

Finance Minister: Asks the States to follow the path of fiscal discipline; Addresses the 2nd Conference of State Finance Secretaries; asked the States to spend more on development of infrastructure, social and rural sector which deserve more attention of the Government today.

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The Union Finance Minister Shri Arun Jaitley asks the States to follow the path of fiscal discipline. Shri Jaitley asked the State Governments to spend effectively and within their given resources. He said that there is more fiscal space available to the States now a days after implementation of the 14th Finance Commission recommendations. He said that now the Centre has no discretion as far as allocation of resources to the States are concerned. The Finance Minister was addressing the 2nd Meeting of State Finance Secretaries here today. The Finance Minister asked the States to spend more on development of infrastructure, social and rural sector which deserve more attention of the Government today. The Finance Minister said that at present, the public expenditure is main driver of growth in view of challenging global situation. He asked the State Governments to spend effectively in such a manner that there is optimum use of resources without leakages.

Earlier speaking on the occasion, the Minister of State for Finance Shri Jayant Sinha said that the Centre and the States have to work in tandem in complete cooperation with each other to achieve the common goal of common good and ensure that benefits of various schemes reach to the last man. He asked the State Governments to use the Direct Benefit Scheme (DBT) and JAM Trinity i.e. Jan dhan, mobile, Aadhar vehicle to ensure that the benefits of various schemes reach to the last man without delay and any pilferages.

Earlier in his welcome address, the Finance Secretary Shri Ratan P Watal said that for the Centre, it had to meet its financial commitments laid down in Budget and at the same time remain on the path of fiscal consolidation. He said that we, at Union level were **able to meet the fiscal deficit target of 3.9% of GDP without enforcing budgetary cuts on the Plan Expenditure side**. The Central Assistance for State and UT plans were enhanced from Rs.2,04,784 crore to Rs.2,16,108 crore at 2015-16 (RE). This may probably be the first time in recent past that allocations

under the CASP head were enhanced at RE Stage. Finance Secretary said though there are challenges in terms of implications arising out of 7th Pay Commission and OROP, emphasis of the Central Government has been on ensuring macro-economic stability and prudent fiscal management. Towards this end, the Centre is committed to remain within the mandated Fiscal deficit target of 3.5% for 2016-17.

The Finance Secretary said that the global economy is still struggling and it may take some time for it to stabilise. Economic shocks elsewhere in the world are felt in domestic markets. Despite the sluggish external scenario, the Indian economy has shown steady improvements in recent period. Rating agencies across world have also estimated that India would be the engine of global growth. He said that the GDP growth rate has picked-up from 6.6% in 2013-14 to 7.2% in 2014-15 and further to 7.6% in 2015-16. The FOREX reserves, current account balance have also improved considerably giving room for optimism. The rate of inflation remains contained. Shri Watal said that it is a historic period for India to harness its full potential and to contribute to the growth and stability of the world economy as well.
