

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2423
ANSWERED ON:25.07.2014
INCREASE IN FISCAL DEFICIT
Scindia Shri Jyotiraditya Madhavrao

Will the Minister of FINANCE be pleased to state:

- (a) the details of the fiscal deficit of the country during the last three years till date and the reasons for continuous increase of the fiscal deficit;
- (b) the steps taken so far or proposed to be taken by the Union Government to reduce the fiscal deficit and achievements thereon;
- (c) whether the Union Government has received any request or directions from international financial institutions including International Monetary Fund (IMF) for reducing fiscal deficit and to mitigate monetary crisis during the said period; and
- (d) if so, the steps Government proposes to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATINIRMALA SITHARAMAN)

(a) & (b) Government successfully brought down its fiscal deficit from 4.5 % of GDP in 2003-04 to 2.7 % of GDP in 2007-08. However, to insulate Indian economy from adverse impacts of global financial crisis of 2008, a growth stimulus packages were provided through fiscal expansionary measures which resulted into suspension of fiscal consolidation for temporary period. To bring back economy on the path of fiscal consolidation, the Government adopted a revised roadmap for fiscal consolidation following amendment to the FRBM Act in 2012. Despite several challenges; the Government has been steadfast in policy of fiscal rectitude.

The details of the fiscal deficit of the Government during last three years are as below:

Year	Fiscal Deficit (in ` crore)	Fiscal Deficit (% of GDP)
2011-12	5,16,269	5.8
2012-13#	4,90,190	4.9
2013-14 @	5,08,149	4.5
# provisional	actuals	@ provisional

Source: Accounts at a Glance available on website <http://cga.nic.in>

(c) In the Interim Budget 2014-15, target fixed by the Government in respect of fiscal deficit is ` 5, 28,631 crore which is 4.1 per cent of GDP.

(d) To achieve the target of fiscal deficit of 4.1 per cent of GDP set in the Interim Budget, the Government has taken various measures for rationalization of expenditure and optimization of available resources. Reduction in fiscal deficit has been designed with a judicious mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP.