

Fiscal support to growth needs emphasis on retaining space for capital exp. to grow adequately in Indian economy. Explain

The run up to the budget session is fuelled at the backdrop of inflationary rate and robust growth projections coupled with capex can work well for Indian economy.

Issues with the capex

Due to the coal under and other supply shortages the savings rate has increased and the consumption has gone down with signs of recession in this year 2023-24.

Role of central government - The scope of

central was 2.9% of GDP budget estimate

yet the capex was concentrated

for few sectors such as roadways

25%, defence - 21%, roadways @ 18%

The disbursement to states was 15% but only 5% of money was allocated.

Role of states as per ICPAI study

13 states have unbalanced financial

expenditure of ₹ 7.9 lakh crore yet

the article 293(3) restricts the

loan disbursements as they need to

seek permission from centre for

new loans.

Corporates the corporates used the subsidised fuel regime to dear balance

sheet rather investing due to

reduced consumption.

Way forward

The corps must move towards

green energy and energy efficiency with

government support such as reduced

financial deficit and inflation under target