

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7195
ANSWERED ON:13.05.2005
ECONOMIC REFORMS
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Will the Minister of FINANCE be pleased to state:

- (a) the details of the achievements made so far, as per the announcement of the Government in regard to strengthening of the economy of the country;
- (b) the details indicating the position of the fiscal deficit during, 2004-05;
- (c) the points on which the Government succeeded in achieving the targets set in the budget for 2004-05; and
- (d) the targets which could not be achieved along with the details thereof and the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) The Budget for 2004-05 indicated that the Government will follow a 5-year road-map to achieve the National Common Minimum Programme objective of bringing about rapid growth with stability and equity. The advance estimates of the Central Statistical Organisation places the growth in real Gross Domestic Product (GDP) for 2004-05 at 6.9 per cent. This is despite a low kharif output due to poor monsoons. Inflation is also under check at 5.0 per cent at end-March 2004-05 despite the unprecedented rise in international prices of oil. Other macro economic indicators like foreign exchange reserves, exports, manufacturing sector growth and the business confidence outlook indicate the strengthening of the economy.

(b) to (d): The fiscal deficit is placed at 4.5 per cent of GDP for 2004-05 (RE) as against 4.4 per cent of GDP envisaged by the Budget Estimates. Revenue deficit is placed at 2.7 per cent of GDP in 2004-05 (RE) as against the budget estimate of 2.5 per cent of GDP. Gross tax revenue as a proportion of GDP, which was budgeted at 10.2 per cent is placed at 9.8 per cent in the Revised Estimates for 2004-05. Total expenditure for 2004-05 is placed at 16.3 per cent of GDP in the Revised Estimates as against the budgeted 15.4 per cent of GDP. The Budget for 2004-05, seeking a front-loaded fiscal correction, estimated a much higher level performance than required under the Fiscal Responsibility and Budget Management Rules, 2004. While the optimistic Budget Estimates may not be achieved, the Revised Estimates for 2004-05 are compliant with the annual minimum targets stipulated by the Rules. As against a minimum reduction of 0.5 per cent of GDP, revenue deficit is lower in 2004-05(RE) by 0.9 per cent of GDP. The reduction in fiscal deficit mandated under the FRBM Rules was 0.3 per cent of GDP, the revised estimates indicates that this could be achieved.