

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.2792
TO BE ANSWERED ON Monday, March 17, 2026/ 26 *Phalgun*, 1947 (Saka)

Stagnation of private capital expenditure

2792. **Shri S.R. Sivalingam:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken note of the prolonged stagnation of private capital expenditure at twelve per cent of the country's Gross Domestic Product (GDP) over the past decade;
- (b) if so, the details of sectors such as semiconductors, renewable energy and infrastructure where new projects have been initiated, along with their role in supporting investment growth and industrial diversification; and
- (c) the actions proposed by Government to reverse the decline in private sector participation in Gross Fixed Capital Formation through policy measures and by promoting a stronger demand environment?

ANSWER

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

- (a) As per estimates released by the Ministry of Statistics and Programme Implementation (MoSPI), the details of Gross Fixed Capital Formation (GFCF) by the private corporate sector as a percentage of GDP (in current prices) over the past decade are given below:

Financial Year	GFCF by the private corporate sector as a percentage of GDP (in current prices)
2015-16	11.9
2016-17	11.0
2017-18	10.2
2018-19	10.3
2019-20	10.8
2020-21	10.0
2021-22	10.4
2022-23*	10.9
2023-24*	10.3
2024-25*	10.2

Source: National Account Statistics, MoSPI

Note: *Data from 2022-23 onwards is based on the new GDP series (base year 2022-23), which is not strictly comparable with the old series based on base year 2011-12.

(b) The Government has undertaken several initiatives to support investment and industrial diversification in sectors such as semiconductors, renewable energy and infrastructure. Under the India Semiconductor Mission, projects for semiconductor fabrication, assembly, testing, marking and packaging, and display manufacturing have been approved to strengthen domestic capabilities in electronics manufacturing. The Mission has been further expanded as Semiconductor Mission 2.0 to deepen India's integration into global semiconductor supply chains. In the renewable energy sector, investments are being promoted in solar, wind, green hydrogen and battery energy storage systems, especially through production-linked incentives schemes to support the energy transition and expand manufacturing ecosystems.

In addition, the Government has continued to prioritise public capital expenditure, with ₹12.2 lakh crore budgeted for 2026–27, with emphasis on infrastructure sectors such as transport, logistics, railways, roads, ports and digital infrastructure. These initiatives are expected to crowd in private investment, strengthen supply chains and support long-term industrial diversification.

(c) The Government has implemented a comprehensive strategy to strengthen private sector participation in Gross Fixed Capital Formation and to create robust demand visibility for the private investors. These include sustained public capital expenditure to crowd in private investment, implementation of Production-Linked Incentive (PLI) schemes across key manufacturing sectors, and liberalisation and periodic review of the Foreign Direct Investment (FDI) policy. Infrastructure financing has been strengthened through instruments such as Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs), Infrastructure Debt Funds (IDFs), and the Public–Private Partnership (PPP) models supported by the Viability Gap Funding (VGF) scheme. Institutions such as the National Investment and Infrastructure Fund and the National Bank for Financing Infrastructure and Development provide long-term financing for infrastructure projects. Alongside, the Infrastructure Risk Guarantee Fund announced in the recent Budget aims to de-risk private participation in long-gestation infrastructure assets.

Further, measures to improve the ease of doing business such as GST simplification, Labour Codes, rationalisation of Quality Control Orders, reduction of compliance burden, review of FEMA (Non-Debt Instruments) Rules, and income tax relief measures under Budget 2026-27 and the new Income Tax Act, 2025, are collectively aimed at reinforcing a stable, investor-friendly, and consumption-supporting economic environment conducive to sustained private capital formation.
