

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:6894
ANSWERED ON:09.05.2003
FISCAL DEFICIT
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) the fiscal deficit as percentage of Gross Domestic Product as on July 1 and January 1 during the last three years;
- (b) the steps being taken to control the same and the success achieved during the above period;
- (c) whether the rate of growth of industry and revenue collection have shown a downward trend; and
- (d) if so, the comparative figures for the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) Fiscal Deficit (FD) as percentage of Gross Domestic Product (GDP) during the last three years was as under:

FD as % of GDP

	2000-01	2001-02	2002-03
As on July 1		1.2	1.8
As on January 1		3.1	3.9

(b) The Union Budgets in all the above years have acknowledged the necessity for fiscal consolidation and proposed measures to augment revenues and rationalise expenditure. Government has been following a policy of moderate tax rates, a wider tax base and simpler procedure so as to secure greater tax compliance, improve Tax - GDP ratio and contain the fiscal deficit within manageable limits. The Union Budget 2003-04 has also proposed a number of initiatives which, inter alia, include rationalisation of tax structure, better cash management and prepayment of high cost external and internal debt. These measures are expected to bring down the fiscal deficit as a proportion of GDP from 5.9 per cent during 2002-03(RE) to 5.6 per cent during 2003-04(BE).

(c) & (d): Details regarding the rates of growth of industry at factor cost and current prices as per the estimates of Central Statistical Organisation and the rates of growth in gross tax revenue of the Centre for the last three years are given below :

(% variation over previous year)

	2000-01	2001-02	2002-03
(i) Growth in industry (at factor cost and current prices)	11.9	6.2	8.8
(ii) Growth of gross tax revenue of the Centre	9.8	-0.8	18.6#

- As per revised estimates.

