

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:345

ANSWERED ON:23.11.2012

REDUCTION IN FISCAL DEFICIT

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has imposed ban on recruitment for posts which have been lying vacant for more than a year;
- (b) if so the details thereof and reasons therefore
- (c) whether the Union Government has also put a ban on holding seminars and conferences in five star hotels and on foreign travels of officials;
- (d) if so the details of thereof; and
- (e) the steps taken by the Government of India to reduce the fiscal deficit to 3 per cent of Gross Domestic Product (GDP)?

Answer

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

(A) (b) (c) & (d) Government has imposed economy measures like rationalization of expenditure and optimization of available resources with a view to improve macroeconomic environment. These include a ban on holding of meetings and conferences at five star hotels, restrictions on foreign travel and ban on creation of Plan and Non-Plan posts. Ministries /Departments have been advised that posts that have remained vacant for more than a year shall not be revived except under very rare and unavoidable circumstances and after seeking clearance of the Department of Expenditure.

(e) Apart from the measures indicated at (a) to (d) the Government has taken the following steps to contain the fiscal deficit.

(i) Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in calibrated manner. The reduction in fiscal deficit from 5.9 per cent of GDP estimated in RE 2011-12 to 5.1 per cent of GDP in BE 2012-13 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP.

(ii) Government has also introduced 'Medium-term Expenditure Framework Expenditure Statement', setting forth a three- year rolling target for expenditure indicators with a view to under taking a de-novo exercise for allocating resources for prioritized schemes and weeding out other that have outlived their utility. It would also encourage efficiencies in expenditure management.

(iii) Government will also endeavour to contain the expenditure on Central subsidies.

(iv) Government has also decided to adopt the following plan of fiscal consolidation during the period of the 12th Plan i.e. from 2012-13 to 2016-17.

Year	Fiscal deficit (%)
2012-13	5.3
2013-14	4.8
2014-15	4.2
2015-16	3.6
2016-17	3.0