Indian finance minister, World Bank President Lewis Preston listed 26 conditions for the grant of a structural adjustment loan. The opposition's claim is that the budget, as well as the nation's economic policy, is being determined by foreign agencies, and that the people's representatives have been kept in the dark.

The opposition's demonstration, which lasted for about 40 minutes and shook the rafters, was temporarily subdued only when the Speaker, at the end of the day, promised that the finance minister will present the said letter at the same time as he presents the annual budget on Feb. 29.

The exposé, made by the *Indian Express*, claims that the World Bank was told as early as mid-November that the Finance Ministry was committed to abide by the conditions laid down by the Bank in connection with India's request for a \$500 million structural adjustment loan.

While the *Economic Times*, in its editorial, "Tell Us Too, Dr. Singh,"

explained that this was necessary because the World Bank and the IMF work on cross-conditionality—the Bank won't lend until the Fund's conditions are accepted, and the Fund will not lend until the Bank's conditions are accepted—parliamentarians are of the view that the current budget has been jeopardized and that the Parliament has been taken for a ride to satisfy a foreign agency.

Admitting that he had indeed written a letter to the World Bank, a visibly shaken Dr. Manmohan Singh told the opposition that this is "the normal practice followed by all member countries wanting structural adjustment." It is evident, however, that not everyone present in or outside the Parliament accepts this explanation.

"Even if the fuss about economic sovereignty is excessive, and even if there has not been a breach of privilege in that no budget secrets have been leaked, the fact remains that the Indian people have been kept in the dark about commitments which will have far-reaching consequences for them," stated the *Economic Times*.

Opposition leader L.K. Advani, whose Bharatiya Janata Party (BJP) is expected to support the budget presented by the ruling Congress Party, commented that if the story turns out to be true, then "some ingredients of the budget were known to the World Bank."

Ruling party members who were somewhat at a loss for words in the face of the opposition onslaught, showed discontent. As one irate Con-

gressman pointed out, if the letter to the World Bank did not reveal any budget secret, why isn't the finance minister placing it on the table immediately? It was also evident during the day's proceedings that the Congress Party parliamentarians, many of whom are openly critical of the economic reforms propagated by the government of Prime Minister Narasimha Rao, didn't rush to rescue their finance minister.

The ruling party has locked Dr. Singh in the lion's den and thrown away the keys. Singh, a professional economist and administrator with no political base, has become the target within the ruling party for the adversities brought about by the economic reforms. And there is every likelihood that he will be allowed to draw fire across the board because of the reforms and the current budget before his resignation is accepted.

While addressing Congress Parliamentary Party (CPP) members on Feb. 25, Prime Minister Narasimha Rao suggested that Congress Party members henceforth meet every morning and participate in an open discussion on every aspect of the reform package. There is a lack of clarity among Congress Party members about the new economic policy, admitted the prime minister. He also made it a point to stress that the government is not initiating any new policy which is not in conformity with the election manifesto prepared by the late Rajiv Gandhi.

The prime minister's concern is based upon realization that if the ruling party leaders cannot defend their policies, the opposition will seize upon the price rise of basic commodities as an issue and bring the government down. The slender majority that the party enjoys with the cooperation of a few smaller parties can evaporate in no time.