SPEECH OF DR. MANMOHAN SINGH, MINISTER OF FINANCE, INTRODUCING THE INTERIM BUDGET FOR THE YEAR 1996-97*

Mr. Speaker Sir,

I rise to present the Interim Budget for 1996-97.

Five years ago, the people of India gave a mandate to our Party, under the courageous and far-sighted leadership of Prime Minister Shri P.V. Narasimha Rao. We took office at a time when the economy was on the brink of collapse. Inflation was out of control, exports were declining, foreign exchange reserves had declined to no more than two weeks' imports and industry was virtually crippled. We had to give the highest priority to restoring macro-economic stability and then, as quickly as possible, to bring the economy back to a path of rapid and equitable economic growth.

The strategy we have followed has been outlined before this House by the Prime Minister himself on several occasions. We have sought to accelerate the rate of growth of our economy and achieve broad based development, which alone can ensure a rising standard of living for all our people. We have sought to modernise our economy, improve productivity and increase efficiency in all sectors. We have sought to integrate our economy more effectively with the world, so that we can compete successfully in world markets and also attract larger volumes of investment, as so many other countries in Asia have done to their advantage. Above all, we have sought to ensure that in this process the

Interim Budget, 1996-97

Total Receipts	—	**Rs. 1,27,162 crore**
Total Expenditure	—	**Rs. 2,02,024 crore**
Deficit	—	**Rs. 14,862 crore**

* *Lok Sabha Debate*, 28.2.1996, cc. 216-232.

needs of the poorer sections of our society are constantly kept in view. As the private sector has expanded vigorously into many areas which were earlier reserved for the State, the focus of State activity and the deployment of public resources is now being concentrated on meeting the needs of the poor and on the social sectors such as health, education and rural infrastructure where the market economy alone cannot bring benefits rapidly.

The journey of the past five years has been both difficult and rewarding. I would not say that we have achieved all that we wanted. But, I believe we can honestly say that the results we have achieved amply vindicate our approach and aspirations. Let me briefly review the progress in some important areas.

Inflation is our worst enemy and it hurts the poor more than anyone else. Control of inflation was, therefore, our first priority. We worked hard to achieve this objective by reducing the fiscal deficit, curbing the growth of money supply and increasing the supply of essential commodities. The result is evident. The annual rate of inflation was as high as 17 per cent in August 1991. It has been brought below 5 per cent in February 1996, the lowest level since 1988. Furthermore, the annual rate of price increase of essential commodities, such as wheat, edible oils and sugar, is even lower. To mitigate the impact of inflation on the poorer sections, the Public Distribution System has been strengthened. The revamped PDS has been extended to 1,775 blocks in tribal, hilly, desert and other remote areas. A further expansion of RPDS to more than 650 additional blocks is in process.

Our policies have also produced a resurgence of economic growth. After slumping to less than one per cent in the crisis year of 1991-92, the rate of growth of Gross Domestic Product rebounded to 5 per cent per annum in both 1992-93 and 1993-94. It then accelerated to 6.3 per cent in 1994-95 and continued high growth of 6.2 per cent is estimated for 1995-96. By any standards this has been one of the swiftest and strongest recoveries from a serious macro-economic crisis in the entire world. In the first four years of the Eighth Plan, growth has averaged 5.7 per cent. This is in line with the Plan target of 5.6 per cent.

This exceptional recovery has been under-pinned by strong performance of all major sectors of the economy. Agriculture provides livelihood for two-thirds of our people and has been given high priority in our policies. We have provided more remunerative prices. We have removed barriers to internal and external trade in agricultural commodities. We have encouraged agro-processing activities. We have sharply reduced the bias against agriculture in our foreign trade policies. The goal has been to quickly expand income earning opportunities for our farmers.

Honourable members will join me in paying handsome tribute to our farmers. They have responded superbly to these new policies. Agricultural production declined during the crisis of 1991-92, but thereafter it has grown by more than 4 per cent per year on average, in the next three years. Food production also rose by more than 4 per cent per year, on average, to reach a record level of 191 million tons in 1994-95. A similar bumper output is expected in 1995-96. Foodgrain production, however, is only one part of the story. Agriculture has also diversified. Milk production has gone up by nearly 10 lakh ton between 1990-91 and 1994-95. The production of fruits and vegetables has also increased substantially.

So much for those critics who used to claim that our policies have neglected agriculture.

Our industry has responded magnificently to the stimulus of our policies of unshackling domestic industry and to the challenge of international competition. Many had predicted that the liberalisation of imports would swamp domestic industry. We had more confidence in our industry. Five years ago I had said that "our entrepreneurs are second to none". They have amply vindicated the faith we placed in them. Industrial production was stagnant in 1991-92. It recovered robustly to grow by 6 per cent in 1993-94 and then further increased to 8.6 per cent in 1994-95. Industrial growth has accelerated to 12 per cent in the first half of 1995-96. Capital goods production surged in 1994-95 by 25 per cent. This is more than twice the growth recorded by the other broad categories of basic goods, intermediate goods and consumer goods. The capital goods sector continued to outpace the other sectors in the first half of 1995-96, recording a growth of 14.3 per cent. This has happened despite the opening up of the economy to competition from imports. None can now doubt the inherent strength and competitiveness of our industry.

I am particularly happy to inform Honourable members that our reform policies have given a special boost to small-scale industry. In each year after the crisis, the production from small-scale industry has grown faster than overall industrial production. For example, in 1993-94 output of small scale industry rose by 7.1 per cent, whereas overall industrial production grew by 6.0 per cent. Similarly, in 1994-95 small-scale industrial growth of 10.1 per cent outpaced overall industrial growth of 8.6 per cent.

As I have already mentioned our strategy of reform accorded the highest priority to improving the living standards of the poor. We have pursued a three-pronged approach of promoting rapid, broadbased, employment-generating growth, broadening and deepening special programmes for poverty alleviation and employment generation and giving a strong thrust to programmes for social sectors and social security. In 1991, our critics had warned that economic reforms would lead to massive unemployment and the poor would bear the brunt of adjustment. The results show that these fears were misplaced.

- The total increase in employment in the economy was 3 million in 1991-92. It doubled to an average of 6 million in the next two years and exceeded 7 million in 1994-95. Employment growth is likely to be even higher this year. This compares with an average increase of less than 5 million per year in the eighties.
- The latest Planning Commission estimates of poverty show a significant decline in the proportion of people below the poverty line. The proportion fell from above 25 per cent in 1987-88 to below 19 per cent in 1993-94.
- The average real wage for unskilled agricultural labour, one of the weakest sections of our society, also shows improvement. Real wages fell by 6 per cent in the crisis year of 1991-92. Thereafter, they rose steadily at an annual rate of 5 per cent in each of the next three years.

Despite tight fiscal constraints, we have, in the three years between 1992-93 and 1995-96, increased the Central Plan budget allocation for rural development by about 150 per cent, for education by over 90 per cent, for elementary education by nearly 130 per cent and for health by over 120 per cent. We have launched important new programmes and initiatives for the weaker sections.

- The Employment Assurance Scheme provides assured employment for 100 days to unskilled rural poor at the rate of two persons per family in 3,175 poorest blocks of the country during the lean season.
- The Prime Minister's Rozgar Yojana is designed to generate employment through setting up micro enterprises by educated unemployed. In 1994-95, 1.9 lakh beneficiaries were sanctioned loans under the scheme. The target for 1995-96 is 2.6 lakh beneficiaries.
- The National Social Assistance Programme has three key components. The first provides monthly old age pension from the Central Government of 75 rupees to those below the poverty line. This is expected to benefit 54 lakh people. Second, there is a lump-sum survivor benefit on the death of the primary bread winner in poor households of 10,000 rupees in the case of

accidental death and 5,000 rupees in the case of death from natural causes. This is expected to benefit 4.5 lakh families a year. Third, there is a maternity benefit of 300 rupees for expectant mothers. This is anticipated to benefit 46 lakh women each year.

- The Mid-day Meal Programme is intended to improve nutrition and school attendance of 11 crore children in classes I to IV in 3 years. In the first year of the scheme 3.4 crore children have already been covered.
- Under the *Indira Awas Yojana,* 4 lakh houses were built for poor families in rural areas in 1994-95. Ten lakh houses will be built under the Scheme in 1995-96.
- The *Mahila Samridhi Yojana* aims at empowering women through giving them greater control over household savings.
- The Rural Infrastructural Development Fund has been established in NABARD. It will provide Rs. 2,000 crore for completing ongoing projects of medium and minor irrigation, soil conservation and other rural infrastructure.
- Bank credit for village and khadi industries is being expanded through the provision of a special bank consortium fund of Rs. 1,000 crore.
- A new Group Life Insurance Scheme of the LIC to provide life cover of 5,000 rupees to each person is being implemented by Panchayats in rural areas, with a subsidized premium for poor households.
- The National Backward Classes Finance and Development Corporation, which we set up in 1992, has sanctioned over Rs. 250 crore of loans to beneficiaries.
- The National Scheduled Castes and Scheduled Tribes Finance and Development Corporation has sanctioned loans of Rs. 400 crore.
- The National Minorities Development and Finance Corporation for assisting development of backward sections among minorities has become operational.
- The Handicapped Development and Finance Corporation is being established with authorised capital of Rs. 400 crore.

We are proud of the role played by the Indian workers in accelerating the pace of industrial development. A number of steps have been taken to protect and promote their interests. We have raised the eligibility limit for payment of bonus from Rs. 2,500 to Rs. 3,500 per month and the ceiling for calculation of bonus from Rs. 1,600 to Rs. 2,500 per month.

Earlier, Government had increased the ceiling under the Payment of Gratuity Act to enable workers to get gratuity up to Rs. 1 lakh. The revised ceilings for bonus eligibility and bonus calculation are applicable to both non-government and to government employees. We gave one instalment of Interim Relief to government employees even before the establishment of the Fifth Central Pay Commission. A second instalment was given subsequently this year on the basis of an interim report of the Pay Commission. Interim Relief has also been given to pensioners and family pensioners. We have also merged a portion of Dearness Allowance with pay for calculating gratuity.

History was made with the passage of the Constitution (Seventy-Third Amendment) Act, 1992, which made it a constitutional requirement to set up in every State, Panchayats at the village, intermediate and district levels. The Amendment ensures that women and other weaker sections of the society will necessarily get adequate representation in the Panchayats. This is a major step forward for the empowerment of these under-privileged sections of the society. To make this devolution of power a reality, each State is required to set up a Finance Commission to recommend the principles which should govern the distribution of the State revenue between the State and the Panchayats. The Tenth Finance Commission has also allocated a sum of about Rs. 4,400 crore to be given to the Panchayati Raj Institutions over the next four years.

The crisis of 1991 was most visibly reflected in our balance of payments. In the past five years, our foreign trade and external payments policies have transformed weakness into strength.

- Exports declined in dollar value in 1991-92. They grew by 20 per cent in 1993-94, and by 18 per cent in 1994-95. Export growth has accelerated to 24 per cent in the first 9 months of 1995-96.
- Trade liberalization has actually increased our self-reliance in foreign trade. The ratio of export earnings to import payments has risen from an average of 60 per cent in the eighties to 90 per cent in the last two years.
- Foreign investment has risen from less than 200 million dollar in 1991-92 to nearly 5 billion dollar last year. Direct foreign investment flows are expected to rise to about 2 billion dollar this year. Honourable members will be happy to hear that over 85 per cent of foreign investment approvals are in the priority sectors, including infrastructure, and more than 80 per cent of proposals involve joint ventures with Indian companies.

- On the eve of the 1991 crisis, our external debt was rising at 8 billion dollar per year. In the four-and-half years from April 1991 to September 1995, the growth of external debt has averaged only 2.2 billion dollar per year. The ratio of external debt to GDP has fallen from a peak of 41 per cent in 1991-92 to about 29 per cent in September 1995. Correspondingly, debt service payments, as per cent of current earnings, are likely to drop from above 35 per cent in 1990-91 to below 27 per cent in 1995-96. Furthermore, the proportion of short-term external debt has been brought down from above 10 per cent in March 1991 to below 5 per cent in September 1995.

As part of the economic reforms, we have undertaken sweeping measures to strengthen our banking system and capital markets. As a result, the number of public sector banks declaring operating losses has fallen dramatically from 8 in 1992-93 to only one in 1994-95. The average ratio of non-performing assets to total advances of public sector banks has also declined significantly from 26 per cent in 1992-93 to 20 per cent in 1994-95. An ambitious programme for rehabilitation and restructuring of Regional Rural Banks has been launched.

Our programme of capital market reform has greatly increased the mobilization of investible funds through primary issues from about Rs. 6,000 crore in 1991-92 to over Rs. 27,500 crore in 1994-95. Even more important, we have strengthened regulation and supervision over the capital markets with a view to improving the transparency efficiency and integrity of our stock exchanges. Systematic and determined efforts have been made to modernize the infrastructure and working of capital markets. In 1992, the National Stock Exchange did not exist. By 1995, this modern, computerized and screen-based exchange, which set new standards of transparency in trading, accounted for more trading volume than any other stock exchange in the country. We have also taken steps to establish a system of depositories which will greatly improve our settlement systems.

Our reforms in the financial sector are designed to promote savings and investment in our economy. As I have stated earlier, we must rely more and more on our own resources to finance the process of development. I am happy to report to this august House that our thrust towards self-reliance has met with success. Last year, our rate of gross domestic savings (as a ratio to GDP) set a new record of 24.4 per cent, higher than at any time in our history. This financed a high rate of gross domestic investment, 25.2 per cent of GDP and supported a record high level of real gross fixed investment, at 22.2 per cent of GDP.

To summarize, Mr. Speaker Sir, our economy today is growing faster than 6 per cent per year. Industry is growing rapidly. Agricultural production is strong. Foodstocks are high. Employment growth is buoyant. Poverty is declining. Inflation is at its lowest ebb in many years. Exports are booming. Foreign investment is buoyant. Foreign exchange reserves are comfortable. And the level of savings and investment is high.

These are all impressive economic achievements. They are the direct result of the political leadership and vision of the Prime Minister in bringing about an evolution in our policies which has enabled our workers and our farmers, our entrepreneurs and our managers, our scientists and other professionals to demonstrate their inherent potential. The dynamism that has been unleashed augurs well for the future. And yet, the tasks of economic reform are by no means over. Whichever government comes to power after the elections, will face the challenge of maintaining and improving on the strong record of economic performance of the past five years. The task will not be easy. A further reduction in the fiscal deficit will be essential to keep inflation low, reduce interest rates and prevent pressure on the balance of payments. We have begun the process of inducting private investment into key infrastructure sectors such as power, telecommunications, petroleum, roads and ports. There has already been strong response to our initiatives in the power and telecommunications sector and private investment in roads, bridges and ports has also begun. But, we will need to build on these initiatives and undertake further reforms of the policy framework for key infrastructure sectors to ensure high levels of public and private investment, efficient operation and expanded provision of reliable services, in adequate supplies and at affordable prices. Systematic reforms will have to be pursued in power, coal, petroleum, roads and ports, if the current buoyancy in economic growth, employment and exports is to be sustained. Further reforms in trade and industrial policy are necessary. Restructuring and reform of public enterprises must be pursued with vigour. Our system of industrial relations also needs reform. The performance of our social sectors, especially primary education and health, has to improve further substantially. The same goes for irrigation and other forms of rural infrastructure, whose extent and quality determine the conditions within which three-quarters of our citizens in rural India live and work.

These and other challenges will face the Government which will take office after the elections. On our part I can only say that our Government, under the leadership of Prime Minister Shri P.V. Narasimha Rao, has shown that it has the will and vision to face the challenges ahead and do what is necessary for India's economic and social progress to forge ahead.

I shall now briefly go over the Revised Estimates for 1995-96.

Budget Estimates for 1995-96 had placed the total expenditure at Rs. 1,72,151 crore. This is now expected to go up to Rs. 1,83,004 crore, showing an increase of Rs. 10,853 crore.

Plan expenditure in the year 1995-96 was estimated at Rs. 48,500 crore in the Budget Estimates. It is now expected to go up to Rs. 48,684 crore. To provide for the increased requirement of rural development sector and for schemes announced during the year, I have had to make some adjustments in allocations. The Revised Estimates show an increase of Rs. 551 crore for Plan expenditure in rural development and an increase of Rs. 679 crore in education. Central assistance to State and U.T. Plans, which was estimated at Rs. 19,506 crore is now expected to increase to Rs. 19,854 crore.

On the non-Plan side I have provided for an additional sum of Rs. 1,085 crore on account of food and fertilizer subsidies. I have also had to make provision for Rs. 3,112 crore for increased loans to States and Union Territories as their share in small savings collections, which have far exceeded budget expectations. The Interim Relief granted to the Central Government employees and pensioners will result in additional expenditure estimated at about Rs. 1,650 crore in the current financial year. A sum of Rs. 1,010 crore has been provided as write off of loans of State Governments. An additional sum of Rs. 1,379 crore has been provided for Defence expenditure, to keep up the level of defence preparedness. I have also had to provide an additional Rs. 266 crore for expenditure on police in keeping with our heightened internal security requirements. There has also been an increase in expenditure of Rs. 745 crore on account of loans to public sector enterprises mainly for payments of salaries and wages for the employees of sick enterprises. Total non-Plan expenditure has entailed an additional provision of Rs. 10,669 crore.

I am happy once again to report to this august House that our tax reforms have continued to yield benefits beyond our expectations. This is shown by the much higher receipts both in direct and indirect taxes. Gross tax revenues are now expected to exceed Budget Estimates by Rs. 6,592 crore and reach Rs. 1,10,354 crore. Our strategy of tax reforms, consisting of moderate rates but tighter administration and expanded coverage, will need to be actively pursued so that we are able to get even higher returns in the years to come. Officers of the Revenue Department, whose dedication and untiring efforts have helped in achieving these examplary results, deserve commendation.

Non-tax revenues, which constitute an important component of our receipts, have also shown healthy buoyancy. Receipts under this head, which were estimated at Rs. 26,413 crore in the Budget, are now expected to be Rs. 29,103 crore in the Revised Estimates. I am glad to inform the House that non tax receipts include Rs. 1,850 crore as licence fee from the private operators of cellular telecom services. These receipts to General Revenues will enable the Government to provide larger resources for high priority development activities. The house is aware that the Supreme Court judgement a few days ago has vindicated the governments stand and cleared the way for allocation of licenses for basic telecom services. However, because of some uncertainty with regard to timing of receipts and as a matter of abundant caution, I am not taking credit for license fees from operators of basic telecom services during the current year.

Non-debt creating capital receipts from disinvestment of Government equity in public sector undertakings will be much lower than budgeted, mainly because of somewhat depressed conditions in capital markets for much of the year. These receipts will only amount to Rs. 357 crore as compared to Budget expectations of Rs. 7,000 crore.

Taking into account the variations in receipts and expenditures, the current year is expected to end with a Budget deficit of Rs. 7,600 crore. The fiscal deficit was originally budgeted at Rs. 57,634 crore and placed at 5.5 per cent of GDP. It is now expected to be Rs. 64,010 crore. This amount to 5.9 per cent of GDP. Most of the deterioration in the fiscal deficit compared with the Budget Estimates is due to the increased mobilisation from small savings. Three quarters of small savings collections are on-lent to the States. Therefore, when small savings collections exceed Budget Estimates, the Centers fiscal deficit increases. If small savings collections this year had not exceeded the budgeted level, the fiscal deficit would have been only 5.6 per cent of GDP, close to the target for the year.

Coming to the tax and expenditure policies for 1996-97, these must take into account the medium-term objectives for accelerated economic and social development in the next five years. Broadly stated, these objectives are:

(a) To pursue macroeconomic policies seeking to accelerate the rate of economic growth to 7 to 8 per cent per annum in a framework of reasonable price stability.

(b) To design a pattern of growth which would lead to an annual increase of over 10 million new jobs.

(c) To refashion economic and social policies to reduce the proportion of people living below the poverty line to less than 10 per cent by 2001.

(d) To ensure that Indian agriculture continues to grow at an annual rate of at least four per cent per annum, with strong emphasis on the use of modern science and technology to promote diversification of cropping pattern and special efforts to increase the productivity of dry land agriculture and ecologically fragile regions.

(e) To further strengthen Indian industry to meet challenge of international competition and ensure sustained growth of export of about 25 per cent per year.

(f) To expand and improve the quality of economic infrastructure of power, transport, communications and roads, laying particular emphasis on speedy reduction of regional imbalances in levels of development.

(g) To strengthen and expand social safety nets to provide more effective and direct assistance to vulnerable sections.

(h) To ensure universal access to elementary education by the year 2001, laying particular emphasis on the girl child and imparting a strong vocational bias to secondary education.

(i) To expand primary health care facilities through a programme of national health insurance for those below the poverty line and with strong emphasis on reduction in infant mortality rates to the levels prevailing in States like Kerala.

(j) To expand substantially the programmes relating to provision of shelter, rural housing and slum improvement.

The realisation of these objectives will require many new programmes. However, constitutional propriety demands that these programmes, involving a mix of both tax and expenditure policies, are worked out by the Government which will come into office after the forthcoming elections to the Lok Sabha. The Interim Budget for 1996-97, therefore, does not include any new programmes.

I am presenting an Interim Budget for the purpose of a Vote-on-Account to enable the Government to meet expenditure during the first 4 months of the next financial year. The Demands for Grants and the Annual Financial Statement, which are for the entire financial year, would be revised as necessary at the time of presentation of the regular Budget.

I now turn to the Budget Estimates for 1996-97, I am proposing an increase in the estimates for Plan expenditure from Rs. 48,500 crore in

Budget Estimates 1995-96 to Rs. 50,521 crore in Budget Estimates 1996-97. The budget support proposed for the plan is interim and will need to be reviewed at the time of the regular budget exercise. However the amount I am now providing will ensure that the tempo of development activities is maintained and the full year requirements of major social sector schemes launched during the course of the current year are fully provided for.

I have tried to ensure that increased budgetary support is provided for rural development and social sectors.

- Member may recall that in keeping with the priorities of our Government the outlay for rural development programmes during the Eighth Plan period was stepped up substantially to the level of Rs. 30,000 crore from the actual expenditure of Rs. 11,000 crore during Seventh Plan. With the proposed allocation of Rs. 8,692 crore for 1996-97, the total expenditure during the Eighth Plan will be of the order of Rs. 33,400 crore. This amounts to a more than three-fold increase over the actual expenditure during the Seventh Plan.
- I have proposed to provide an increase in budgetary support of about Rs. 880 crore for Plan expenditure in education to ensure that implementation of the Mid-Day Meal Scheme does not in any way suffer on account of resources. 7.2 crore children are expected to benefit from this programme in 1996-97.
- I am also raising the allocation for the National Social Assistance Programme from Rs. 550 crore in 1995-96 to Rs. 932 crore in 1996-97. I propose to increase the allocation for *Indira Awas Yojana* so that more than 10 lakh houses are provided for the rural poor in 1996-97.
- A provision of Rs. 448 crore has been made for the Million Well Scheme so that small and marginal farmers who are below the poverty line are provided with remunerative assets for meeting their water needs.
- The Employment Assurance Scheme which was launched in October 1993, has elicited heartening response. A provision of Rs. 1,970 crore has been made for this scheme during 1996-97.

The total non-Plan expenditure during 1996-97 is estimated to be Rs. 1,51,503 crore compared to Rs. 1,34,320 crore in Revised Estimates for the current year. A major factor which has been contributing to the sizable increase in our non-Plan expenditure is the interest burden. The provision for interest payments during 1996-97 is estimated to be Rs. 60,000 crore as against Rs. 52,000 crore in the current year. Interest payments represent mainly to legacy of past borrowings. Indeed, they would have been even higher but for our success in reducing the fiscal deficit in recent years. Members will appreciate that our emphasis on reducing the fiscal deficit will pay rich dividends in the form of reduction of interest burden in the years to come. There should be no slackening in our resolve to bring the fiscal deficit to a more manageable and affordable level. This together with continued reforms of our tax system, generation of more internal resources by public sector enterprises, greater disinvestment in public sector enterprises and containing subsidies to affordable levels will free resources for higher priority development needs.

I am providing Rs. 27,819 crore for Defence in this Interim Budget as against Rs. 25,500 crore in the Budget Estimates for 1995-96. Defence preparedness is vital for our national security and the house can rest assured that we will not compromise with our country's security. The provision for Defence will be further revised at the time of preparation of the regular Budget. I am also providing Rs. 5,774 crore for food subsidy and Rs. 6,800 crore for fertilizer subsidy. An amount of Rs. 5,000 crore is being provided to meet contingent expenditure. A sum of Rs. 400 crore has also been provided for the conduct of general elections to the Lok Sabha.

Coming to Receipts, the estimates of tax revenues have been made at existing rates of taxation in the Interim Budget. Gross tax revenue at existing levels of taxation is placed at Rs. 1,28,540 crore. States share of taxes next year is estimated at Rs. 34,027 crore compared to Rs. 29,266 crore in the Revised Estimates of the current year. Taking into account the maturing liability, the net small savings collections are placed at Rs. 15,716 crore in 1996-97. I am taking a credit of Rs. 5,000 crore next year as receipts from disinvestments as continuation of the policy of mobilising non-inflationary resources.

I am also expecting an increase in dividends and have estimated these receipts at Rs. 4,051 crore in 1996-97.

Taking into account the changes in Receipts and Expenditure, total net revenue receipts of the Centre, at the existing rates of taxation, are estimated at Rs. 1,27,162 crore and total expenditure is estimated at Rs. 2,02,024 crore. The budget deficit during 1996-97 is estimated to be Rs. 5,000 crore and the fiscal deficit is estimated to be Rs. 62,404 crore. My proposals in the Interim Budget will take us further in the direction of bringing down the fiscal deficit to more manageable proportions. I expect that on the basis of these estimates the fiscal deficit during

1996-97 will be 5 per cent of GDP. I would have liked to do better. I am restrained in my efforts because I am presenting an Interim Budget at this stage. But, I am sure that these efforts will provide a sound foundation for enhanced efforts in this direction.

I propose to introduce a Finance Bill which seeks to continue the existing rates of Income Tax in the financial year 1996-97. I am not proposing any changes in the rates of Custom and Central Excise duties.

Mr. Speaker, Sir, I have sought to outline our achievements the unfinished task that lies ahead, as well as our vision of the future economic and social agenda we must pursue to realize the national goal of an India free from the fear of war, want and exploitation; an India which takes full advantage of modern science and technology to build a strong, self-reliant and internationally competitive economy; an India firmly committed to the twin pursuit of excellence and social equity in the framework of an open society and democratic polity based on the rule of law and abiding faith in fundamental human freedoms.

In my first Budget speech to this honourable House on 24 July 1991, I had stated, quoting Victor Hugo, that no power on earth could stop an idea whose time had come. I had also suggested to this House that emergence of India as a front ranking economic powerhouse of the world economy happened to be an idea whose time had indeed come. Despite enormous challenges and difficulties, we have worked earnestly to give concrete shapes to this dream. We are already the sixth largest economy of the world. We are determined to further move up this ladder. But this will require far-sighted political leadership, sustained hard work and willingness to accept utmost discipline in all walks of our national life. We cannot afford to fritter away the vast energies of our nation in senseless communal strife or caste and class wars. Nor can we allow the national commitment to *Swadeshi* to be misused by the forces of obscurantism to perpetuate economic backwardness and prevent India from occupying her rightful place in the world. As Jawahar Lal Nehru taught us, in a interdependent world, *Swadeshi* must not be interpreted to mean economic isolation of India but rather self-reliance in building a prosperous India which interacts as an equal with other countries in the world. We seek to build a new India which, in the words of Gandhiji, will be like a house with windows open on all sides; let ideas from all the cultures and civilisations of the world freely flow in; but we must refuse to be blown off our feet by any one of them. This is the true essence of *Swadeshi* and we shall not compromise on this essential principle.

India is on the threshold of exciting new opportunities. Gandhiji used to say that the central disease of India is its deep poverty and deeper ignorance. Thanks to recent developments in science and technology, it is now possible as never before to wage a successful war against poverty, ignorance and disease. Drawing inspiration from the high ideals and humanism of Swami Vivekananda, Mahatma Gandhi, Gurudev Rabindranath Tagore and Pandit Jawahar Lal Nehru, our party and Government reaffirm our solemn commitment to successful pursuit of this giant national enterprise. We shall overcome.

Mr. Speaker, Sir, this is the last session of the present Lok Sabha. Soon, our people will be called upon to exercise their sovereign democratic right to choose the next Government. Undoubtedly their choice will have a profound bearing on the future of our polity and the well being of our children and grand children. Time and again, the Indian people have shown that they can be relied upon to make sound and sensible decisions. I have every reason to believe that when the time comes, our people will be discriminating enough to recognise the friendly hand that alone can help our nation to move forward on the road to peace and prosperity and preserve its unity and integrity.