

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:71

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FISCAL DEFICIT

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

- (a) the category-wise target fixed and collection actually made, of direct and indirect taxes during each of the last three years and the current year along with reasons for shortfall, if any;
- (b) the category-wise details of revenue forgone during the same period;
- (c) the fiscal deficit of the Union Government during the said period; and
- (d) the remedial action taken/proposed to be taken by the Union Government to reduce the fiscal deficit?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): A statement indicating the category wise target fixed and collection actually made in respect of direct and indirect taxes during each of the last three years and the current financial year (upto January, 2013) is attached as Annexure. During the Financial Year 2009-10 and 2011-12, there was a short fall in collection of total direct and indirect taxes. This can be attributed to various factors including Economic slowdown resulting in lower GDP growth due to factors such as Global economic meltdown, fluctuation in exchange rates, slow growth in manufacturing and trade sectors, etc. Further, the Central Bank policy on interest rates has led to an investment down turn and affected corporate profitably. Further, reduction in basic Customs and Excise duty rates on crude petroleum & products w.e.f. 25th June, 2011 affected the total collection of central taxes during the above period.

(b): The category-wise detail of revenue forgone for direct tax during the period 2008-09 to 2010-11 are as under:

| Financial Year | Revenue Forgone (in Rs. crore), category-wise |                                |                     |             |
|----------------|---|--------------------------------|---------------------|-------------|
|                | Corporate#                                    | Firms/ Association of persons/ | Body of Individuals | Individuals |
| 2008-09        | 66901   | 4354                           | 33216               |             |
| 2009-10        | 72881   | 4845                           | 40297               |             |
| 2010-11        | 83328   | 6173                           | 30653               |             |

# The figures are exclusive of net additional liability on account of MAT

The revenue forgone w.r.t. Customs and Central Excise under indirect taxes is given below:

| (Rs. In crore) |             |             |             |
|----------------|-------------|-------------|-------------|
| Head           | F.Y:2009-10 | F.Y:2010-11 | F.Y:2011-12 |
| Customs        | 195288      | 172740      | 223653      |
| Central Excise | 169121      | 192227      | 212167      |

Indicates provisional estimate.

(c) & (d): The Fiscal Deficit of the Government during the last three years are as follows:

| (Rs. In crore) |                |
|----------------|----------------|
| Year           | Fiscal Deficit |
| 2009-10        | 418482 (6.5%)  |
| 2010-11        | 373592 (4.9%)  |
| 2011-12#       | 509731 (5.8%)  |
| 2012-13(BE)    | 513591 (5.1%)  |

#As per provisional accounts. Figures in parenthesis are as %of GDP.

In the current fiscal, Government has reverted to the path of fiscal consolidation with gradual exit from the expansionary measures in a 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 was designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP.

Government has taken various steps towards expenditure reforms like rationalization of expenditure and optimization of available resources with a view to improve macroeconomic environment. This include 10% mandatory cut on Non Plan expenditure in the current financial year, ban on holding of meetings, ban on creation of Plan and Non Plan posts, restrictions on foreign travel, restrictions on re-appropriation of funds, observance of discipline in fiscal transfers to States, Public Sector Undertakings, Autonomous Bodies such as releases to any entity shall be based on furnishing of Utilization Certificates, no release of funds in relaxation of conditionalities attached to such transfers (matching funding), etc. Government's also endeavours to restrict the expenditure on Central subsidies in 2012-13. Government has introduced 'Medium-term Expenditure Framework Statement', setting forth a three-year rolling target for expenditure indicators with a view to undertaking a de-novo exercise for allocating resources for prioritized schemes and weeding out others that have outlived their utility. It would also encourage efficiencies in expenditure management. In implementing the 12th Plan, the recommendations made by the Expert Committee to streamline and reduce number of Centrally Sponsored Schemes and to address Plan and non-Plan classifications, would be kept in view. The Central Plan Scheme Monitoring System would be expanded to facilitate better tracking and utilization of funds released by the Central Government. These measures are expected to economise the overall expenditure of the Government.