

## ABSTRACT

The recent surge in fiscal deficit calls for the stringent action taken by the central government. The cause for this surge had been seen through the theoretical perspective and verification of validation through the empirical study. Political Cycle and Business Cycle can be attributed to be the two major causes for the increment in fiscal indicators. The study tries to verify whether the government in order to have electoral gains, used the increased expenditure as a tool.

Key words: Fiscal Deficit, Political Cycle, Business Cycle