

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4143

ANSWERED ON:22.03.2013

FRBM ACT

Natarajan Shri P.R.;Ponnam Shri Prabhakar

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

- (a) the details of self imposed restrictions of the Government on revenue and fiscal fronts ;
- (b) whether the Fiscal Responsibility and Budget Management Act, 2003 (FRBM) has been amended;
- (c) if so, the details thereof; and
- (d) the positive results achieved there from till date?

**Answer**

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

(a) The 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 including 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. Government also endeavours to restrict the expenditure on Central subsidies to under 2 per cent of GDP in 2012-13. The same steps are expected to be continued in the next year to contain the fiscal deficit. 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.

(b)and (c) Yes sir. The proposal for amendment of Fiscal Responsibility and Budget Management (FRBM) Act,2003 was presented in the Parliament on 16th March,2012 as a part of Finance Bill,2012 (Bill No.11 of 2012). The Finance Bill, 2012 was passed by the Lok Sabha on 08th May,2012. This received the assent of the President on 28th May,2012. The corresponding Act was published in the Gazette of India, Extraordinary, Part-II and section1, dated the 28th May,2012 as Act No.23 of 2012.

The focus, with the amendment in the FRBM Act,2003, has been shifted from Revenue Deficit to "Effective Revenue Deficit" and emphasis is on eliminating Effective Revenue Deficit by March, 2015 while containing revenue deficit at 2 per cent.

(d) The Government adopted a revised fiscal roadmap and the Revised Estimates for 2012-13 and Budget Estimates for 2013-14 are in accordance to the roadmap.