

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3058

ANSWERED ON:15.03.2013

FISCAL DEFICIT

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has adopted any novel method to fight against fiscal deficit during the current year ;

(b) if so, the details thereof; and

(c) if not, the reasons therefor and the manner in which the standard measures which failed to arrest the fiscal deficit in the past are likely to prove successful in the current year?

Answer

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

(a) Question Reply

(b)and(c) In the current FY, the fiscal deficit was estimated at 5.1 per cent of the GDP. However, sustained high international crude oil prices and slow-down in GDP growth rate during the year, there was pressure on both revenue and expenditure. Therefore, Government under took mid-year course correction to contain the widening fiscal gap. Accordingly, Government imposed economy measures 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 and conferences at five star hotels, 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 will be made in relaxation of conditionalities attached to such transfers (matching funding) , etc. Similarly, Government undertook measures to mop up resources from Tax and Non-Tax revenue . As a result, fiscal deficit was contained at 5.2 percent in RE 2012-13.

The Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. 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 the financial year

2013-14, the fiscal deficit has been targeted at 4.8 percent. The Finance Minister has also recently announced a fiscal roadmap to bring down the fiscal deficit to 3 % of GDP by 2016-17.