

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1761  
ANSWERED ON:12.12.2003  
FISCAL DEFICIT  
UMMAREDDY VENKATESWARLU

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the country's fiscal deficit rose by 40 per cent upto the end of September, 2003 to top Rs. 81,014 crores as compared to the deficit of Rs. 57,746 for the corresponding period last year;
- (b) if so, whether the Government's decision to repay its debt to the National Small Savings Fund has further accelerated the increase in the deficit;
- (c) if so, whether the Government has any fresh plans to reduce the deficit; and
- (d) if so, the details of steps proposed and the time frame within which such targets are to be achieved in reducing the total deficit of the Government?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBAADSUL):

- (a) Yes, Sir. The country's fiscal deficit rose by 40 per cent upto the end of September, 2003 to top Rs.81,014 crore as compared to the deficit of Rs.57,746 crore for the corresponding period last year.
- (b) Under the Debt Swap Scheme which envisages switching of State Government's present high cost Central loans with low coupon bearing loans under National Small Savings Fund(NSSF) and open market borrowings, Rs.32,602 crore were realised in April-September 2003. The Central Government repaid its own debt to NSSF by an equivalent amount. Hence the repayment of debt to NSSF is deficit neutral.
- (c) and (d) The Fiscal responsibility and Budget Management Act, 2003 mandate the Government to eliminate revenue deficit by March, 2008 and reduce fiscal deficit by taking appropriate measures and specify it by annual targets as may be prescribed by the rules. The Committee for framing of Rules under the FRBM Act, 2003 has been constituted and is in the process of finalising its report.