

India committed to reducing fiscal deficit: P Chidambaram

Overturning fears of foreign investors about fiscal deficit, Finance Minister P Chidambaram has said that India was committed to reducing its fiscal deficit and would achieve the target of 3 per cent in 2016-17.

He said: "India will reduce the fiscal deficit until we reach the target of 3 per cent in 2016-17 or perhaps a little earlier."

Chidambaram said the final reading of last year's fiscal deficit would come to below 5.3 per cent.

"When the actual numbers are out in the next couple of months, I'm confident it will probably be 5.1 per cent," he said.

He pointed to the stimulus measures taken by the government, after the 2008 global economic crisis had driven fiscal deficit and inflation "out of control".

"It appears that while the first stimulus package was necessary, the second stimulus package was doubtful and the third stimulus package was perhaps avoidable," Chidambaram said at a breakfast meeting organised by the Canada-India Business Council here yesterday.

The Minister said that India was on the path of fiscal consolidation.

"I said in the year 2012-13 I will bring fiscal deficit down to below 5.3 per cent, and going forward, I will reduce the fiscal deficit every year by 0.6 per cent until we have achieved the target of 3 per cent in 2016-17. I said these are red lines. I will not breach these red lines," the Minister added.

(Economic Times)