Preface and Acknowledgement

In recent years, there has been a fierce debate among economists as to the justifiability of dependence on deficit as a tool of economic development. Policymakers are often seen to follow a path of contractionary fiscal policy, more so after the implementation of the FRBMA. At present, there is an intense debate among the economists as to the relevance of the deficit-cutting strategy as, there is, by definition, a tension between fiscal restraint and finding resources for all the expenditure needs of the government.

In the light of this debate, it will be useful to see the effect that is exerted by fiscal deficit on some significant macroeconomic Variables like rate of economic development, inflation, public debt and trade deficit etc. This is what this study seeks to accomplish. This study has devoted a complete chapter to analysing the effect of fiscal deficit on each of the above mentioned variable. Thus this study is a small modest effort to reckon the impact of one of the most widely discussed macroeconomic indicator of economic health of an economy – the fiscal deficit – on selected macroeconomic Variables of Indian Economy.

No such work can be done single handedly and the present study too is no exception. I will be failing in my duty if I do not express my gratitude to all those who have facilitated my work and helped me throughout this journey. The biggest thanks and gratitude from the core of my heart is due to my supervisor, Dr. Atvir Singh, Reader, Department of Economics, Ch. Charan Singh University, Meerut, who has always played the role of "friend, philosopher and guide" in the real sense of the term and has always encouraged me to explore and excel in the life through perseverance, hard work and sincerity. The present thesis is an outcome of his consistent motivation, support and guidance.
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Bharat Bhushan