

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 3734
ANSWERED ON 05 APRIL 2022

GROWTH OF INVESTMENT RATE

3734. Dr. L. Hanumanthaiah:

Will the Minister of *Finance* be pleased to state:

- (a) whether Government is on track to achieve the objective of increasing the Investment rate to 36 of GDP by 2022-23 as per the Niti Aayog's Strategy for New India report;
- (b) if so, the details thereof, and if not, the reasons therefor;
- (c) the annual growth of Investment rate in the country, year-wise from financial year 2014 till date; and
- (d) the annual Gross Fixed Capital Formation (GFCF), year-wise from financial year 2014 till date?

ANSWER

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHURY)

(a) & (b): The report of Niti Aayog 'Strategy for New India' was released in November 2018. Since January, 2020, India and rest of the world have been enduring once-in-a-century pandemic with Governments trying to contain and minimise the loss of economic output. Government of India, through astute management of the pandemic and a series of reforms, contained the contraction of GDP in 2020-21 to 6.6 per cent before enabling a growth of 8.9 per cent in 2021-22 to make a full recovery. The recovery, among other initiatives, was aided by a 34.5 per cent increase in the capital budget of Government of India in 2021-22, Production Linked Incentive (PLI) and Mega Investment Textiles Parks (MITRA) schemes, and expansion of National Infrastructure Pipeline, that nudged the investment rate to rise from 27.3 per cent of GDP in 2020-21 to 31.2 per cent in 2021-22. Union Budget 2022-23 has provided further impetus to investment rate for taking India's economy to a higher growth trajectory. The announcements, inter alia, include greater focus on PM GatiShakti to ensure inter-ministerial coordination in infrastructure building for economic transformation, seamless multimodal connectivity, logistics efficiency; issuance of sovereign green bonds for mobilizing resources for green infrastructure and increase in outlay for capital expenditure. The outlay for capital expenditure increased from Rs. 5.54 lakh crore in 2021-22 to Rs. 7.50 lakh crore in 2022-23. It increases further to Rs.10.68 lakh crore, or 4.1 per cent of GDP, after including Grants-in-Aid to State Governments for capital works. In addition, the outlay for 'Scheme for Financial Assistance to States for Capital Investment' has been enhanced from Rs. 10,000 crore in the Budget Estimates to Rs. 15,000 crore in the Revised Estimates for 2021-22 and further to Rs. One lakh crore in budget 2022-23. The capital expenditure of the Union and State Governments will increase the investment rate in 2022-23 beyond the level of 2021-22.

(c): The details of year-wise investment rate, taken as the share of Gross Capital Formation (GCF) in GDP, is as follows:

	Ratio of Gross Capital Formation (GCF) to GDP (current prices) (per cent)
2013-14	33.8
2014-15	33.5
2015-16	32.1
2016-17	32.0
2017-18	33.9
2018-19 (3 rd RE)	33.8
2019-20 (2 nd RE)	30.7
2020-21 (1 st RE)	27.3
2021-22 (2 nd AE)	31.2

Source: NSO, MoSPI

(d): The details of year-wise Gross Fixed Capital Formation (GFCF) is as follows:

	Gross Fixed Capital Formation (current prices) (in Rs Lakh Crore)
2013-14	35.2
2014-15	37.5
2015-16	39.6
2016-17	43.4
2017-18	48.2
2018-19 (3 rd RE)	55.7
2019-20 (2 nd RE)	57.4
2020-21 (1 st RE)	52.6
2021-22 (2 nd AE)	67.0

Source: NSO, MoSPI
