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THE GOVERNMENT WILL NOT ALLOW BREACH OF THE FISCAL DEFICIT LIMITS: FM

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The Union Finance Minister Shri P. Chidambaram said that the fiscal consolidation roadmap for Centre has been laid out and the Government will not breach the Fiscal Deficit limits. The Union Finance Minister highlighted the challenges that economy is facing today and the urgency of reform measures needed to address these challenges. The Finance Minister Shri P. Chidambaram drew the attention of participants to the consequences of high Fiscal Deficit. Shri Chidambaram aid that the second major challenge that the economy faces is the high Current Account Deficit(CAD) level. He stressed on the importance of foreign investment to ensure economic stability. The Finance Minister said that foreign investment is not an option but an economic imperative. He requested States to fast track clearances required for investment proposals. He felt that if we take concrete measures to tackle these challenges, next year would be a better year. The Finance Minister Shri Chidambaram was making his opening remarks during his sixth Pre-Budget Consultation Meeting with the Finance Ministers of States and UTs (with legislature) here today.

Along with the Finance Minister, both the Minister of State for Finance Shri S.S. Palanimanickam and Shri Namo Narain Meena, Adviser to the Finance Minister, Shri Parthasarthy Shome, Finance Secretary, Shri R.S. Gujral, Secretary, Revenue Secretary, Shri Sumit Bose, Secretary, Department of Economic Affairs, Shri Arvind Mayaram, Chief Economic Adviser, Dr. Raghuram R. Rajan, were present among others.

The meeting was also attended by two Chief Ministers and a Deputy Chief Minister holding Finance portfolio, 17 Finance Ministers/ Ministers representing their Finance Ministers of States, officers of State and Central Government.

The Union Finance Minister Shri P. Chidambaram highlighted the benefits of Direct Benefit Transfer scheme and informed the roadmap for expansion of the pilot. He lauded the efforts of the State Governments and District administration of the pilot districts. He informed that even States can use this platform for benefits given by them. Shri Chidambaram informed the participants that an extensive exercise to rationalise Centrally Sponsored Schemes is on and that, in his personal opinion, all smaller schemes should be transferred to States. He stated that the Fourteenth Finance Commission has been constituted and he hopes that Finance Commission will recognise the primacy of the Centre in the area of external and internal security and national issues and the primacy of States in development issues.

Later, the Finance Ministers of States/UTs raised a range of issues. Many States raised the issue of roadmap for GST and CST compensation. Many States gave specific suggestions about Central Schemes and unanimously supported rationalisation of Centrally Sponsored Schemes. Some States made specific observations about Terms of Reference of Fourteenth Finance Commission. Some States suggested specific tax changes to promote specific sectors in their States.

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