

Q5-3 The goal of achieving high economic growth rate in the country relies heavily on infra. spending
analyse

India has posted a positive economic recovery post Covid. The recent NSO report highlight the outcome of it and need for infrastructure push.

Current status

The base offered was much stronger in the 2021-22 Q1 compared to 2020-21.

The improvement was contributed by 4 sectors - agriculture, mining, electricity and defence and administration.

This was achieved due to the central government increasing its capex by 38%.

However, the Gross Fixed Capital Formation and private financial consumption expenditure remains marginally lower than the pre-covid levels.

measures to be taken

The central government's tax revenue increased by 0.4% compared to 2019-20. This can help invest in critical infrastructure. This can also boost the recently announced Crati shakti and National Infrastructure Pipeline, etc.

The centre is also incentivising states via additional borrowings to meet their capex.

way forward

with objective of reducing fiscal deficits and improving infrastructure India can ~~to~~ explore inflation indexed bonds too.