

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:87

ANSWERED ON:30.07.2010

FISCAL DEFICIT

Das Gupta Shri Gurudas;Singh Shri Bhupendra

Will the Minister of FINANCE be pleased to state:

- (a) whether the fiscal deficit of the country for the year 2009-10 stood at 6.67 per cent;
- (b) whether this deficit is despite the better recovery of the economy which stood at more than the budget estimates;
- (c) if so, the details thereof; and
- (d) the details of the measures taken by the Government to reduce the fiscal deficit?

Answer

Finance Minister(SHRI PRANAB MUKHERJEE)

(a), (b), (c) and (d): A statement is placed on the Table of the House.

Statement referred to in reply to part (a) to (d) of Lok Sabha Starred Question No. 87 tabled by Shri Gurudas Dasgupta and Shri Bhoopendra Singh for answer on Friday, July 30, 2010 regarding 'Fiscal Deficit'.

(a): The fiscal deficit for 2009-10 (provisional accounts) stood at Rs. 4,12,307 crore. The Revised Estimate of GDP for 2009-10, as released by CSO, in May 2010, is Rs. 62,31,171 crore. Thus fiscal deficit as a percentage of GDP for 2009-10 works out to 6.62%.

(b) and (c): The fiscal deficit in BE 2009-10 estimated at Rs. 4,00,996 crore, increased marginally to Rs.4,12,307 crore in 2009-10 (provisional accounts), an increase of Rs.11,311 crore. As a percentage of GDP (latest CSO data) the fiscal deficit increased marginally from 6.43 % in 2009-10 BE to 6.62% in 2009-10 (provisional accounts). This increase is mainly on account of short fall in tax and non-tax receipts, partially offset by increased non debt capital receipts and marginal reduction in total expenditure.

(d): The medium term objective of the Government is to revert to the path of fiscal consolidation. In the Medium Term Fiscal Policy Statement presented along with Budget 2010-11, a road map has been laid down wherein the fiscal deficit has been estimated at 5.5% of GDP for the year 2010-11 and the fiscal deficit targets for the next two years- 2011-12 and 2012-13- have been projected at 4.8% and 4.1% of GDP respectively. The reduction in fiscal deficit in 2010-11 has been projected on the basis of improvement in Tax Revenues primarily due to increase in the Central Value Added Tax (Cenvat), increase in the non-debt capital receipts and reforms in expenditure management.