[GS-3] - Economy.

4. Despite Government's capital expenditure, private sector has ~~the~~ to take the lead to have a impact in Indian economy. Analyse.

Financial year 2023 capital expenditure is projected to ₹7.5L crore, which is 19% of total expenditure. There is increasing call for government to increase its capital expenditure.

Gross fixed capital formation:

It includes [Investment ⇒ both public + private sector]

Government capital expenditure for Financial year (2022) } → ₹6L crore. (16%)

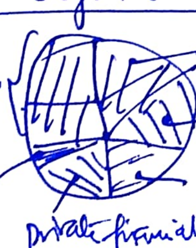
Total capital ⇒ ₹68L crore.

[Remaining large share is with private sector.]

Heavy Investment from private sector

Government with its capital expenditure can cover only major areas like - Defence, Road, energy, Infrastructure and state's share of capital expenditure

National statistical organization data - 2021



Major share - households - within which smalls marginal enterprises come under. - This is the area severely impacted by pandemic requires private investment
[Earlier - 40%]

Constraint in private funding

1. Investment in Infra slowdown - due to Funding and Risk aversion.

2. Banks - cherry picking customer to lending: focus on retail ~~se~~ lending.

3. consumption demand - slow - declined from 75% to 72% in 2022 - RBI data

4. Evaluation of investment before investing in power & telecom sector

5. Government - central government has flexibility over fiscal deficit, whereas no flexibility for states.

Way forward.

Categorization of capital expenditure - central to focus on Roads, private to focus on Infra like ports, seaports manufacturing, on capital expenditure. Thus private taking the lead in capital expenditure ensure major impact & bring Fixed capital formation to 33-34%.