

Interim Budget 2004-2005

Speech of

Jaswant Singh

Minister of Finance

February 3, 2004

I. INTRODUCTION

Mr. Speaker,

1. I rise to present an Interim Budget, for part of the fiscal year 2004-05. This seeks a Vote-on-Account to enable the Government to discharge its responsibilities and to meet all essential expenditure during the first four months of 2004-05. The Demands for Grants and the Annual Financial Statement presented are, however, for the full financial year, though, these could be revised, as is normal, at the time of presentation of the regular Budget. I am also introducing a Finance Bill, seeking to continue the existing tax structure for the present.

2. Under the premiership of Shri Atal Bihari Vajpayee, this is the seventh successive budget of the Government of the National Democratic Alliance (NDA). On this occasion I share with the country and the House a sense of great satisfaction at the robust showing of our national economy, and also express our sincere gratitude for the cooperation, support and encouragement that the people of India have so consistently and so ungrudgingly given to the NDA and to its Government. The country's macro-economic situation is better than it has ever been in the last fifty years. Internationally, too, there is now much greater, and a much more widespread recognition that India is progressing in all spheres of national endeavour, that it has evolved into a stable economy, with assured growth, and enhanced national prosperity.

II. NDA: ECONOMIC POLICY – APPROACH AND ACHIEVEMENTS

3. This Government has consistently placed the citizens' well being at the core of its responsibilities. Our adherence to '*Panch priorities*' remains. The objectives of the life-time concerns of our citizens: enhanced employment, and eradication of poverty; a second green revolution in agriculture; infrastructure development; fiscal consolidation; and greater manufacturing sector efficiency, are our solemn commitments.

4. We believe, Sir, that both are necessary: a vision for a resurgent India and, simultaneously an awakening so that the disadvantaged of our land are lifted beyond poverty. We hold that economic development is not about economics alone, it is always, simultaneously, a political statement too, for 'development' devoid of compassion is a misnomer. Of course, growth statistics are very important; they are vital inputs, but they must also be the indices that assist us in designing distributive justice. It is for this reason that 'gross national contentment' is so important, as the catalyst that motivates redoubled national endeavour. It is from seeking national contentment that objectives are born: "*Garib ke pet me dana, Grihini ki tukia mein anna.*" Sir, India must be amongst the leading economies of the world, that simply put is our national destiny; to be in service of the country's destiny is the Government's honour and its bounden duty. From this directly flow our national economic objectives.

5. Economic growth indices, in the current year, Mr. Speaker, are very encouraging. With inflation at 4 to 4.5 per cent, this year we expect the growth rate of our GDP to be between 7.5 and 8 per cent. Though, there are higher growth estimates that have been made, for the present, we prefer to remain with the cited figures. This level of growth is a matter of great satisfaction. Sir, employment has increased, but so have expectations. We must meet this challenge. Bold initiatives in infrastructure have already generated several layers of immediate employment, simultaneously laying the foundation for additional quality employment across a broad spectrum of economic activity. The objective of enhancing job opportunities will be pursued vigorously. Our foreign exchange reserves crossed US\$100 billion on December 19, 2003. They continue to grow, liberating us from the mentality of want. For greater openness and to share necessary information with citizens, the first ever Report of the Reserve Bank of India (RBI), on Foreign Exchange Reserves is being released today. It can be accessed on the Ministry's, as well as the RBI's website.

6. Sir, a combination of moderate inflation, declining interest rates, and healthy capital markets has set our economy on the path of accelerated growth. To further encourage this is our responsibility. Preserving the strength of our macroeconomic fundamentals has, therefore, to be much more focused. Management of the economy is a continuing responsibility, governance can neither pause nor cease, and measures to fully consolidate, and continuously enhance the growth momentum must always be adopted in time. Only in that manner can we realise the vision of economic and social progress that we have cherished since independence.

III. INITIATIVES AND THE ROAD AHEAD

Reform Measures

Antyodaya Anna Yojana

7. Antyodaya Anna Yojana, launched by the Prime Minister in December 2000, currently covers 1.5 crore families below the poverty line (BPL). This is a highly successful programme, widely acclaimed. It directly addresses poverty alleviation and nutritional adequacy. This programme is now being extended by increasing its coverage to 2 crore BPL families. Whilst doing so, it will be ensured that tribal states, districts, or belts receive added allocations. This will be effective from April 1, 2004.

Pradhan Mantri Swasthya Suraksha Yojana

8. Poverty and disease are interlinked. Specialty hospitals in the private sector remain beyond the reach of many of our citizens. The Prime Minister had, therefore, last Independence Day, announced the establishing of six hospitals, in the Government sector, on the pattern of All India Institute of Medical Sciences(AIIMS). This '*Pradhanmantri Swasthya Suraksha Yojana*' envisages six new AIIMS like hospitals, one each in the States of Bihar, Chhatisgarh, Madhya Pradesh, Orissa, Rajasthan, and Uttaranchal. Hon'ble Members are doubtless aware that no additional hospital on the pattern of AIIMS has been set up by any Government, since 1956. I would also like to mention that under this *Pradhanmantri Swasthya Suraksha Yojana*, one medical college each in the six States of Andhra Pradesh, Jammu & Kashmir, Jharkhand, Tamil Nadu, Uttar Pradesh, and West Bengal will also be upgraded to the level of AIIMS.

9. I am happy to announce that a provision for both these schemes has been made in this Budget itself.

Rural

10. The Government is committed to ensuring the availability of timely **credit** at affordable rates to our farmers, and to other citizens in rural India. For this objective, the following additional measures will be taken:

- ◆ In July, 2003, a reduction in the **rate of interest for crop loans** by public sector banks to 9 per cent was announced. The NABARD Act was also appropriately amended. I have been urging the Indian Banks' Association to further lower the interest rates for agricultural purposes. Some public sector banks have already done so. I am confident that other banks will also respond by offering loans at rates lower than those prevailing currently.
- ◆ Traditionally, banks have sought relatively higher security on credit for agriculture. To illustrate, banks insist on **mortgaging** the entire **land holding** of a farmer borrower, as security for advances for agricultural purposes. Banks are, therefore, now being advised to assess individual credit-worthiness and to not routinely insist on additional collateral through a mortgage of the entire land holding. As a principle, collateral security should be proportionate to the value of the loan.
- ◆ Prescriptions relating to **Non-Performing Assets (NPAs)**, in relation to **crop loan accounts**, have posed problems in the provisioning of credit to farmers where seasonality and uncertainty of farm incomes are not fully captured. A Committee has been set up under Dr.V.S. Vyas, an eminent agriculture economist, to address this issue. Suitable remedial measures will be recommended within 90 days.
- ◆ I expect all eligible farmers to be in receipt of their **Kisan Credit Cards (KCC)** by March 31, 2004. To extend the benefit of technological developments in the banking industry to rural India, the existing Kisan Credit Card will hereafter be modified, upon individual request, for use on ATM machines, wherever such facility exists.

- ◆ A **Farm Income Insurance Scheme** has been introduced by the Ministry of Agriculture in 20 districts, on a pilot basis. This will be extended to 100 districts, of the country from the forthcoming Kharif season. Details will be announced by the Ministry of Agriculture.
- ◆ **Self Help Groups (SHGs)** have been a remarkable success story, but only in some states of the country. NABARD has, therefore, been asked to take up a special promotional campaign in the States where this programme is yet to gather momentum. In the first phase, an intensive programme will, therefore, be launched in the states of Uttar Pradesh, Rajasthan and Madhya Pradesh. Public Sector Banks will also supplement this effort in other States.
- ◆ **Tea** is an important agro-processing industry, employing a large number of our citizens in North Bengal, Assam, the North-East and some of the Southern States. Currently, this industry is beset by many problems. I had, therefore, tasked the Indian Banks Association to prepare a revival package. This has now been finalized. Special Tea Term Loan, repayable in five years, with a moratorium of one year, shall be provided. In case of small tea growers banks have agreed to extend fresh working capital limits up to Rs.2 lakh, at an interest rate of 9 per cent.
- ◆ In addition, steps will be undertaken to examine the feasibility of a debt amelioration scheme in the **tea** sector, too.
- ◆ **Sugar**, another major agro-processing industry of the country, generating substantial employment, currently faces a complex web of problems. Government will, therefore, prepare a package for the revitalisation of this industry, in consultation with all the stakeholders. In the meantime, as a measure of temporary relief, restructuring of loans taken by sugar factories will be examined by the lending agencies, including banks, in consultation with RBI and NABARD.

11. Cooperative banks have played a vital role in the delivery of rural credit. They, too, have a variety of problems hampering their capacity to deliver credit at reasonable rates of interest. A scheme to revitalize the cooperative credit structure, envisaging an outlay of about Rs.15,000 crore, to be shared between the Central and State Governments, in an appropriate ratio, has been prepared. It is proposed to initiate this scheme as soon as the revised regulatory framework has been put in place.

Cattle Development

12. Cattle are a vital integral of our rural economy. To give a boost to the entire gamut of this economic activity, such as animal husbandry, dairying and sheep rearing, the Government will consider the setting up of a National Cattle Development Board with appropriate budgetary support.

Laghu Udyami Credit Cards

13. To further encourage the development of small-scale and self-employed ventures steps have been taken to liberalise Laghu Udyami Credit Card scheme,

providing small and medium enterprises easier access to bank credit. It has now been decided, in consultation with IBA, that the public sector banks will increase the credit limit of their cards, for borrowers who have a satisfactory track record, from Rs.2 lakh to Rs.10 lakh. Banks are being advised to make the modified scheme operational from March 1, 2004.

Stamp Duty Reform

14. A comprehensive reform of the entire stamp duty regime is being addressed in consultation with State Governments, as high stamp duty increases transaction costs, restricting economic activity. The Government has, in the meantime, decided to reduce stamp duty on all such instruments where the authority to fix rates is of the Central Government. As a first step, and as the first reduction, the existing stamp duty structure is being halved, that is, being reduced by 50 per cent on all Central Government stamp papers. As for duty on Receipts, here too, the threshold for payment of stamp duty is to be increased from Rs.500 to Rs.50,000. As, however, this last reform requires an amendment to the Act, it can not be taken up at this stage.

Special Areas

Island territories

15. The district of Nicobar, in the Andaman and Nicobar Islands, is one of our remotest districts. These islands, separated by vast distances across the sea are relatively inaccessible. Therefore, in the Nicobar group of islands, a hard area allowance at the rate of 25 per cent of basic pay will, with effect from April 1, 2004, be paid to all Government employees posted there.

16. Due to high cost of construction, consequently the high rentals prevailing in this region, and as directed by the Prime Minister it has been decided that the status of Port Blair be raised from a 'C' to a 'B-1' class city, for purposes of house rent allowance (HRA). Simultaneously, rural areas of the Union Territory of Andaman and Nicobar Islands and the entire Union Territory of Lakshadweep will also stand upgraded from their existing status of 'unclassified' to 'C' class city, for the purpose of payment of this allowance. Consequently, HRA will also be raised from 7.5 per cent to 15 per cent of the basic pay in all other areas of the Union Territory of Andaman and Nicobar Islands, as well as in the Union Territory of Lakshadweep. The status of State of Goa is also being raised from 'C' to 'B-1', from April 1, 2004, for the purposes of HRA.

Desert areas

17. The desert areas of the country are under a variety of stresses. Most of them are also either border districts or are contiguous to it. Last year, I had announced the 'Maru Gochar Yojana', a special programme for rehabilitation and development of traditional pasture lands in the desert districts of Rajasthan. I am glad to inform Hon'ble Members that implementation of this programme has commenced. I now propose to establish a Task Force for Integrated Development of Desert Areas, with a mandate to address the problem of sustainable livelihood in our deserts. This Task Force will review all relevant current programmes, identify gaps, define thrust areas, and make appropriate recommendations. It will also examine the establishment of a Rural Technology Centre, in one of the desert districts, and give its recommendations in this regard.

18. The Indira Gandhi canal project has languished for decades, slowly inching its way, year after year, through the desert. Considering the inordinate delay in its completion and the critical importance of water in our desert areas, this canal project will, hereafter, be accelerated through a fresh Centre-State initiative, including additional, innovative funding. Similarly, for an extension into Rajasthan of the Narmada Canal too, the Ministry of Finance will work with the Government of Rajasthan and assist it in financing an early completion.

Kutch and adjoining districts

19. At present, new industrial units in the Kutch Districts of Gujarat, established during the period from July 31, 2001 to July 31, 2004 and which start commercial production on or before July 31, 2004 are exempt from excise duty. In order to give some more time for completion of such projects, I am extending the last date, for setting up of such new units, from July 31, 2004 to December 31, 2004. The period of exemption from excise duty will continue to be five years from the date of start of commercial production.

Water Scarcity in Metropolitan Cities

20. Several initiatives have been taken by this Government to address the vital question of providing an assured supply of potable water to rural India. Metropolitan cities have until now had to address this shortage through either their own municipal resources or on the strength of support received from their respective State Governments. The need and demand for water has grown much faster than additional supply measures. The Prime Minister has, therefore, decided to initiate an accelerated drinking water supply scheme for mega cities, such as Bangalore, Chennai, Delhi and Hyderabad. The provision for existing Central scheme for infrastructure development in mega-cities will be augmented by accessing the Infrastructure Fund, the Life Insurance Corporation and other such funding sources. Details will be finalised by the Ministry of Finance to ensure that the scheme is operational by March 1, 2004.

Convention Centres

21. Government has now decided upon the venues for four global standard international convention centres, to be established through private-public partnership. I am glad that two of these will be located in the metropolitan cities of Delhi and Mumbai, and one each in Goa and Rajasthan. Both Goa and Rajasthan have great tourism potential, but need more infrastructural facilities. Goa will thus also be enabled to provide suitable facilities for holding international film festivals. So that the convention centre in Jaipur functions effectively, the airport in Jaipur will be converted into an international airport. Details of all these will be announced shortly.

Development Finance

22. There is no alternative to development finance. Steps to revive and re-structure the Industrial Development Bank of India (IDBI) are already in hand. In accordance with the mandate of the Parliament, the Ministry of Finance is committed to preserving and strengthening the IDBI's role as a development financial institution.

23. The current economic growth pattern requires continuous and added investment. For this, finance has to be made available timely, at reasonable rates and in a coordinated manner. Since the restructured IDBI has the requisite expertise, also experience in project appraisal, funding and coordination, it has been decided to designate IDBI as the lead developmental finance institution. Government will provide necessary support to IDBI for this task. IDBI's effort will be complemented by other premier institutions and banks such as the Infrastructure Development Finance Corporation and the State Bank of India.

24. Similarly, the Industrial Finance Corporation of India (IFCI) will be restructured through transfer of its impaired assets to an Asset Reconstruction Company and merger with a large public sector bank. Both these institutions, the IDBI and IFCI, should be functional in the new financial year after their transformation.

Other Schemes

25. The Agricultural Infrastructure and Credit Fund, the Small and Medium Enterprise Fund, and the Industrial Infrastructure Fund will be operational shortly. All the three funds will, without compromising the norms of financial prudence, provide credit at highly competitive rates, which is expected to be 2 percentage points below the Prime Lending Rate (PLR).

26. I wish to reiterate that the Agricultural Infrastructure and Credit Fund will provide credit support to infrastructure facilities such as wasteland development, completion of existing but incomplete minor irrigation projects plus new minor irrigation works, grading, certification, and storage of agro-products, and construction of modern abattoirs. This Fund will be called '**Lok Nayak Jai Prakash Narayan Fund**'. Similarly, the SME Fund will address the problem of inadequacy of financial resources, at highly competitive rates for the small-scale sector, and a lack of SIDBI coverage for some of the medium-sized enterprises. The Industrial Infrastructure Fund will provide credit at highly competitive rates for power generation, seaports, airports, roads, tourism, telecommunication, and urban infrastructure like municipal services, water supply, sewage disposal and environmental projects.

Defence Modernisation Fund

27. The process of defence procurement often extends to over three years. Adequate and a committed availability of funds, over such a period, for defence modernisation and weapons systems acquisition needs a satisfactory resolution. It has accordingly been decided to establish a non-lapsable, Defence Modernisation Fund of Rs.25,000 crore. This will commit availability of adequate funds for the purpose. The Fund will be made available to the Ministry of Defence from the new financial year.

Employee Welfare

28. The Fifth Central Pay Commission had recommended that Dearness Allowance (DA) should be merged with basic pay whenever the DA exceeds 50 per cent of pay. At present, DA is at 59 per cent of pay. The Government having re-examined this recommendation in depth has therefore, decided that DA, to the extent of 50 per cent of pay, will be merged with basic pay. This will take effect from April 1, 2004.

Direct taxes

29. Some necessary changes in Income Tax procedures require the amendment of the Income Tax Act. While changes in the Act are currently not being proposed, it is the conviction of the Government, also our commitment that

- ◆ Fiscal benefits available to new projects in the power sector should be extended up to 2012, instead of 2006, and also be available to cases of take-over from State Electricity Boards.
- ◆ The regime of listed equities acquired on or after March 1, 2003 being exempt from long-term capital gains tax should be extended for a further period of three years, so as to provide stability.
- ◆ More than 90 per cent of world shipping tonnage is subject to very low levels of taxation. To provide a level playing field so that Indian shipping becomes internationally competitive, a tonnage tax scheme, with notional income at a fixed rate, on the basis of net registered tonnage should be considered.
- ◆ Farmers face hardship on account of levy of tax on capital gains, and accrued interest on enhanced compensation, when their agricultural land is acquired by the Government. The Government believes that capital gains on such acquisition should be exempt from tax. There should also be no deduction of tax at source on the interest earned on enhanced compensation for acquisition of such land.

30. Business Process Outsourcing (BPO) has scope for employment generation. It has been clarified that if outsourced services are ancillary and auxiliary in nature and adequate remuneration is paid to the Indian call centre, then there shall be no tax on such foreign company as has outsourced its activity to India. This policy is on the lines of OECD norms and double taxation avoidance agreements.

31. It is also the conviction of the Government that for the salaried class, which doubtless has the best track record of tax compliance, the issue of revising the standard deduction for Income Tax purposes has now to be revisited. Furthermore, the tax treatment of family pension of war widows merits a review so as to enable them to live a life of dignity. We also need to revisit the present exemption limits and to realign them appropriately.

Indirect taxes

32. For consolidating the growth process, the Government has already announced some measures on January 8, 2004. These steps were timely and necessary. I shall not repeat them.

Capital goods

33. To enable our domestic industry to compete with imported capital goods, which are currently subject to a 10 per cent basic customs duty, I have already reduced such duty on a number of raw materials, intermediates and components for their manufacture. This has removed an anomaly.

34. A suggestion has been made that wherever there is exemption from countervailing duty on an imported capital good, deemed export benefits ought to be

given to the very same capital good, indigenously manufactured. There already exists a scheme for giving deemed export benefits for specified projects, where procurement is through international competitive bidding. Ministry of Finance, in consultation with Ministry of Commerce, will nevertheless, examine this suggestion in order to provide a level playing field to domestic manufacturers.

Power

35. The Task Force on Power Sector Investment and Reforms has recommended exploring the possibility of making countervailing duty for the power sector cenvatable. This suggestion, too, will be examined.

36. In the last budget, exemption from excise duty on residual fuel oils for generation of power, available only to units licensed under the Electricity Act 1910, was extended to generating companies licensed under the Electricity Supply Act 1948. It has been requested that this exemption, for units licensed under the 1948 Act, may now be made applicable retrospectively, whenever electricity was supplied to State Electricity Boards, and the cost of generation was governed by power purchase agreements. I believe that a suitable legislative measure for a retrospective exemption of this nature should be considered.

Baggage rules

37. To further reduce congestion at the customs counters in the arrival halls of our international airports, free baggage allowance is being raised from Rs.12,000 to Rs.25,000. Customs duty on such baggage is also being reduced from 50 per cent to 40 per cent. This will be effective from today.

User-friendly tax administration

38. The move towards an improved tax administration through greater application of IT, and a discretion-free, impersonal system with lower compliance costs must continue. It is with this objective in mind, that I am pleased to announce

- ◆ round the clock electronic filing of customs documents for clearance of goods, presently available in 9 customs formations will be extended to 23 customs formations by March 31, 2004;
- ◆ customs clearance will be based on self-assessment and selective examination from June 30, 2004;
- ◆ an 8-digit code classification of goods for the levy of excise will be adopted by September 30, 2004, to bring greater transparency, avoid classification dispute, and harmonise excise classification with customs and EXIM Policy nomenclature;
- ◆ compounding of offences under Union excise rules, for quick settlement of disputes, will be introduced from June 30, 2004; and
- ◆ e-filing of excise returns will be introduced from June 30, 2004 to enhance excise automation and for better reconciliation of revenue accounts.

Service tax

39. To enable levy of tax on services as a specific and important source of revenue, an amendment to the Constitution is already in progress. In the interim,

the service tax was extended to seven new services in the last Budget. To facilitate the filing of returns and to reduce the compliance cost under this important source of revenue, I am glad to announce that from January 2, 2004

- ◆ only a simple verification is being made for grant of registration for service tax;
- ◆ there is a single registration and single return for assesses providing more than one taxable service; and
- ◆ service tax automation has been enhanced by extending e-filing of returns and also their electronic scrutiny from 10 services to all the 58 taxable services.

IV. REVISED AND BUDGET ESTIMATES

40. I must now inform the House about the essentials of our book-keeping for the current year, as also for 2004-05.

Revised Estimates for 2003-2004

41. The Revised Estimates show a net decrease in expenditure of Rs.11,143 crore as compared to the Budget estimates. This reduction in expenditure has been achieved despite additional expenditure on Rural Development, the Sarva Shiksha Abhiyan, the Delhi Metro Rail Project and additional budgetary support for the Railways.

42. Net tax revenues for the Centre are estimated at Rs.187,539 crore compared to the Budget estimate of Rs.184,169 crore, an increase of Rs.3,370 crore. Non tax revenue is estimated at Rs.75,488 crore, Rs.5722 crore more than the estimated level of Rs.69,766 crore. Disinvestment receipts, at Rs.14,500 crore, are also higher than the budget estimate of Rs.13,200 crore.

43. The revised revenue receipts of the Centre are estimated at Rs.263,027 crore, the fiscal deficit at Rs.132,103 crore which is 4.8 per cent of the estimated GDP and the revenue deficit at Rs.99,860 crore which is 3.6 per cent of the estimated GDP.

44. I trust Sir, that Hon'ble Members would observe, and approve of the fact that the Government has demonstrated its resolve about fiscal consolidation by performing better than the budgeted targets.

Budget Estimates for 2004-2005

45. In the budget estimates for 2004-2005, the total expenditure is estimated at Rs.457,434 crore, of which Rs.135,071 crore is for Plan and Rs.322,363 crore for non-Plan.

Plan expenditure

46. In order to strike the right balance between the developmental needs on one hand and fiscal stability on the other, the Gross Budgetary Support (GBS) for Plan 2004-05 has been fixed at Rs.135,071 crore. This is Rs.14,097 crore more than last year, indicating an increase of 11.6 per cent. Out of this, an amount of Rs.81,367

crore is being provided as Budget support for Central Plan. This is an increase of Rs.9,215 crore, or 12.8 per cent, over the last year. Similarly, the Central Assistance for State Plans is Rs.53,704 crore, which is Rs.4,882 crore more than last year. Should need arise for new schemes, such as Providing Urban Amenities in Rural Areas (PURA), the Government will then provide additional allocations for such schemes.

Non-plan Expenditure

47. The budget estimates for 2004-2005 show a net increase of Rs.16,218 crore in non-plan expenditure. The increase is mainly in interest payments and debt servicing (Rs.4,945 crore), defence (Rs.5,700 crore), grants and loans to State Governments (Rs.4,110 crore) and food subsidy (Rs.2,600 crore).

Revenue estimate and Fiscal deficit

48. Mr. Speaker, Sir, with these proposals I estimate total revenue receipts of the Centre at Rs.290,882 crore, the fiscal deficit at Rs.136,452 crore, which is 4.4 per cent of the estimated GDP and the revenue deficit at Rs.89,860 crore, which is 2.9 per cent of the estimated GDP.

V. CONCLUSION

49. Sir, I had the honour of being given the responsibility of the Ministry of Finance in July, 2002. I have served here for just about a year and a half. During this period it has been my privilege to see the Indian economy enter onto a sustained and robust growth path of around 7.5 to 8 per cent per year. This has been possible only because of the reforms pursued by the NDA, as well as by earlier Governments, of the contribution in this Ministry of my distinguished predecessor, Shri Yashwant Sinha, and above all, of the support and leadership provided by Prime Minister Vajpayee.

50. Under the stewardship of Shri Vajpayee, the NDA Government, since March 19, 1998, has not only successfully weathered the post-Pokhran economic sanctions; East Asian crisis; at least two major destructive cyclones; an unprecedented drought; the devastating Bhuj earthquake; two border stand-offs; the challenge of terrorism and insurgency; the gulf war; a global downturn; uncertainty in oil prices, all these and much else. Despite these multiple challenges, the Government, during this period, brought down the fiscal deficit to 4.8 per cent of GDP, the revenue deficit to 3.6 per cent, and contained annual average inflation at around 4.8 per cent. Our revenue collection in the period 1998-2004, has gone up by about 83 per cent, our capital markets are healthy, the UTI is a market leader again, our foreign exchange reserves have nearly quadrupled to the never ever achieved level of over \$100 billion, our GDP, in this period, has increased by almost 40 per cent, and to my belief, national contentment, national confidence, and our collective resolve for achieving even higher growth has now taken firm root.

51. Sir, I commend this interim budget to the House.