

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7250

ANSWERED ON:13.05.2005

REVENUE DEFICIT

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has faced huge revenue deficit during the year 2004-05;
- (b) if so, the details thereof;
- (c) the factors responsible for such huge revenue deficit; and
- (d) the steps taken by the Union Government to prevent huge revenue deficit?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) and (b): The revenue deficit of the Union Government was 2.7 per cent of Gross Domestic Product (GDP) in 2004-05 (RE). Though this is higher than the Budget Estimates by 0.2 percentage points, it is fully compliant with the minimum annual reduction of 0.5 per cent of GDP mandated under The Fiscal Responsibility and Budget Management (FRBM) Rules, 2004.

(c): Does not arise.

(d): Adherence to the targets set under the FRBM Act and Rules made thereunder is likely to result in the elimination of revenue deficit by 2008-09. Government has been taking a number of measures like widening the tax base through phased removal of exemptions, increased coverage under service tax, special drive to realise tax arrears, pension reforms, maintaining soft interest rates and reducing unproductive revenue expenditure.