

**Press Information Bureau  
Government of India**

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**FINANCE MINISTER SAYS DEBT OF A COUNTRY MUST BE SUSTAINABLE;  
SEEKS SUPPORT OF ALL POLITICAL PARTIES IN STRENGTHENING THE  
GOVERNMENT'S EFFORTS TO CONTAIN BOTH FISCAL AND CURRENT  
ACCOUNT DEFICIT**

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The Union Finance Minister, Shri P. Chidambaram said that debt of a country must be sustainable and should be within the limits. No country can live beyond its means. He said that the countries which have accumulated un-sustainable level of debt are facing economic and financial problems. The Finance Minister Shri Chidambaram was addressing here yesterday the 4<sup>th</sup> Meeting of the Consultative Committee attached to his Ministry on the issue of "The Economic Impact of Internal and External Debt". He said that the best efforts would be made to contain fiscal deficit at 5.3%, during the current financial year even though the Kelkar Committee has stated that as per the current economic trends, it could be 6.1%. He said though the target of 5.3 % is challenging one, yet it is doable. He said that the strategy to achieve the target would be to maximize revenue collections and control expenditure. He told the members of the Consultative Committee that only day before yesterday, he had unveiled a road map for fiscal consolidation.

The Union Finance Minister, Shri P. Chidambaram further said that serious efforts would also be made to bridge the gap in the Current Account Deficit (CAD) which presently stood at \$ 70.3 billion. He said there are mainly three major heads to do the same i.e. through FDI, FIIs and ECBs (External Commercial Borrowings). In this regard, he mentioned that capital inflows through FDI and FIIs are vital in meeting the current account deficit. He said that the FDI is not an option, but an imperative, failing which we will have to rely on borrowings to meet the current account deficit. He sought the support of members of all the political parties in strengthening the Government's efforts to contain both the fiscal deficit and current account deficit.

The Members of the the Consultative Committee representing different political parties participated in the discussion and gave various suggestions including following the credible path of fiscal consolidation, framing of debt and fiscal management policy, and keeping debt to GDP ratio at a low level among others. Some of the Members suggested that while following the path of fiscal consolidation, the interests of the common man (aam admi) should not be compromised. Some Members suggested continuation of the various subsidies including fertilizer subsidy for farmers. However, they added that the Government can adopt any efficient mechanism to deliver the same in order to plug the leakages. Some of the members suggested increased focus on small savings schemes which are gradually declining. Some members suggested that banking services should be expanded to the grass root level so that rural peoples' savings can come to the banking network which are presently lying unutilized at their home. In this regard they suggested opening of more banks' branches in rural areas. Many members suggested that there was a need to review the functioning of various Central Sponsored Schemes (CSS) which are not able to deliver the benefits. The Finance Minister said that the Finance Ministry is in favour of fewer CSS with larger amount so that desired objectives and targets are achieved.

Alongwith the Union Finance Minister, Shri P. Chidambaram, Minister of State for Revenue Shri S.S. Palanimanickam, Minister of State (EB&I) Shri Namo Narain Meena and Members of Parliament Shri Narahari Mahato, Smt. Rajkumari Ratna Singh, Shri Anto Anthony, Shri S.P.Y Reddy, Shri Neeraj Shekhar, Shri Arvind Kumar Chaudhary, Shri Prabhatsinh Chauhan (all Lok Sabha); Shri Shantaram Naik, Shri Rajeev Chandrasekhar, Shri Amar Singh, Shri Rajkumar Dhoot, Shri N.K. Singh, Dr. E.M. Sundarsana Natchiappan, Shri Sabir Ali and Shri Iswarlal Jain (all Rajya Sabha) were also present. Among the officials, Shri R.S. Gujral, Finance Secretary, Shri Sumit Bose, Revenue Secretary, Shri D.K. Mittal, Secretary (Financial Services), Shri H.M.Khan, Secretary (Disinvestment), Shri Arvind Mayaram, Secretary, Economic Affairs and Dr. Raghuram Rajan, Chief Economic Adviser were also present in the meeting.

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