

Gross Bank Credit, as on 18th May, 2012 outstanding advances of banks to power sector stood at Rs. 3,26,810 crore compared to Rs. 2,87,550 crore as on 20th May, 2011, registering an year-on-year growth of 13.7% which is lower than the growth rate achieved during the last year during the same period.

(c) and (d) The decline in growth rate is due to general decline in overall economic growth coupled with sectoral reasons such as land acquisition, environmental clearances, fuel linkage, availability of power purchase agreement etc.

**Measures taken to bring down fiscal deficit**

1302. SHRI UPENDRA KUSHWAHA : Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank Governor has cautioned Government that excessive borrowing is bad and urged to put a cap on the public debt as it would hurt growth;

(b) if so, the action taken on the advice of Governor, RBI;

(c) whether Government fiscal deficit in 2011-12 is expected to exceed the budget estimate by 4.6 per cent of the GDP on account of subdued receipts and overshooting of the subsidy bill by at least Rs. 1 lakh crore over and above the original projection; and

(d) the measures taken to bring down fiscal deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Besides acting as a debt manager and banker to Government of India (GoI), Reserve Bank of India (RBI) also advises GoI on various macroeconomic issues from time to time through its various publications. RBI has flagged the implications of large market borrowings recently in its Annual Policy Statement for 2012-13 as well as in the report on Macroeconomic and Monetary Development for 2011-12. RBI has, however, not urged to put any cap on the public borrowings.

(c) Yes, Sir. Fiscal deficit was estimated to increase to 5.8% of GDP in 2011-12 (provisional actual) as against 4.6% of GDP in BE 2011-12. It was primarily due to growth in India economy estimated to moderate 6.5 per cent in 2011-12 as against the earlier estimate of 9 per cent at the time of presentation of Budget 2011-12. The growth rate was impacted on account of continuance of financial

crises in Euro Zone coupled with exogenous shocks like increase in the international crude oil prices.

(d) The Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. The reduction in Fiscal deficit from 5.8 per cent of GDP in 2011-12 (provisional actual) to 5.1 per cent of GDP in 2012-13 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP. 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 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 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 prioritised schemes and weeding out others that have outlived their utility. It would also encourage efficiencies in expenditure management.
- (iii) Government also endeavors to restrict the expenditure on Central subsidies. Similar steps are expected to be continued in the coming years to contain the fiscal deficit.

#### **Tax on Film Artist's fraternity**

1303. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether an additional service tax of 12.36 per cent has been imposed on Film Artist's fraternity;

(b) the reasons for levying this tax over and above the income tax on artists;