

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 holding of meetings and conferences at five star hotels, ban on creation of Plan and Non-Plan posts, restrictions on foreign travel, restrictions on re-appropriation of funds, observance of discipline in fiscal transfers to States, Public Sector Undertakings, Autonomous Bodies such as releases to any entity shall be based on furnishing of Utilization Certificates, no release of funds will be made in relaxation of conditionalities attached to such transfers (matching funding), 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 endeavours to restrict the expenditure on Central subsidies to under 2 per cent of GDP in 2012-13. The same steps are expected to be continued in the next year to contain the fiscal deficit.
- (c) The fiscal deficit for the current financial year was estimated at 5.1% of GDP in BE 2012-13.
- (d) The fiscal, deficit was estimated at 5.1% of GDP in BE 2012-13 as against 5.8% of GDP in 2011-12 (as per Provisional Account 2011-12). The fiscal deficit till September 2012 is assessed at 3.3% of GDP adopting the GDP at BE level. The current actual fiscal deficit for 2012-13 will be reviewed in the Mid Year Review. However, the Government will strive to rein in the fiscal deficit within the revised target of 5.3% of GDP for 2012-13.

#### **Coordination in fiscal and monetary policy**

37. SHRI T.M. SELVAGANAPATHI: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government is considering for revival policy for long-term growth;

- (b) whether it is also a fact that Government is considering to have a greater coordination between fiscal and monetary policies;
- (c) if so, the details thereof; and
- (d) whether Government has received any request or representation in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The measures undertaken by the Government to revive the economy, *inter-alia*, 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, reducing the volatility of exchange rate, etc. Certain specific measures taken by the Government to achieve higher growth, *inter-alia*, include enhancing the level of investment for agriculture sector including irrigation projects, promoting Micro Small and 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, etc. Measures are being undertaken to facilitate fiscal consolidation and to expedite the passage of Direct Tax Code Bill and evolving a consensus among stake holders in implementation of goods and services tax. The steps recently outlined that include reduction in the subsidy on diesel, announcement of disinvestment in certain PSUs, alongwith measures to strengthen the investment climate (opening of FDI in multi-brand retail, aviation, broadcasting) are expected to revive market confidence and restore growth momentum.

(b) to (d) greater coordination between monetary and fiscal policies has been emphasized time and again in many fora. The monetary and fiscal policies are broadly complementary and are expected to restore the growth momentum.

#### **Rise in external debt**

38. SHRI T.M. SELVAGANAPATHI: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that external debt has risen to a high level;
- (b) if so, the details thereof;