

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:441

ANSWERED ON:24.04.2015

FISCAL DEFICIT

Azad Shri Kirti (JHA);Kumar Shri Shanta

Will the Minister of FINANCE be pleased to state:

- (a) the fiscal deficit to GDP registered during the last three Financial Years;
- (b) sector-wise subsidy outgo during the aforesaid period;
- (c) whether the Government proposes to rationalise, fine tune and reduce the subsidy and if so, the details thereof along with the likely sectors/schemes where the subsidy is proposed to be cut;
- (d) whether the States have approached the Government for financial package/debt waiver to reduce their fiscal deficit and if so, the details thereof; and
- (e) the action taken by the Government to contain fiscal deficit?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a), (b), (c), (d) and (e): A statement is placed on the Table of the House.

Statement referred to in reply to part (a) to (e) of Lok Sabha Starred Question No. 441 tabled by SHRI SHANTA KUMAR and SHRI KIRTI AZAD for answer on Friday, April 24, 2015 regarding ' Fiscal Deficit'.

(a) Fiscal deficit as % of GDP during last three financial years is asbelow:

Financial Year	Fiscal Deficit as % of GDP
2012-13	4.8
2013-14 (Provisional actual)	4.4
2014-15 (R.E.)	4.1

(b) Sector-wise subsidy outgo during last three financial years is as below:

(Rs.in crore)

Sectors	2012-13	2013-14	2014-15 (R.E.)
Fertilizers Subsidy	65613	67339	70967
Food Subsidy	85000	92000	122676
Petroleum Subsidy	96880	85378	60270
Interest Subsidy	7270	8137	11147
Other Subsidy	2316	1778	1632
Total Subsidy outgo	257079	254632	266692

(c) Government has deregulated the petrol and diesel prices, and has also launched a new universal Direct Benefit Transfer Scheme for LPG from 1st January, 2015 onwards which covers both Aadhaar card and non-Aadhaar card holders in which the subsidy will be transferred directly into the bank accounts of cash-transfer- compliant customers in a manner that will avoid duplication and prevent leakages. The Government has also launched a dedicated scheme for end-to-end computerization of Public Distribution System throughout the country. 11 states have already joined the National Food Security Act (NFSA) framework, and as the required systems are in place, the other states will follow suit. The Government has simultaneously launched a drive to ensure universal coverage of Aadhaar throughout the country. End-to-end computerization, combined with universal Aadhaar coverage will help improve the targeting efficiency of PDS system in the country. The Nutrient Based Subsidy (NBS) regime in Phosphatic and Potassic (P& K) fertilizers sector is working efficiently since 01.04.2010 which has since been further rationalized and streamlined. It has now been made mandatory for all the indigenous producers of urea to produce 75% of their total production of subsidized urea as Neem Coated urea.

(d) State Governments have in recent past requested for providing financial package or debt relief measures, including debt waiver to

reduce their Fiscal Deficit. Requests have been received from various States including West Bengal, Punjab, Kerala and Andhra Pradesh etc. Such requests received from States are dealt within the ambit of the recommendations of the Finance Commission. During the XIII Finance Commission period, debt and interest relief measures were extended to the eligible States.

XIV Finance Commission while making its recommendations had assessed the impact of debt level on resource availability in debt stressed States for the five years commencing from 1st April, 2015 as per the terms of reference. XIV Finance Commission has accordingly recommended post devolution Revenue deficit grant to 11 States. The recommendations have been accepted in principle by the Government.

(e) Fiscal consolidation over medium term has been designed with the judicious mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP. Government has taken measures for fiscal prudence and economy to rationalize expenditure and optimize available resources. Austerity measures, such as restrictions on holding of meetings and conferences at five star hotels, ban on creation of Plan and Non Plan posts, restriction on purchase of new vehicles, restrictions on foreign travel, observance of discipline in fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/State/Local level had also been imposed.

Government has constituted Expenditure Management Commission (EMC) which has been mandated to review the major areas of Central government expenditure and suggest ways for creating fiscal space to meet developmental expenditure needs, without compromising the commitment to fiscal discipline. Government is committed to progressively pursuing subsidy reforms. Both petroleum and diesel are now fully decontrolled. The Government has launched a new universal Direct Benefit Transfer Scheme for LPG subsidy from 1st January, 2015 onwards, which will help to avoid duplication and prevent leakages.