

ment should adopt measures to curb benami investment of Non-resident Indians in Stock Exchange Shares and improve working of share market which is being manipulated by industrialists. "

SHRI CHATURANAN MISHRA (Bihar): Sir, I beg to move:

9. That at the end of the Motion, the following be added, namely: —

"and having considered the issue, this House regrets that the recent policy of Government of downgrading the public sector, resorting to elitist taxation policy, adopting an import policy which damaged even our Capital goods industries and led to import of luxury goods there by resulting in further large scale sickness of the industries and denying remunerative prices to farmers for agricultural goods, is leading the country to a disastrous situation of unprecedented deficit in foreign trade, increasing foreign and internal loans resulting in unprecedented unemployment and urges upon Government for a new economic policy of growth with social justice and full employment. "

The questions were proposed

MR. CHAIRMAN: Now the Finance Minister will make the other statement.

STATEMENT BY MINISTER

Re. Projections of Resources for Central Plan—1987-88

THE-: MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): Sir,

Hon'ble Members will recall that last year I initiated the process of involving the members of the Consultative Committee attached to the Ministry of Finance in the pre-Budget discussions. That experiment was quite rewarding and it has encouraged me to take the full House into confidence in our approach to next year's Budget.

2. In order to determine the resources available for next year's Annual Plan, the Ministry of Finance, in consultation with, the Planning Commission has carried out detailed exercises on the likely trends in ex-

penditure and revenue in the current financial year. On the basis of these exercises, we have made tentative¹ estimates of revenue and expenditure for the next year. A Statement showing these projections on the basis of information available so far is placed on the table of the House. The figures are likely to undergo revision as further information becomes available prior to the finalisation of estimates in February, 1987. The Statement, however, reveals the trends which are likely to shape the next year's Budget.

3. As the House is aware the trends in tax revenue so far are highly encouraging. On the basis of present trends, the Central share of taxes in 1987-88 is projected at Rs. 25,250 crores. Together with estimated receipts under various other heads such as non-tax revenue, external assistance, market borrowings, small savings and other capital receipts, the total receipts of the Centre are projected at Rs. 55,150 crores. For purposes of estimation, we have assumed a level of deficit financing of Rs. 5,000 crores. Thus, the total receipts are placed at Rs. 60,150 crores.

4. On the expenditure side there; likely to be substantial increases in interest payments and defence. These are projected to increase to Rs. 10,150 crores and Rs. 11,900 crores respectively. I need not elaborate on the compulsions of geopolitical climate which has made the increase in defence expenditure inescapable. Another major item on the expenditure side is subsidies, which is projected at Rs. 4,680 crores in 1987-88. It is a matter of concern to us that subsidies on food, fertilizer and export promotion in the first three years of the Plan will be Rs. 13,240 crores against Rs. 10,788 crores in the entire sixth Plan period. Other non-plan expenditure is projected at practically the same level as 1986-87 Budget. An important item of expenditure is increase in wages and salaries pursuant to the acceptance of the Pay Commission's recommendations, which is estimated at Rs. 1,500 crores (excluding the Railways and Telecommunications). Taking all these items together total non-plan expenditure is estimated at Rs. 38,450 crores.

5. On this basis, the resources in the Central Budget for Plan will be Rs. 21,700 crores compared to Rs. 21,095 crores in the current year's budget. While the budgetary

[Shri Vishwanath Pratap Singh]

resources for Plan are estimated to be higher, the resources available for the Central Plan will be somewhat less because of larger assistance to States and Union Territories or their Plans and higher provision for natural calamities. Central Assistance for State and UT Plans is projected at Rs. 7,900 crores and a provision of Rs. 500 crores is made for assistance on account of natural calamities. The budgetary support for the Central Plan will, thus, be Rs. 13,300 crores. The resource projections for the Seventh Plan envisaged that the proportion of annual Plan outlay to be financed from the Budget will progressively come down from 60% in the year 1985-86 to 38% in the last year of the Plan and there will be a corresponding increase in the contribution of public enterprises. For the year 1987-88, the estimated support from the budget as per Seventh Plan was of the order of 46% of the Central Plan outlay. On the basis of the present projections the proportion will be 55%.

6. The internal and external budgetary resources of public enterprises next year are

estimated at Rs. 10,700 crores. Thus, the Central Annual Plan for next year is likely to be Rs. 24,000 crores as against Rs. 22,300 crores in the current year. At this level the Annual Plan for 1987-88 will amount to about 22% of the total Seventh Plan outlay of Rs. 95,534 crores (at 1984-85 price level). As the House is aware in the first two years of the Plan, we had fulfilled 41% of the Seventh Plan outlay in real terms at 1984-85 prices. Thus we would have provided for 63% of the Seventh Plan outlay in real terms in the first three years. This is gratifying considering that a number of developments since the finalisation of the Seventh Plan have added to Centre's commitments on account of defence, subsidies, natural calamities and Pay Commission's recommendations.

7. As I stated in my speech while presenting the Budget for 1986-87, we would like to have an open debate on Government's fiscal policies relating to raising of resources as well as their allocation to various expenditure programmes. I very much look forward to having the Members' views.

RESOURCES PROJECTIONS FOR ANNUAL PLAN 1987-88

| | | (Rs. crores) | |
|---|---------------------------------|--------------------------------|------------------------|
| | 1985-86 Revised Estimates | 1986-87 Budget Estimates | 1987-88 Projections |
| 1 | 2 | 3 | 4 |
| 5 | | | |
| Receipts | | | |
| 1. Tax Revenue (net of States' share) | 20940 | 22696 | 25250 |
| 2. Non-Tax Revenue | 6231 | 6846 | 7900 |
| 3. External Assistance | 2500 | 2950 | 3200 |
| 4. Market Borrowings | 510 | 5300 | 5800 |
| 5. Small Savings (net of States' share)..... | 1903 | 2100 | 2200 |
| 6. Other Capital Receipts | 9346 | 9320 | 10800 |
| 7. Deficit Financing | 4490 | 3650 | 5000 |
| 8. Total Receipts (1 to 7) | 50507 | 52862 | 60150 |
| Non-Plan Expenditure | | | |
| 9. Interest Payments | 7403 | 8750 | 10150 |
| 10. Defence..... | 7862 | 8728 | 11900 |
| | 4305 | 4255 | 4680 |
| 12. Pay Commission | 0 | 0 | 1500 |
| 13. Pensions..... | 715 | 769 | 880 |
| 14. Other Non Plan Expenditure.. | 9409 | 9265 | 9340 |
| 15. Total Non-Plan Expenditure (9 to 14) | 29691 | 31767 | 33450 |