



सत्यमेव परमो धर्मः

# INSTITUTE OF ECONOMIC GROWTH

University Enclave, University of Delhi (North Campus), Delhi-110 007, INDIA

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**Academic Programmes Officer**

October 15, 2018

## SEMINAR NOTICE

**Topic: Fiscal Sustainability of States in India: Evidence of Fiscal Fatigue**

**Speaker/s: Prof. B.K. Pradhan and Dr. Anjali Prashad**

**Chair: Prof. Manoj Panda, Director, Institute of Economic Growth**

The seminar details are as follows:

**Date & time:** Thursday, October 18, 2018 at 3.30 p.m.

**Venue:** A.M. Khusro Room  
Institute of Economic Growth,  
University Enclave, North Campus, Delhi-110 007

All are welcome.

*Sabyasachi Kar*

**(Sabyasachi Kar)**  
**Seminar Convenor**

### **Abstract:**

A sufficiency condition for fiscal sustainability is often suggested to augment primary balance to meet the challenge of increasing debt stock. But such an adjustment may not always result in reduction of debt stock, if fiscal consolidation exhibits “fiscal fatigue”, a situation in which primary balance turns irresponsive or negatively reacts to the debt stock. This paper attempts to investigate whether primary balance adjustment to changing debt levels by Indian States display such a characteristic. Using debt-deficit data of 10 major States of India for 1990-91 to 2014-15, we find empirical evidence of fiscal fatigue in primary balance adjustment to debt stabilization.