

(c) Since target for collection of taxes are set on the basis of estimates before the end of the Financial Year, it is difficult to estimate exactly the amount of tax that will be collected. However, a small shortfall in collection may be attributable to various factors including slowdown of economy, high inflation, etc. So far as mobilization of resources through disinvestment, the Budget Estimates of disinvestment could not be achieved on account of bearish market conditions.

Reforms to curb fiscal and current account deficit

2823. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister's Economic Advisory Council has recently called for urgent reforms to curb the fiscal and current account deficit for avoiding the danger of downgrading the country's credit rating to junk status;

(b) if so, whether Government proposes to take bold reforms to bolster economic growth rate;

(c) if so, the details thereof; and

(d) to what extent it will affect on GDP?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The Economic Advisory Council (EAC) to the Prime Minister, has only mentioned the need for urgent reforms to curb the fiscal and current account deficits in the 'Economic Outlook 2012-13'. This report does not mention about the danger of downgrading the country's credit rating to junk status.

(b) to (d) The action plan of the Government to revive the economy includes better access to finance for manufacturing sector, fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal, etc., use of buffer stocks to moderate food inflation, strengthening of financial and banking sector and reducing the volatility of exchange rate. Some specific measures taken by the Government to achieve the growth target, include enhancing the level of investment for agriculture sector including irrigation projects, promoting Micro, Small & Medium Enterprises (MSME) sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnerships, a number of legislative measures to develop the financial sector and introduction of a new National Manufacturing Policy. The fiscal policy as enunciated in the Budget 2012-13 aims at reducing the fiscal deficit from 5.8 per

cent in 2011-12 to 5.1 per cent in 2012-13, by restricting the expenditure on subsidies to under 2 per cent of GDP. Among the measures announced in the budget are a move towards nutrient based subsidy in fertilizers and the use of unique identity based 'Aadhaar' system for rationalizing subsidies. These measures are expected to help in achieving the higher growth levels in the current year.

Investment Commission to encourage investments

2824. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether eminent economists have urged Government to set up Investment Commission to encourage investments in the country;

(b) if so, the reaction of Government on such demand of the eminent economists;

(c) whether in view of burgeoning fiscal deficit, Government proposes to take any corrective steps; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No, Sir.

(b) Does not Arise.

(c) and (d) Yes, Sir. Government has taken the following steps to contain the fiscal deficit:

(i) In the current financial year, Government has imposed economy measures like rationalization of expenditure and optimization of available resources with a view to improve the macroeconomic environment. This include 10% mandatory cut on Non-Plan expenditure in the current financial year, ban on creation of Plan and Non-Plan posts, restrictions on foreign travel, restrictions on re-appropriation of funds, strict observance of discipline in fiscal transfers to States, Public Sector Undertakings, Autonomous Bodies, etc.

(ii) Government has also proposed to introduce 'Medium-term Expenditure Frame work Statement', setting forth a three-year rolling target for expenditure indicators with a view to undertaking a *de-novo* exercise for allocating resources for prioritised schemes and weeding out others that have outlived their utility. It would also encourage efficiencies in expenditure management.