

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5154  
ANSWERED ON:10.12.2010  
MEDIUM TERM FISCAL PLAN  
Siricilla Shri Rajaiah

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

(a) whether there is a dire need to have a medium term fiscal plan which has to be drawn up by States, reflecting a time bound action plan of reform of revenue and expenditure issues; and

(b) if so, the details thereof and the steps taken in this direction so far?

**Answer**

Minister of State in the Ministry of Finance(SHRI NAMO NARAIN MEENA)

(a) & (b) : The Twelfth Finance Commission (TFC), whose award period was 2005-10, had recommended that each State enact fiscal responsibility legislation with a view to eliminating revenue deficit by 2008-09 and reducing fiscal deficit. During the TFC award period, twenty six out of twenty eight States enacted their Fiscal Responsibility and Budget Management Acts (FRBMA) and availed interest as well as debt reliefs which were linked to this.

The Thirteenth Finance Commission (FC-XIII), whose award period is 2010-15, has worked out fiscal roadmaps for each State. FC-XIII has recommended that States eliminate revenue deficit and achieve fiscal deficit of 3% of their respective Gross State Domestic Product by 2014-15, in stages. FC-XIII has also recommended a combined debt target of 24.3% of GDP to be reached by States by 2014-15 from a level of 27% in 2008-09. To facilitate implementation of the recommended fiscal roadmaps, FC-XIII has recommended that the States' enactment/amendment of their FRBMAs should be a conditionality for release of all state-specific grants and debt relief measures recommended.

These recommendations of FC-XIII have been accepted by Government of India. Sikkim and West Bengal which had not enacted their FRBMAs earlier have now enacted them.