

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1024
ANSWERED ON:10.07.2009
IMPROVEMENT IN EXCHEQUER
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Will the Minister of FINANCE be pleased to state:

- (a) whether there is any improvement in the condition of country's exchequer during the last three years;
- (b) if so, the details thereof as on date; and
- (c) if not, the reasons therefor?

Answer

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

(a) to (c) Consequent on the passing of Fiscal Responsibility and Budget Management Act, 2003 (FRBMA) and the Rules framed there under in 2004 the fiscal deficit of the Centre declined as under:

2003-04 2004-05 2005-06 2006-07 2007-08

| | | | | | |
|----------------|-----|-----|-----|-----|-----|
| Fiscal deficit | 4.5 | 4.0 | 4.1 | 3.5 | 2.7 |
| as per cent | | | | | |
| of GDP | | | | | |

For 2008-09 (BE), the fiscal deficit was envisaged at 2.5 per cent of GDP. However, in view of the emergent need to minimise the effect of global commodity price rise and global financial crisis, there was conscious shift for an expansionary fiscal stance during the year through reduction in taxes and increase in Government expenditure. As per the latest information available, the Centre's fiscal deficit is placed at 6.2 per cent of GDP in 2008-09 (Provisional Actuals). The Budget 2009-10, has envisaged the fiscal deficit at 6.8 per cent of GDP. This expansionary policy is in line with international best practices and is an appropriate short-term response.