

Reforms-generated growth

3406. SHRIMATI T. RATNA BAI: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that only reform-generated growth can sustain public spending;
- (b) if so, the details thereof;
- (c) the comments of Government thereon; and
- (d) the views of the international agencies in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAYAN MEENA): (a) to (d) Acceleration of growth will help improving the tax to GDP ratio, so that public spending on important social obligations can be sustained. At the same time, sustaining growth in the long-run requires fiscal consolidation and other institutional reforms. The importance of fiscal consolidation in sustaining long-run growth has also been stressed by international agencies. Many components of non-plan revenue expenditure like interest payments and pensions can be brought down only over a long period of time. Issues relating to the extent to which fiscal consolidation should rely on revenue growth and expenditure adjustments are important in the incremental budgetary adjustment process. However, lasting fiscal consolidation will happen with reforms in the design and delivery of Plan schemes, outcome focus of expenditure and institutional reforms.

Irregularities in books of accounts of NE States

3407. SHRI ANIL H. LAD: Will the Minister of FINANCE be pleased to state:

- (a) whether the Comptroller and Auditor General (CAG) of India has found several financial irregularities in the books of accounts of five North Eastern (NE) States;
- (b) whether the CAGs audit report for 2008-09 has revealed that the five States together have unspent cash balances of over Rs. 10,247 crores indicating they were unable to ensure effective and timely implementation of Central schemes and projects; and
- (c) whether the audit report has also revealed that these States lack in transparent accounting system for expenditure on Centrally sponsored schemes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAYAN MEENA): (a) to (c) Yes, Sir. As per reports of the Comptroller and Auditor General of India on 'State Finances' for 2008-09, several irregularities were found in the books of accounts of five North Eastern States viz. Assam, Tripura, Meghalaya, Sikkim and Nagaland. The five States together reportedly have unspent cash balances of over Rs. 10,247 crores. Lack of transparent accounting system for expenditure on Centrally sponsored scheme has also been reported.