

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**STARRED QUESTION NO. 296**  
ANSWERED ON 23.3.2021

**INCREASE IN CAPITAL SPENDING IN THIRD QUARTER OF 2020-21**

296. SHRI SAMBHAJI CHHATRAPATI:

Will the Minister of Finance be pleased to state:

- (a) whether there has been recorded increase in capital spending by Government and private sector during the third quarter of the current fiscal year;
- (b) if so, the details thereof and its effect on the overall economy of the country;
- (c) whether the State Governments performed well on capital spending during the third quarter of the current financial year and, if so, the reasons therefor and how the situation is likely to be addressed; and
- (d) how far it is true that spending in the manufacturing sector did not witness encouraging trend belying the expectations to move away from Chinese supply?

**ANSWER**

THE FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERED TO IN REPLY TO THE RAJYA SABHA  
STARRED QUESTION NO. 296 BY SHRI SAMBHAJI CHHATRAPATI  
DUE FOR ANSWER ON MARCH 23, 2021.**

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(a) & (b) Growth in real Gross Fixed Capital Formation (GFCF) of overall economy increased from a contraction of 46.4 per cent in Q1 of FY 2020-21 to positive growth of 2.6 per cent in Q3 of FY 2020-21. This is inclusive of year-on-year growth in capital expenditure of Central Government from 40.1 per cent in Q1 of 2020-21 to 110.5 per cent in Q3 of 2020-21. The effect on overall economy of the country is reflected in increase in real GDP growth from a contraction of 24.4 per cent in Q1 of 2020-21 to a positive growth of 0.4 per cent in Q3 of 2020-21.

(c) As per information available with Comptroller and Auditor General (CAG), the total capital expenditure of 25 States increased by 7.29 per cent in Q3 of 2020-21 over the corresponding period of last year. This compares favourably with the increase of 2.6 per cent in GFCF for the overall economy. Among several steps taken by Government of India to boost investment in the economy, the scheme of 'Special Assistance to States for capital expenditure' announced as a part of Atma Nirbhar Bharat has contributed to increase in capital expenditure of States.

(d) The real Gross Value Added (GVA) of manufacturing sector grew by 1.6 per cent in Q3 of 2020-21. This shows an encouraging V-shaped recovery from contraction of 35.9 per cent in Q1 of 2020-21.

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