Q65

A country's fiscal deficit stands at Rs.50,000 crores. It is receiving Rs.10,000 crores through non-debt creating capital receipts. The country's interest liabilities are Rs.1,500 crores. What is the gross primary deficit? (a) Rs.48,500 crores (b) Rs.51,500 crores (c) Rs.58,500 crores (d) None of the above Official key: A.

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Explanation

(a) Official key

Rs.48,500 crores. Fiscal deficit adjusted for the listed receipts/disinvestment as per the official arithmetic.

(b)

Rs.51,500 crores. Wrong sign on an adjustment.

(c)

Rs.58,500 crores. Adds instead of netting the item the key nets.

(d)

None of the above. 48,500 is keyed.

Summary

Official Set A key is (a) Rs.48,500 crores. Start from the given fiscal deficit of Rs.50,000 crore and apply the receipts and disinvestment the question lists with the correct sign. The official value is 48,500, not 51,500 or 58,500.

Related possible facts

These can be asked in a future Prelims paper.

Primary deficit

Fiscal deficit − interest payments. Shows the deficit excluding past-debt cost.

Non-debt capital receipts

Recoveries of loans, disinvestment. They already sit inside how FD is computed. Do not subtract twice.

Gross vs net primary deficit

Netting bank/RBI interest is a manual nicety. The option says gross.

Fiscal deficit definition

Borrowings need of the government. Given here as ₹50,000 crore.