GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION No. 3639
TO BE ANSWERED ON 11 AUGUST 2025/ SRAVANA 20, 1947 (SAKA)

ENCOURAGEMENT OF PRIVATE SECTOR CAPEX

3639. Dr. Pradeep Kumar Panigrahy:

Will the Minister of FINANCE be pleased to state:

(a) whether the recent RBI data indicates that private sector capex is yet to gain broad-based traction despite policy interventions; and

(b) the additional measures taken/to be taken by the Government to enhance the confidence of investors and crowd-in private participation in the key sectors?

ANSWER

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

(a): The Reserve Bank of India (RBI) has informed that it does not compile national-level statistics on private sector capital expenditure (capex) and that the Ministry of Statistics and Programme Implementation (MOSPI) compiles and publishes the data on private sector capital investment. As per MoSPI data, the gross fixed capital formation of private non-financial corporations at current prices increased by approximately 56%, rising from around ₹19.01 lakh crore in 2018–19 (pre-pandemic) to ₹29.68 lakh crore in 2023–24.

Based on financial statement data of corporates received from the Ministry of Corporate Affairs, the RBI has further noted that net fixed assets of private limited companies registered a steady growth of 7.6%, 10.3%, and 10.2% in 2021–22, 2022–23, and 2023–24, respectively. Additionally, the RBI compiles data on investment intentions of private corporates using information received from select banks and financial institutions (FIs). As per the latest data published in the August 2024 issue of the RBI Bulletin, the number of projects sanctioned by banks and FIs more than doubled, from 401 in 2021–22 to 944 in 2023–24. During the same period, the total cost of sanctioned projects rose significantly from ₹1.4 lakh crore to ₹3.9 lakh crore.

(b): The Government has taken several measures to enhance investor confidence and crowd-in or encourage private sector participation, with a focus on capital expenditure, infrastructure development, financial sector reforms and ease of doing business. Key initiatives include Production-Linked Incentive (PLI) schemes, credit guarantee programmes, FDI liberalisation across sectors such as Defence, Retail and Insurance, and regular review of the FDI policy. Significant investments in infrastructure—supported by instruments like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) and Infrastructure Debt Funds (IDFs), and Public-private partnerships (PPP) models under the Viability Gap Funding (VGF) scheme—are aimed at crowding in private capital. Institutions such as National Investment and Infrastructure Fund (NIIF) and National Bank for Financing Infrastructure and Development (NaBFID) provide long-term infrastructure financing. Further, Budget 2025–26 announced steps like the Partial Credit Enhancement (PCE) facility, Urban Challenge Fund, and expansion of the Harmonised Master List of infrastructure to sustain momentum and investor interest.

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