

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:860

ANSWERED ON:25.02.2011

FISCAL DEFICIT

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Will the Minister of FINANCE be pleased to state:

- (a) the details of fiscal deficit of India during the last three years, year-wise;
- (b) the reasons for the continuous increase in fiscal deficit;
- (c) the percentage of deviation or variation from the Fiscal Responsibility and Budget Management (FRBM) Act; and
- (d) the steps taken by the Union Government to decrease fiscal deficit?

Answer

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

- (a) The fiscal deficit for the last three years is as under:

(Rs.in crore)

Year	2007-08	2008-09	2009-10
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Fiscal Deficit	1,26,912	3,36,992	4,14,041
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(b) Subsequent to the global meltdown in the second half of 2008-09, there was a compelling need to adjust the fiscal policy to take care of exceptional circumstances through which the economy was passing. The Government had to take various fiscal measures to insulate the economy from the adverse impact of global slowdown. Accordingly, fiscal deficit in 2008-09 and 2009-10 went up.

- (c) The percentage deviation or variation from the FRBM Act for the above years is as under:

Year	Fiscal Deficit mandated (as a percentage of GDP)	Actual Fiscal Deficit (as a percentage of GDP)	Variation (as a percentage of GDP)
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2007-08	3.3	2.55	0.75
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2008-09	3.0	6.04	-3.04
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2009-10	3.0	6.32	-3.32
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- (d) The medium term objective of the Government is to revert to the path of fiscal consolidation with emphasis on structural fiscal

reforms. With improvement in prevailing economic conditions, the process of fiscal consolidation is back on track in the year 2010-11. Fiscal deficit has been reduced from 6.3 per cent of GDP in 2009-10 to 5.5 per cent in BE 2010-11. This is due to the gradual withdrawal from the fiscal stimulus measures announced in 2008-09 and 2009-10.