

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 4006
TO BE ANSWERED ON JANUARY 4, 2019

FISCAL DEFICIT DUE TO MSP

4006. SHRI MANSHANKAR NINAMA:

Will the Minister of FINANCE be pleased to state:

- (a) The impact on inflation and fiscal deficit due to increase in Minimum Support Price (MSP) and
- (b) The steps taken by the Government to control them?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI P. RADHAKRISHNAN)

(a) & (b) Inflation is dependent on several factors such as demand and supply, structural, external and monetary factors and it is difficult to pinpoint the impact of any one particular factor such as MSP on the inflation. Similarly, fiscal deficit calculation is based on the overall assessment of revenues and expenditures of the Union Government of India. It would be difficult to link an isolated item of expenditure with the fiscal deficit.

Government monitors the price situation on a regular basis as price stability is very high on its agenda. Government has taken a number of measures from time to time to control inflation, especially food inflation, which, inter-alia, include appropriately utilizing trade and fiscal policy instruments like import and export duty, Minimum Export Price, export restrictions, etc. to regulate domestic availability and moderate prices; imposition of stock limits and advising States for effective action against hoarders and black marketers; and, provision of higher Minimum Support Prices to incentivize farmers for increasing production. As regards fiscal deficit, Government has undertaken several measures to ensure that stipulated fiscal deficit target is met, which, inter-alia, include, close monitoring of the expenditure of all Ministries/Departments to ensure that there is no parking of funds; encouraging Ministries/Departments to meet their additional requirements for fund from savings identified within their demands; and, efforts to ensure that targets for non-debt receipts including tax receipts are achieved.
