

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2662

ANSWERED ON:12.03.2010

INCREASE IN GOVERNMENT EXPENDITURE

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Will the Minister of FINANCE be pleased to state:

- (a) whether Government expenditures are on the rise for the last three consecutive budgets;
- (b) if so, the percentage rise in each year since 2006-07;
- (c) whether the said expenditure are having an adverse effect on the annual growth rate of the country;
- (d) if so, the details of assessment made in this regard; and
- (e) the details of assessment made regarding the private sector expenditure during the aforesaid period?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) Yes, Sir. The total budgeted expenditure along with the increase in percentage over the previous years are given in the table below:

(Rs. in crore)

Year	Total Expenditure (BE)	Percentage increase over previous year
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2006-2007	563991	9.65 %
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2007-2008	680521	20.66 %
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2008-2009	750884	10.34%
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2009-2010	1020838	35.95 %
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2010-2011	1108749	8.63 %
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(c) & d): To counter the adverse effects of the global economic crisis on Indian economy, an expansionary policy stance in public expenditure was warranted and therefore undertaken in 2008-09 and 2009-10 to boost aggregate demand. Fiscal stimulus in the situation of stress on the acro-economy was in line with international best practices. The fast-paced and broad based nature of recovery has vindicated the policy stance of the Government in the aftermath of the economic crisis. The positive impact of these measures could be seen with Indian economy recording 7 per cent growth in GDP in the first half of 2009-10 and the estimated growth of 72 per cent in 2009-10 as per the latest data.

(e): On account of decline in the GDP growth there has been a corresponding decline in the aggregate growth of per capita consumption expenditure after 2007-08. The growth in consumption expenditure in private sector was 9.6% in 2007-08 and 6.8% in 2008-09. However, the overall share of consumption expenditure, both private as well as Government in GDP at market prices, at constant 2004-05 prices, has declined marginally from 70.9 per cent in 2008-09 to 69.6 per cent in 2009-10 (Advance Estimates).