

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1949  
ANSWERED ON:17.07.2009  
ECONOMIC STIMULUS  
Rao Shri Sambasiva Rayapati

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Reserve Bank of India (RBI) has recently cautioned the Government against further economic stimulus; and
- (b) if so, the details thereof and the steps taken or proposed to be taken by the Government to further revive the economic growth?

**Answer**

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

(a) & (b) : The Annual Policy Statement by the Reserve Bank of India (April 2009) mentions that "The fiscal stimulus packages by the Government and some other measures have led to sharp increase in the revenue and fiscal deficits which, in the face of slowing private investment, have cushioned the pace of economic activity. However, it would be a challenge to unwind fiscal stimulus in an orderly manner and return to a path of credible fiscal consolidation. In this context, close monitoring of the performance of the economy and the proper sequencing of the unwinding process would have to be ensured". The Budget 2009-10 has mentioned about the fiscal steps for sustaining the growth momentum. The expansionary stance of fiscal policy is temporary and reversible; the Government intends to return to fiscal discipline at the earliest. Against a fiscal deficit of 6.8 per cent of GDP in 2009-10, it is proposed to reduce it to 5.5 per cent in 2010-11 and further to 4 per cent of GDP in 2011-12.