

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO.2385  
TO BE ANSWERED ON MONDAY, DECEMBER 15, 2025 / Agrahayana 24, 1947 (Saka)

**Fiscal Policy to Boost Economic Growth**

2385. Shri Anup Sanjay Dhotre:

Will the Minister of FINANCE be pleased to state:

- (a) the fiscal policies implemented recently by the Government to promote economic growth;
- (b) the manner in which the Government is supporting MSMEs and startups to generate employment opportunities;
- (c) the steps taken/being taken by the Government to attract foreign direct investment (FDI) in specific sectors;
- (d) the manner in which the Government plan to balance growth with fiscal prudence and debt management; and
- (e) the initiatives which are underway to promote skill development linked to economic expansion?

**ANSWER**

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

(a): The Government has implemented a series of fiscal policy measures to strengthen the foundations of economic growth. Higher public investment in infrastructure, accompanied by a calibrated path of fiscal consolidation, has supported demand, expanded productive capacity and enhanced macroeconomic stability. Additionally, the new income tax exemption for annual incomes up to ₹12 lakh and the recent GST rate rationalisation measures are expected to boost household consumption, savings and investment and, in turn, promote economic growth. Further, initiatives and measures on employment, skill development, innovation, resilience in agriculture, inclusive human resource development, appropriate energy transition pathways, and support for micro, small, and medium enterprises are also likely to catalyse sustainable growth.

(b): The Government supports MSMEs and startups through a wide range of schemes aimed at strengthening entrepreneurship, enabling growth and facilitating employment generation. Key MSME initiatives include the Prime Minister's Employment Generation Programme, PM Vishwakarma Scheme, Credit Guarantee Scheme for Micro and Small Enterprises, Entrepreneurship and Skill Development Programme, Micro and Small Enterprises – Cluster Development Programme, Raising and Accelerating MSME Performance, and the MSME Champions Scheme. These programmes promote employment across manufacturing, services, trading and women-owned enterprises. Under the Startup India initiative, the Government implements three flagship schemes, namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), and Credit Guarantee Scheme for Startups (CGSS), to support startups across various stages of their business cycle through access to funding, mentoring and incubation.

(c): To attract more FDI, the Government has put in place an investor-friendly FDI policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. Further initiatives to attract foreign investment include addressing regulatory barriers, streamlining processes, developing infrastructure, improving logistics, the Ease of Doing Business (EoDB), providing an enabling environment for industrial development through various policy interventions, rationalisation of tax structure, among others.

(d): The Government has adopted a strategy of capex-led growth to maintain a positive growth-interest rate differential, thereby ensuring a sustainable government debt-to-GDP ratio over the medium term. Central Government capital expenditure has increased from Rs 4.3 lakh crore in 2020-21 to Rs 11.2 lakh crore in 2025-26 (Budget Estimate), and this higher investment is generating multiplier effects on economic activity. Simultaneously, the Government has set a clear path to moderate public borrowings by proposing to reduce the fiscal deficit to 4.4 per cent of GDP in 2025-26 and aims to bring total government debt down to about 50 per cent of GDP by 2031.

(e): Under the Skill India Mission (SIM), Government of India delivers skill, re-skill and up-skill training through an extensive network of skill development centres under various schemes, viz. Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Jan Shikshan Sansthan (JSS), National Apprenticeship Promotion Scheme (NAPS), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and Craftsman Training Scheme (CTS) through Industrial Training Institutes (ITIs), to all the sections of the society across the country. The SIM aims at enabling the youth of India to get future ready and equipped with industry-relevant skills, and in turn contribute to economic expansion.

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