GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION No. 1669
TO BE ANSWERED ON 06 AUGUST 2024

IMPETUS TO ECONOMIC GROWTH AND EMPLOYMENT GENERATION

1669. Shri Sanjay Seth

Will the Minister of FINANCE be pleased to state:

a) the key fiscal policies and reforms planned to stimulate economic growth in the current fiscal year;
b) the manner in which Government intends to attract foreign direct investment (FDI) and enhance domestic investment opportunities;
c) the measures being implemented to strengthen fiscal discipline and manage Government expenditure effectively; and
d) the steps being taken on the progress of major infrastructure projects funded by Government to stimulate economic activity and employment generation?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The Union Budget 2024-25 has estimated a capital expenditure growth of 17.1 per cent for the year, giving a fillip to overall investment. This, coupled with discipline on the revenue account and the path outlined for fiscal consolidation, is expected to stimulate economic growth. The Budget has also outlined steps to simplify taxes, improve taxpayer services, provide tax certainty and reduce litigation.

(b) The Union Budget 2024-25 proposes to simplify rules and regulations for foreign direct investment and to reduce the corporate tax rate for foreign companies. The Government has also proposed to abolish the angel tax (under section 56(2)(viib) of the Income Tax Act, 1961) for all classes of investors. The focus laid by the Budget on skilling, innovation, research & development, infrastructure, MSMEs and energy security is also likely to encourage domestic investment.

(c) Fiscal deficit of the Union Government is budgeted to be reduced from 5.6 per cent (provisional) of GDP in 2023-24 to 4.9 per cent in 2024-25. This is supported by a decline in the share of revenue expenditure in total expenditure from 87.9 per cent in 2020-21 to 78.6 per cent (provisional) in 2023-24 and further to 77 per cent (budgeted) in 2024-25. Technology-based solutions including Single Nodal Account (SNA), SNA-SPARSH and the Central Nodal Account are being implemented for effective public expenditure management.

(d) The progress in infrastructure projects is supported by institutional and procedural reforms that help project execution and issue resolution. These include initiatives to increase private sector participation through public-private partnerships, measures like National Infrastructure Pipeline and Project Monitoring Group and debottlenecking arrangements like PM-GatiShakti. Introduction of financing instruments such as real estate investment trusts (REITs), infrastructure investment trusts (InvITs), infrastructure debt funds (IDFs) and sovereign green bonds has helped ease constraints on long-term project financing.

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