

Fiscal Deficit

3156. SHRI NARESH AGRAWAL: Will the Minister of FINANCE be pleased to state:

- (a) whether the actual fiscal deficit in the current year is more than the estimated fiscal deficit;
- (b) if so, the reasons therefor;
- (c) whether the Government has taken any steps to curb the fiscal deficit;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) For current Financial Year 2013-14, Government has projected a fiscal deficit, which is 4.8 per cent of GDP. During previous financial year 2012-13, Government has projected a fiscal deficit of 5.2 per cent of GDP at the stage of revised estimates against 5.1 per cent of GDP at the budget estimates (BE) stage.

(c) and (d) The Government undertook mid-year course correction to contain the widening fiscal gap. Accordingly, Government has imposed economy measures like rationalization of expenditure and optimization of available resources with a view to improve macroeconomic environment which include 10 per cent 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. Similarly, Government undertook measures to mop up resources from Tax and Non-Tax revenue. As a result, fiscal deficit was estimated to be contained at 5.2 per cent in RE 2012-13.

The Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner. Government has introduced '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 resource for prioritized schemes and weeding out others that have outlived their utility. It would also encourage efficiencies in expenditure management.

- (e) Does not arise.

New banking guidelines

3157. DR. PRABHAKAR KORE: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government proposes to allow corporate and public sector entities to enter into banking sector;
- (b) if so, whether Government has issued any guidelines in this regard;
- (c) if so, the details thereof; and
- (d) the number of such banks opened till date, State-wise and district-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) To promote financial inclusion and further infuse competition in the banking sector, the Reserve Bank of India (RBI) has released "Guidelines for licensing of New Banks in Private Sector" vide Press Release dated February 22, 2013. As per these guidelines the entities / groups in the private sector that are 'owned and controlled by residents' [as defined in Department of Industrial Policy and Promotion (DIPP) Press Note 2, 3 and 4 of 2009 / FEMA Regulations as amended from time to time] and entities in public sector shall be eligible to promote a bank through a wholly-owned Non-Operative Financial Holding Company (NOFHC). Promoters/Promoter Groups as defined in these guidelines should be 'fit and proper' in order to be eligible to promote banks through a wholly owned NOFHC. The detailed guidelines are available on the RBI website at www.rbi.org.in.

- (d) As per the guidelines, applications for setting-up of banks can be made on or before 01.07.2013. RBI has informed that as on date no applications for licence under the guidelines have been received and no licence has been granted under these new guidelines.