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## President Narayanan's Address to the Parliament

*The following is the text of the President Shri K.R. Narayanan's address to the first session of both Houses of Parliament after the 12th General Election to the Lok Sabha, on March 24, 1998:*

Hon'ble Members,

I have great pleasure in addressing this first session of both Houses of Parliament after the 12th General Election to the Lok Sabha. I extend my warm felicitations to the members of the new Lok Sabha. I thank the Election Commission of India for conducting the General Election with despatch and efficiency.

The just concluded mid-term election reflected the firm conviction of our people in democratic processes of change. Contrary to forecasts that the turnout would be low, in fact, nearly 62 per cent of the electorate exercised their franchise. The results are indicative of regional aspirations seeking a place in the national perspective. My Government will ensure the fulfillment of these aspirations even while looking after national interests.

Parliamentary arithmetic alone cannot provide the key to good governance. That key lies in the willingness of all to rise above notions of parliamentary majority and minority and work in a spirit of cooperation, conciliation and consensus. My Government, imbued with this spirit, will chart a new course in governance that seeks to unify and not divide: dialogue, debate and discussion will replace the narrow antagonisms of the past.

After the mid-term election, the nation now looks forward to a Government that will get down to business. This is precisely what the Government proposes to do: The most immediate tasks include the passage of the

Supplementary Demands for 1997-98 and the Vote on Account for 1998-99. Thereafter, pending matters, including legislative business will be taken up in right earnest.

Starting now, all our efforts will be directed at building a New India — an India free from the triple-curse of insecurity, hunger and corruption; an India free from illiteracy and disease; an India where more and more people are gainfully employed; an India where every citizen, irrespective of his caste, creed or faith, feels proud to be an Indian.

Secularism is integral to India's traditions. My Government is unequivocally committed to upholding our secular values. My Government's top priority will be to reach out to the underprivileged and the unempowered. More than a third of our people live below the poverty line. An even larger number does not have access to basic education and health care facilities. This vast multitude must be facilitated to obtain its meaningful share in national prosperity.

Government proposes to accomplish this through the three-fold strategy of ensuring food security to every household by better targeting of the Public Distribution System, accelerating generation of employment opportunities in every sector of the economy and providing shelter to the largest possible number.

One of the weaknesses of socio-economic policies so

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## President's speech to the Parliament *(Continued from page 1)*

far has been the less than adequate attention to the social sector. The Government is pledged to investing larger resources in social infrastructure. The commitment to progressively step up spending on education to 6 per cent of GDP will be fulfilled. Every effort shall be made to provide basic health facilities to all. Simultaneously, potable drinking water shall be made available in every village and habitat, within a specified time frame. Our population growth rate is a matter of grave concern. The Government will soon formulate a National Population Policy which will aim at stabilising the population growth through, among other things, incentives and disincentives.

In a civil society, children are born to be happy. Unfortunately, large numbers of children in our society are born only to toil in factories, workshops and fields. My Government believes that children should be in schools and playgrounds and not toiling away their childhood. Apart from implementing the constitutional provision of free and compulsory primary education, Government will introduce a National Charter for Children which, among other things, will ensure that no child goes to sleep hungry. Children have rights, and these will be upheld.

Special efforts will be made to remove gender disparities and injustice that exist, especially in access to education, employment opportunities and political representation. Government will provide free education to women up to graduation so that India can become an example of a developing country overcoming the handicap of poor female literacy. By investing in education for women, my Government will be investing in the future generations of Indians.

The pending legislation seeking to reserve 33 per cent seats for women in Parliament and State Assemblies will be taken up immediately. A Development Bank, the first of its kind, will be set up for women entrepreneurs.

By synergising legal, executive and societal efforts, the Government will strive for rapid social, economic and political empowerment and uplift of the Scheduled Castes, Scheduled Tribes, Backward Classes and Minorities. My Government will take all appropriate measures to uphold existing percentages of reservation in educational institutions at the State level. In keeping with its belief that governance must seek to unify rather than divide, Government will strive for social harmony and justice in place of social conflict and injustice.

Prosperity and economic well being cannot be the privilege of a few; it must percolate to the last person in the last row. Hence, my Government will pursue the twin objectives of total eradication of poverty through generation of employment opportunities as well as sustaining a higher GDP growth of 7 to 8 per cent. The central theme of my Government's national development plan will be "Berozgari Hatao". Shelter is a basic human necessity. The Government will evolve policies to accelerate the construction of housing units and facilitate the participation of the private sector in order to ensure that housing for all becomes a reality.

Urgent measures will be taken to substantially step up investment in the infrastructure sectors, including power, roads and bridges, railways, inland waterways, sea ports, shipping, airports, telecommunications and information technology. Government will evolve a sound framework for fiscal and monetary policies.

The Government believes that India can — and shall — be built by Indians. No country that is largely or entirely dependent on resources from abroad can truly prosper. Hence, efforts will be made to increase national saving to 30 per cent of the GDP over the next five years. Foreign Direct Investment will be encouraged in the core sector of the economy and in physical infrastructure development.

About 40 per cent of our GDP comes from the unincorporated sector, which has so far been neglected. The Government proposes to evolve an appropriate policy framework for facilitating the growth of millions of small enterprises that exist in the country. For meeting the financial requirements of this crucial sector of the economy, which has a very high potential for growth and generation of employment opportunities, Government will consider the setting up of a dedicated Development Bank.

The Government will ensure to make labour an equal partner in national reconstruction. Special care will be taken to look after the interests of agricultural labour who are largely unorganised. Agriculture has suffered on account of declining investment. Government will halt this decline and earmark up to 60 per cent of Plan funds for this crucial segment of our economy. Subsidies will continue but they will be better targeted. Government is committed to re-establish our farmers as a strong and self-confident community enjoying the fruits of prosperity.

*(Continued on page 3)*

## *Highlights of the Interim Budget 1998-1999*

- RS. 7594 CRORE TO BE DEVOLVED TO STATES UNDER VDIS IN 1997-98
- RS. 1000 CRORE MORE TO BE GIVEN AS ADDITIONAL CENTRAL ASSISTANCE TO STATES IN CURRENT FINANCIAL YEAR
- CONSTITUTIONAL AMENDMENT BILL TO BE INTRODUCED SOON TO GIVE EFFECT TO ALTERNATIVE SCHEME FOR SHARING OF RESOURCES BETWEEN CENTRE AND STATES
- INTERIM BUDGET SEEKS TO CONTINUE EXISTING TAX STRUCTURE
- FISCAL DEFICIT PEGGED AT 6.1 PER CENT FOR CURRENT FINANCIAL YEAR
- NET TAX REVENUE FOR CENTRE SHOWS A SHORTFALL OF 12.6 PER CENT
- LARGE SHORTFALL IN DISINVESTMENT RECEIPTS
- GROWTH IN ESTABLISHMENT EXPENDITURE TO BE CONTAINED PROCESS OF PSU DISINVESTMENT BEING ACCELERATED AND MADE TRANSPARENT
- ECONOMIC REFORMS TO BE DEEPENED, BROADENED AND ACCELERATED
- BUDGETARY SUPPORT PLAN AT RS. 64461 CRORE LEVEL CONTENT AND LEVEL OF BUDGETARY SUPPORT FOR THE ANNUAL PLAN 1998-99 TO BE REVIEWED IN THE REGULAR BUDGET
- REGULAR BUDGET WILL SEEK TO IMPART NECESSARY STIMULUS TO AGRICULTURE AND INDUSTRY, RESTORE DYNAMISM TO EXPORTS AND ENCOURAGE LARGER FLOWS OF FOREIGN INVESTMENT
- REGULAR BUDGET TO STRENGTHEN FINANCIAL SYSTEM, IMPROVE INFRASTRUCTURE AND BRING STRICT FISCAL DISCIPLINE

*1 Crore = 10 Million*

### **President's speech to the Parliament** *(Continued from page 2)*

Apart from setting into motion plans for all-round development of rural India, my Government will also cushion farmers from unforeseen natural calamities by introducing effective crop insurance policies. All efforts will be made for rapid rural industrialisation, with special emphasis on agro-based industry. Since maintenance of ecological balance is crucial for our survival, the Government will initiate institutional measures to ensure that all development programmes are in conformity with the principles of sustainable development. Government firmly believes that science and technology have a vital role to play in the achievement of sustainable development and transforming India into a prosperous, strong and self-confident nation.

On Centre-State relations, my Government will immediately act on the Sarkaria Commission's recommendations as well as seek ways and means for greater devolution of powers up to the panchayat level. The Governor's office has often been the centre of unseemly controversy. Raj Bhavans will not be used for

securing political objectives. The Government will set up a Committee to study the feasibility of treating all the 18 languages included in Schedule VIII of the Constitution as official languages.

The Government will attend to the States' demand for higher allocation of resources. A Backward Areas Commission will be set up to identify those areas which need extra assistance so that they do not lag behind in development. Government is committed to initiate action to carve out Uttaranchal in Uttar Pradesh, Vananchal in Bihar and Chhatisgarh in Madhya Pradesh. Delhi will be given full Statehood. A National Water Policy, which will provide for effective and prompt settlement of disputes and their time-bound implementation, will be evolved.

Security of the nation and its citizens is paramount. My Government will not compromise on this. The nation's sovereignty and territorial integrity will be

*(Continued on page 6)*

## Prime Minister Vajpayee's address to the First Assembly Meeting of Global Environment Facility, March 31, 1998

I am happy to address you on the occasion of the inauguration of the first ever Assembly Meeting of the Global Environment Facility. It is indeed fitting that the first Assembly Meeting of this international cooperative venture should be held in the developing world and that too in India. The twentieth century has witnessed major developments which have momentous impact not only on the lives of human beings but also on planet earth. These include an unprecedented growth in population and in consumption, rapidly increasing urbanisation, dramatic changes in the global economic system and the revolution in communication technology. As we are poised on the threshold of the third millennium, we have become increasingly aware that the process of development including industrialisation and economic growth have come at a huge cost to society, to the environment and to our very future.

In some ways it is ironical that some of the achievements of the twentieth century themselves pose the challenges for the twenty-first century. With almost six billion people inhabiting this earth, and the global GDP approaching thirty trillion dollars, the pace of human and economic activity is putting pressure on global life support systems. We witness the depletion of non-renewal natural resources, the continued destruction of life sustaining forests and illegal international trade in protected species of flora and fauna. There is an on-going depletion of our planet's biological treasures and the threat of an acceleration in global warming and in the green-house effect. In short, there is a rapid globalisation of environmental destruction. The environmental impact of human activity is no longer restricted to man made national boundaries.

The problems of environmental deg-

radation call for more than scientific and technological solution. They require the re-establishment of environmental ethics and values practised in traditional societies, with economic development based on these issues. India, as one of the traditional societies, has always believed in the integrity and sacredness of Nature, with all-pervading peace as the ultimate purpose of all existence and activity. The age old philosophy of co-existence is not one merely for co-existence of human beings, but it is in fact a basic premise of all living beings and of harmony within the cosmos.

The delicate balance of Nature has to be restored, even as we have to ensure complementarity and co-existence of different life forms, between plants and animals and between Nature and man. The balance of five basic elements — the panchtatva — air, water, fire, the earth and the sky has to be restored. Based on our experience and understanding of global environment we realise today that sustainable development at the national level cannot be pursued in isolation. Quality of life of the nations today as also in the future, depends to a very large extent on the policies and actions that the fellow nations of the world pursue. Against this background, new partnerships have to be established for conservation and sustainable development while ensuring equitable distribution of technology and social advancement. Promoting these partnerships require making the most of the diverse repertoire of knowledge, skills, perceptions and of assets belonging to a wide cross-section of nations and societies.

When we analyse the nature of pollutants, we find that both affluence and poverty contribute to their high levels. The problems of the indus-

trialised and the developed world stem from their high levels of economic activity and consumption. The degeneration of forests and natural resources in the developing countries, on the other hand, can be attributed largely to the lack of resources and alternative source of energy and income generation. The strategies to tackle these two distinct causes therefore, need to be significantly different. In the case of the rich and developed world, the issues can be best handled by laying stringent emission norms, limits on pollutants and by enforcing these stringent norms and limitations. However, for the developing and the under-developed world, the best approach would be to put into place an incentive structure that would encourage conservation and discourage the scavenging of nature, without compromising economic development and rapid alleviation of poverty. For the developing countries, we should make concerted efforts to facilitate and promote adoption of environment friendly techniques of production and also undertake far greater measures to disseminate information about the ill-effects of polluting forces.

As part of international efforts to contain the ill effects of environmental degradation and to encourage sustainable development, nations have put in place several ecological treaties like the Montreal Protocol, the Framework Convention on Climate Change, the Convention on Bio-diversity, the Convention to Combat desertification etc. Although much attention seems to be focussed on climate change, on global warming and Ozone layer, very little is being done to address the environmental problems facing poor societies, whether it be paucity of clean drinking water or poor sanitary conditions.

*(Continued on page 5)*

Let me reiterate that if we are committed to successfully address the challenges of sustainable development, and hence of environmental conservation, then it will require an international movement, the like of which has never been seen before. It will require effective integration of the sporadic efforts being made by the different players whether it be international organisations, national Governments, or non-Governmental organisations; whether it is business and the forces of development, or environmentalists and the forces of conservation.

Most important, however, will be the need to make environment protection a people's movement — with the close, participative involvement of the local communities, governmental bodies, NGOs, international bodies like the GEF, industry and various economic service providers. History has shown that all good ideas begin to make the desired impacts only when they become mass movements. It is high time be made environment protection a national and international people's movement. It is in the self-interest of the nation States and in the larger interests of the world we live in, that we leave behind a better world for our children. Since the 1992 Rio Earth Summit, many international business leaders have taken the lead in urging the business community to be environmentally more sensitive and responsive. The presence of all of you, ladies and gentlemen, at this first-ever Assembly Meeting of the Global Environment Facility is very heartening and speaks of your commitment to the cause that we address together. During the post-Rio phase, GEF is one of the instruments that has emerged to give effect to various Rio agreements. The restructuring of the GEF in 1994 has given confidence in the vitality and responsiveness of this institution. As the GEF is a unique expression of the partnership forged at Rio between the North and the South, between the UN system and the Bretton-Woods system, it would be our collective endeavour to sustain and strengthen it

as an effective instrument of cooperation for promoting sustainable development.

The imperative of sustainable development places a common responsibility on rich as well as developing nations to concentrate their R & D efforts on three immediate projects: One, all-out effort to harness renewable sources of energy on a large-scale and at a lower or comparable costs; two, development and commercialisation of new materials; and, three, across-the-board introduction of energy-saving techniques and management practices. After all, energy saved is energy produced. Government of India is committed to rapid and sustainable development, which we believe is, the surest way of improving the living standards of our people and eradicating the curse of poverty from our nation. We see strong complementarity between the goals of economic development and improvement in the environment. We must never forget that abject poverty, and all that goes with it, is the worst blight on our planet's environment. I would like to mention here that India has been in the forefront of voicing the developing nations' concerns over environment protection and sustainable development on various international platforms. For example, it was an Indian Prime Minister who put forward this new agenda in the first global environmental summit in Stockholm in 1972. Since then, my country has been consistently championing this cause. Naturally, the imperative of sustainable development has found a strong resonance within the country, too. As we have indicated in our National Agenda for Governance, we will continue with economic reforms, strengthen macro-economic stability, and devote special attention to the development of infrastructure, agriculture and education. We firmly believe that more and better education, especially at primary and secondary levels, is a crucial pre-requisite for both rapid economic development and a more informed and effective social and legal frame work for preserving

and improving our environment. We are convinced that in areas such as education, rural infrastructure, water resources management and land use, Government can and must articulate effective combination of social expenditures, appropriate incentives and realistic regulatory systems to jointly serve the goals of rapid, broad-based development and environmental improvements. We propose to establish effective legal frameworks for the protection of the environment, and to unveil a comprehensive National Environment Policy to harmonise the demands of development and environment and to balance the needs of the present and the future. The principle that poverty alleviation and economic development are the first priorities of developing countries must continue to be the guiding factor for all international cooperation.

The GEF has built on this principle to begin implementation of sustainable development goals, within its area of concern. It deserves our full and unanimous support — through adequate and timely contribution from all those that provide such contributions, and through efficient and meaningful use of the GEF resources by those who receive them. We are proud to be the partners in the establishment, evolution and growth of GEF. Amongst the recipient countries, India is one of the largest contributors to the GEF replenishment, and we have contributed more than any of the other recipients donors.

Excellencies, Ladies and Gentlemen, I welcome you to this Assembly Meeting in New Delhi and hope that you have a very pleasant stay, and you go back with fond memories of your visit. I also hope that some of you will find time to visit other parts of India and see the richness of our culture and heritage. I declare the Assembly open and wish you success in your deliberations towards refining GEF as an effective collaborative instrument for achieving our mutually cherished goals.

Thank you very much indeed.

## President's speech to the Parliament *(Continued from page 2)*

protected at all costs. We will not bow to any pressure on this front. My Government joins the country in saluting the bravery of the personnel of our armed forces who are ever prepared to make sacrifices for the defence of the nation. Every citizen has the right to feel secure and be free from fear. Government will strive to combat the menace of terrorism, subversion and insurgency that has come to haunt the common man. Violence has no place in a democracy. Differences should — and can — be resolved through dialogue and discussion.

My Government re-affirms India's commitment to peace among all nations, to the prosperity of the peoples of the world and to enhance its role in the international arena. We will strive for Asian solidarity and enhanced regional cooperation. Renewed efforts will be made to improve bilateral relationships with neighbouring countries without any third party mediation or interference.

One of the urgent issues before the world community is the re-structuring of the United Nations and its organs in order to make them more democratic and more representative of the contemporary world. Our views on the re-structuring of the United Nations have been projected before the world community and we will pursue our objectives with vigour. As founder members of the non-aligned movement, we, along with our fellow members, share the responsibility for ensuring a fair treatment for the developing countries and we will work together to attain this goal. Economic cooperation among developing countries is another priority of the non-aligned movement, which we will seek to promote.

The Government will evolve a National Media Policy, which will integrate the advances in various visual, audio and print media in order to bring about a cohesiveness of purpose, keeping in view our societal needs and cultural values.

Fifty years after Independence, the time has come to rejuvenate our institutions so that they are strong enough to meet the challenges of the future. The Government proposes to do so, as well as appoint a Commission to review the Constitution and make recommendations so that anomalous experiences of the past are not repeated in the future.

Earlier, I have referred to my Government's solemn commitment to providing the people of India with good governance. This can be possible only when Government rests on the foundation of morality and

ethics. All around us today we find increasing cynicism towards morality in politics and ethics in governance. This has severely eroded faith in the State.

The Government proposes to make all those who hold public office accountable by enacting the Lok Pal Bill. The Official Secrets Act will be reviewed so that we can put in place a right to information law that will enable transparency and integrity in decision making without compromising national security. One of the causes of corruption and corrosion of values in our polity, as well as criminalisation of politics, stems from flaws in the electoral process. To ensure free, fair and fearless elections and to prevent the use of money and muscle power, Government will introduce a comprehensive Electoral Reforms Bill for which considerable groundwork has already been done.

Consensus building is an essential part of nation building. Cooperation for the larger good of society has been the cornerstone of our civilisation. Ours is a multi-party democracy in which constructive dialogue, consultation and cooperation between the ruling and the opposition parties are essential for evolving a broad platform of national consensus.

The Government will, therefore, strive for evolving a consensus mode of governance as far as practicable. Some of the issues on which a national consensus is most urgently called for are electoral reforms; Centre-State relations; population policy; empowerment of women by legislating 33 per cent reservation for them in all elected bodies; resolution of inter-State water disputes; environmental protection and effective institutional guarantees for the welfare of the weaker sections of society while pursuing economic reforms.

Hon'ble Members, you have the rare privilege of contributing constructively to this process of consensus building on which the future of our great nation depends critically in the 21st Century and the coming millennium.

This year is significant in more ways than one. It is the Golden Jubilee of our Independence. It also marks the 50th anniversary of the martyrdom of Mahatma Gandhi — one of the greatest men of this Century. We are the inheritors of the fruits of the sacrifices made by the Mahatma and other freedom fighters. We have the responsibility to live up to their dreams and ideals.

My best wishes are with you in this momentous task.

Jai Hind"

## Budget Speech by Yashwant Sinha, Minister of Finance on 25th March, 1998 in the Indian Parliament

Sir, I rise to present the Interim Budget for 1998-99.

This Interim Budget is being presented for the purpose of a Vote-on-Account to enable the Government to carry on its business and meet essential expenditure during the first four months of the next financial year. The Demands for Grants and the Annual Financial Statement, which are for the full financial year, will be revised and finalised at the time of presentation of the Regular Budget in a few weeks time. I shall also introduce a Finance Bill today, which merely seeks to continue the existing tax structure for a full year. As regards the economic situation, we are concerned to note that overall economic growth has slowed to 5% in 1997-98, agriculture has registered negative growth of 2%, industry continues to be in the doldrums averaging only 4.6% growth over the 12 months up to January 1998, and exports have recorded negative growth in dollar terms in each of the three most recent months up to January 1998, for which data are available. The bottlenecks in key infrastructure sectors are well known, the capital market has been lacklustre and the fiscal situation is significantly worse than expected. I would like to assure the House that these trends and difficulties will be fully addressed in the Regular Budget for 1998-99 that I shall bring before the Hon'ble Members shortly. The usual Economic Survey will also be presented to the House at that time. The Regular Budget will seek to impart the necessary stimulus to agriculture and industry, restore dynamism to exports, encourage larger flows of foreign investment in line with the National Agenda for Governance, take decisive initiatives to improve the state of infrastructure, strengthen the financial system, accelerate the reform of the public sector while building a strong and transparent system for PSU disinvestments, and bring about strict fiscal discipline. It will also embody other new directions included in our National Agenda for Governance. The external economic environment is fraught with unusual uncertainty. The

1 Crore = 10 million

East Asian crisis has swept across much of Asia in the last nine months, bringing massive economic and financial disruption to several hitherto fast growing economies. It is the inherent strength of our economy, built over decades, which has enabled us to hold our heads high and not succumb to the economic gales that have been sweeping through the Asian region. But we must remain ever watchful and vigilant and conduct our economic policies with foresight and flexibility. Only then can we be sure of achieving rapid economic growth with low inflation and external stability despite the difficult international economic scenario.

### Revised Estimates for 1997-98

Turning briefly to the Revised Estimates for 1997-98, the most noteworthy point is major shortfalls in tax collections and disinvestment receipts. Net tax revenues for the Centre are estimated at only Rs.99,158 crore, reflecting a drop of Rs.14,236 crore, or a 12.6% decline over Budget Estimates. The shortfall is primarily due to much lower customs revenue on account of both lower volume and unit price of imports. The decline in excise resulted from unusually low industrial growth. Receipts from PSU disinvestments are estimated to fall short of the Budget Estimates of Rs.4,800 crore by Rs.3,894 crore. The Revised Estimates for total expenditure are expected to exceed the Budget Estimates by only Rs.3,069 crore. This is less than the additional expenditure of Rs.4,432 crore incurred on account of the single item of loans to States and Union Territories against small savings collections, which have been exceptionally buoyant during the year. The net result is a deterioration of the fiscal deficit from the budget target of 4.5% of GDP to 6.1%. However, if the increase in expenditure attributable to small savings loans is excluded, the fiscal deficit, adjusted for the increase over budget in small saving loans to States and Union Territories, would be 5.8% of GDP in 1997-98. In regard to collections under the Voluntary Disclosure of Income Scheme (VDIS), estimated at Rs.10,050 crore,

my predecessor had announced a decision to devolve to the States 77.5% of the collections under the scheme up to the end of December, 1997, amounting to a sum of Rs.4,379 crore. With the blessings of the Prime Minister, I propose to go a step further and to devolve to the States 77.5% of the Revised Estimates of VDIS collections for the full year 1997-98. As a consequence, the States will now receive an additional Rs.3,215 crore, thus taking the total devolution on this account to Rs.7,594 crore in the current financial year. Furthermore, I propose to provide an additional sum of Rs.1000 crore by way of Additional Central Assistance to States on account of externally aided projects in order to settle all pending claims in the current financial year. Taken together, these two decisions will give to the States an additional sum of Rs.8,594 crore in the current financial year 1997-98. This is fully in accord with the commitment in our National Agenda to extend greater assistance to States.

### Budget Estimates for 1998-99

According to the Budget as prepared, total expenditure in 1998-99 is estimated at Rs.2,64,988 crore against Rs.2,35,245 crore in the current year. Of this, the gross budgetary support to the Central, State and the Union Territory Plans is placed at Rs.64,461 crore against Rs.60,630 crore in the current year. We propose to review the level and content of the budgetary support for Annual Plan 1998-99 in the Regular Budget. It is our firm resolve to review the Ninth Plan and to revise the Budget Estimates so that they reflect our thinking and priorities. We propose to complete this exercise in time for the Regular Budget which will be presented shortly. Non-Plan expenditure in 1998-99 is estimated to be Rs.2,00,527 crore against Rs.1,74,615 crore in the current year, an increase of Rs.25,912 crore. The main reasons for increase over RE 97-98 are on account of an increase of Rs.10,300 crore in Interest Payments, an increase of Rs.4,747 crore in Pensions, an increase of about

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**Finance Minister's speech on the Interim Budget 1998-1999** (Continued from page 2)

Rs.3,900 crore in Defence expenditure and an increase of about Rs.1,500 crore in major subsidies. Total non-debt receipts, including tax revenues at existing rates of taxation, are estimated at Rs.1,68,173 crore, while total expenditure is estimated at Rs.2,64,988 crore. The fiscal deficit emerging from these estimates for 1998-99 will be about 6% of GDP. This is clearly not acceptable and it will be our endeavour to bring it down to a reasonable limit in the Regular Budget through appropriate measures. While it would take some time for us to formulate our specific strategies in this regard, immediate action is called for to contain the growth in establishment expenditure and initiate the process of PSU

disinvestment at an early date to avoid shortfalls in receipts experienced in previous years. Honourable Members are aware that the Tenth Finance Commission had recommended an alternative scheme for sharing of resources between the Centre and the States under which 29% of the gross proceeds of almost all Central taxes is to be assigned to the States. This recommendation has been under consideration of Government. On the basis of a consensus arrived at in the Third Meeting of the Inter-State Council held on July 17, 1997 the previous Government had decided to accept this scheme in principle. We intend to bring forward the enabling Constitution Amendment Bill to give effect to this

decision which has been endorsed by all the States. I would like to assure the Honourable Members of this august House that I shall make every effort in my Regular Budget to implement the economic goals enunciated in our National Agenda for Governance. Economic reforms will be deepened, broadened and accelerated. Our goal is to make India an economically strong and vibrant nation which will participate in the world economy with confidence and from a position of strength. We are determined to build an India in which there is no place for hunger, poverty, unemployment and deprivation. With these words, I commend the Budget to this august House.

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