Government of India
Ministry of Finance
Department of Economic Affairs

RAJYA SABHA
UNSTARRED QUESTION NO. 3432
TUESDAY, APRIL 1, 2025/ 11 CHAITRA, 1947 (SAKA)

MEASURES FOR FISCAL CONSOLIDATION

3432 Dr. Ashok Kumar Mittal:

Will the Minister of FINANCE be pleased to state:

(a) the measures being planned to ensure effective fiscal consolidation, given India's comparatively high public debt levels among emerging markets;

(b) the plans to achieve the projected fiscal deficit target of 4.4-4.6 per cent of GDP for FY 2026-27, and the strategy to reduce it from 4.9 per cent in FY 2025-26;

(c) the steps being considered to balance infrastructure development needs with fiscal prudence, particularly in light of the anticipated slowdown in capital expenditure growth to 13 per cent; and

(d) whether contingency plans have been formulated to address the potential impact of lower-than-expected tax revenues on achieving fiscal deficit targets, if so, the details thereof?

ANSWER

MINISTER OF STATE FOR FINANCE (SHRI PANKAJ CHAUDHARY)

(a) to (d) The Union Government has laid Statements of Fiscal Policy (February, 2025) as required under the Fiscal Responsibility and Budget Management Act, 2003, in the Parliament which inter-alia, provides the path for fiscal consolidation. In the Annexure to the Medium Term Fiscal Policy cum Fiscal Policy Strategy Statement, it is stated "Sans any major macro-economic disruptive exogenous shock(s), and while keeping in mind potential growth trends and emergent development needs, the Government would endeavour to keep fiscal deficit in each year (from FY 2026-27 till FY 2030-31) such that the Central Government debt is on declining path to attain a debt to GDP level of about 50±1 per cent by 31st March 2031 (the last year of the 16th Finance Commission cycle)." The fiscal deficit for FY 2025-26 is estimated at 4.4 per cent. The Effective Capital Expenditure (sum of Capital expenditure and Grants in Aid-Capex) in FY 2025-26 is estimated to be ₹15.48 lakh crore which is higher than effective capex for FY 2024-25 (BE) of ₹15.02 lakh crore, through, inter-alia, better targeting of expenditure, greater focus on productive capital expenditure, etc. The Government of India regularly monitors its revenues and expenditure and accordingly calibrates its fiscal policy for a particular financial year.

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