

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3378
ANSWERED ON:13.08.2010
FISCAL MEASURES TO CONTAIN PUBLIC DEFICITS
Reddy Shri Magunta Srinivasulu

Will the Minister of FINANCE be pleased to state:

- (a) whether the measures taken to correct public deficit have potential for creating a new recession;
- (b) if so, the complete details thereof; and
- (c) the comments of the Government there upon?

Answer

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

(a) to (c) Unlike some advanced economies, which slipped into recessionary mode, the global economic and financial crisis in 2008-09 resulted only in a slowdown in the rate of growth of GDP in India. The expansionary fiscal policy pursued in 2008-09 and 2009-10 helped arrest the demand slowdown. With recovery taking root in 2009-10 and in view of the fact such expansion is not sustainable in the long run, the Budget for 2010-11 has begun the process of fiscal consolidation.