

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3577  
ANSWERED ON:15.12.2006  
CUT IN GOVERNMENT SPENDING  
Nayak Smt. Archana

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

- (a) the details of cut in government spending as a result of fiscal consolidation the last three years;
- (b) whether the Government has made available funds for investment in key sectors; and
- (c) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)to(c): In order to allocate higher resources for key sectors, the Government has followed a two pronged approach. On the one hand, revenue mobilization has been enhanced through reasonable rates, better compliance and widening of the tax base. As a result of this, the gross tax - GDP ratio has gone up from 9.2% in 2003-04 to 11.2% in 2006-07 (Budget Estimates).

Simultaneously, the Government has contained the growth of Non-Plan Expenditure in 2006-07 to 5.5%, one of the smallest in recent years. This has resulted in increase in Plan Expenditure during 2006-07 by 20.4%. This has enabled us to allocate an additional Rs. 15,088 crores for eight Flagship Programmes. These are:

Sarva Siksha Abhiyan, Mid-day Meal Scheme, Rajiv Gandhi Drinking Water Mission, Total Sanitation Campaign, National Rural Health Mission, Integrated Child Development Services, National Rural Employment Guarantee Scheme and Jawaharlal Nehru National Urban Renewal Mission.

The details of trends in expenditure under different categories of expenditure are given in Annexure 3, 3.1, 3.2, 3.3 of the Expenditure Budget Vol.1 presented with Budget 2006-07, The trends show significant improvement in the allocation of resources for development and investment.