



Shri Dharmasthala Manjunatheshwara Institute for Management Development, Mysuru, India

## 9th International Conference on

**Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024**

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### **Indian Budget and Economic Growth**

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#### **Abstract**

The Indian budget serves as a critical tool for steering the nation's economic growth by strategically allocating resources, managing public finances, and setting developmental priorities. It outlines the government's fiscal policy focusing on revenue generation through taxation and expenditure aimed at key sectors like infrastructure, social welfare, defences, and education. India's economic growth, driven by consumption, investment, and government spending, is directly influenced by budgetary measures that aim to stimulate demand, support industries, and foster inclusive development.

The government's efforts to balance fiscal discipline with growth-oriented spending are key to maintaining macroeconomic stability in recent Years reforms such as the Goods and Services Tax (GST) and emphasis on infrastructure development have contributed to long-term growth Prospects.

However, challenges like managing fiscal deficits, inflation, and external shocks impact the growth trajectory, overall, the Indian budget remains a vital mechanism for shaping sustainable economic growth and addressing the nation's evolving socio – economic needs. with reference to data 2022-23, 2023-24 and 2024-25

**Key word:** *Budget and planning is playing very important role for the country.*

#### **Budget role in growth**

#### **Objectives of the Indian Budget**

Fiscal Discipline

Balance Regional Development

Employment Generation

Infrastructure Development

Overview of 5-year planning

To Study / overview About 2024-25-year budget

**Fiscal Discipline:** Fiscal discipline is critical in shaping India's budgetary policies and influencing its economic growth. It ensures prudent management of government finances, reducing fiscal imbalances, controlling debt, and fostering an environment for sustainable economic growth. The role of fiscal discipline in India's budget and economic growth can be better understood with some key data points and trends over recent years.

**Fiscal deficit control :** India's fiscal deficit as a percentage of GDP is a key indicator of fiscal discipline. The government has consistently targeted reducing the fiscal deficit to sustainable levels over the years. However, global crises like the COVID-19 pandemic led to temporary relaxations in fiscal discipline. Here is some data showing fiscal deficit trends:

Pre-pandemic levels: the fiscal deficit was 3.4% of GDP in FY2018-19

Pandemic period: The fiscal deficit surged to 9.5% of GDP in FY2020-21 due to increased government spending to support the economy

Post-pandemic correction : The fiscal deficit target for FY2023-24 is set at 5.9% of GDP with a long term aim of reducing it to around 4.5% of GDP by FY2025-26.

By adhering to fiscal discipline, the government aims to reduce the deficit to manageable levels ensuring stable public finances and reducing reliance on borrowing

**Debt Management :** Public debt in India has been rising , but fiscal discipline helps in keeping it under control and within sustainable limits . The public debt-to-GDP ratio rose significantly due to increased borrowing during the pandemic:

In FY2019-20 the debt-to-GDP ratio was 70%

By FY 2020-21 this has increased to 89.6% due to the pandemic-related expenditure.

The government's medium term target is to bring this ratio back to 60-65% as per the fiscal Responsibility and Budget Management (FRBM) act targets.

A high debt burden limits the government's ability to spend on productive areas like infrastructure and social services, which are crucial for long-term economic growth

**Public Expenditure Efficiency:** with fiscal discipline the government ensures efficient allocation of its budgetary resources. This means prioritizing essential sectors like infrastructure, healthcare and education while avoiding wasteful spending key data includes:

Infrastructure investment: The budget allocation for capital expenditure (which drives long term economic growth) saw a 33% increase in FY2022-23 compared to the previous year reaching Rs 7.5 lakh crore

Healthcare spending: In FY 2021-22 India allocated 2.1% of GDP to healthcare a significant rise compared to earlier years driven by the pandemic.

By controlling fiscal deficits, the government can invest more efficiently in sectors that drive growth without overspending or creating inflationary pressures.

**Inflation and interest Rate Management:** High fiscal deficits can lead to inflationary pressures due to increased government borrowing and money supply. However, with disciplined fiscal management:

India's inflation: remained under control pre-pandemic with rates averaging around 4-5%

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During the pandemic inflation peaked at around 6% due to supply chain disruptions and fiscal expansion efforts post-pandemic have helped moderate inflationary pressures.

By keeping inflation in check fiscal discipline creates a stable macroeconomics environment that is attractive for investment and conducive to long-term economic growth

**Long-term economic Growth:** empirical studies show that sustainable fiscal policies positively impact economic growth by ensuring long-term stability. A world Bank report suggested that controlling fiscal imbalances could lead to a 0.5-1% higher GDP growth rate over the long term by improving investor confidence reducing inflation risks and creating fiscal space for productive spending .

In recent years India's GDP growth has reflected the effects of fiscal policy

Pre-pandemic Growth: India was growing at a rate of 6-7% per annum before the pandemic.

Post-pandemic recovery: Growth recovered to 8.7 % in FY 2021-22 after the contraction in FY2020-21 due to pandemic Induced fiscal stimulus. The gradual reduction of the fiscal deficit and debt over the coming years as planned by the government is expected to support return to a stable 6-7% growth trajectory

Fiscal discipline in India is crucial to maintaining economic stability managing debt and ensuring that public resources are used efficiently for growth driving sectors through targeted deficit reduction prudent public debt management and efficient spending India aims to create a macroeconomic environment conducive to sustainable long term growth the post pandemic economic recovery further underlines the importance of returning to fiscal discipline while maintaining flexibility for growth oriented policies

**Balance Regional Development**

Balancing regional development in India's budget and economic growth is essential for reducing economic disparities among states and regions promoting inclusive growth and achieving equitable distribution of resources India's regional development efforts have been framed around various initiatives and financial allocation and this balance is reflected through specific data and strategies aimed at reducing inter-state inequality Here's how the Indian budget and economic growth strategies balance regional development

**Allocation to states via centrally sponsored schemes :** The union government provides funds to states for implementing specific schemes that are centrally sponsored but partially financed by the states these schemes aim to address regional disparities by focusing on sectors like health , education, agriculture and infrastructure

Mahatma Gandhi National Rural Employment Guarantee scheme ( MGNREGS) This flagship program aims to provide employment and infrastructure development in rural areas with over Rs 60,000 crore allocated in FY 2023-24 states with higher rural poverty levels such as Uttar Pradesh , Bihar, and Madhya Pradesh benefit more from this scheme addressing regional inequalities

Pradhan Mantri Awas Yojana (PMAY ) This housing scheme for urban and rural areas has received an Allocation of Rs 79,590 crore In FY 2023-24 with a significant portion going to states with housing deficits such as West Bengal Odisha and Jharkhand .

**Infrastructure Investment for Regional Growth :** The Indian government focuses on infrastructure development in less developed regions to promote economic activity and reduce disparities Regional

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infrastructure projects include roads railways ports and power projects to boost connectivity and economic opportunities in lagging states.

**Bharatmala Pariyojana :** A highway development project focused on improving road connectivity in rural and underdeveloped areas. The 3.35 lakh crore Program emphasizes connectivity in states like Assam West Bengal , and the North eastern Region to enhance economic integration

**Dedicated Freight Corridor(DFC) :** The project aims to improve freight transport across regions with major investments in states like Uttar Pradesh Eajasthan and Maharastra . The DFC will link the eastern and western corridors reducing transportation costs and enhancing industrial growth in these states

**Special Category States and Backward Regions:** To balance regional development the government provides special financial assistance to special category states ( e g noth eastern states Jammu and Kashmir and Himachal Pradesh ) Which face unique challenges like hilly terrain insurangece or limited access to resources .These states receive additional support in the form of higher devolution of funds and concessional assistance .

The North East Special Infrastructure Development Scheme ( NESIDS) with an allocation of Rs 1,500 crore in FY 2023-24 focuses on improving basic infrastructure and social development in the north eastern region

Under the Jammu and Kahsmir Reorganization Act substantial financial support has been allocated with Rs 35,581 crore set aside for the Union Territory's development in FY 2023-24 focusing on infrastructure healthcare and education to spur growth

**Devolution of funds and GST compensation:** to address regional Imbalance the finance commission recommends the devolution of funds from the central pool to the states.

The 15<sup>th</sup> Finace commission recommended 41%of the divisible pool of taxes to be allocated to states in FY 2021-26 states with lower tax bases and grater developmental needs ( like bihar ordish and Madhya Pradesh ) benefit from these allocations

Additionally under the goods and services tax GST compensation for revenue losses due to the implementation of GST this has helped states with relatively lower industrial bases balance their fiscal deficits

In FY 2022-23 Rs 1.2 lakh crore was provided as GST compensation to states such as Punjab Karnataka an west Bengal which rely on GST compensation for revenue

**Urban Development and smart cities mission:** The Indian government has focused on urban areas with the smart cities mission which aims to develop 100 cities across the county with improved urban infrastructure technology and governance. These cities are spread across various states including those that are relatively underdeveloped .

As of FY 2023-24 Rs 6.450 crore was allocated for the smart cities mission cities like Bhubaneswar ( Odisha) indour ( Madhya pradesh) and Varanasi ( uttar Pradesh) have seen significant development under this mission fostering regional urban growth

**Support for Agriculture and Rural Development :** Agriculture is the backbone of rural India and the government allocates significant resources to ensure regional rural development States with a higher reliance on agriculture such as Punjab,Bihar, and Uttar Pradesh, benefit from government schemes aimed at increasing agricultural productivity and rural income

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## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

PM-Kisan samman Nidhi: a flagship scheme that provides income support to farmers with a budget allocation of Rs 60,000 crore in FY 2023-24 states with a large number of small and marginal farmers such as Uttar Pradesh west Bengal and Bihar receive significant benefits from this scheme

Pradhan Mantri Krishi Sinchai Yojana (PMKSY) with an allocation of Rs 12,000 crore this scheme aims to improve irrigation facilities in drought prone and water scarce regions like Maharastra Rajashtan and Gujarat

**Industrial Corridors and Manufacturing Hubs :** To promote industrial growth across regions the government is developing industrial corridors and manufacturing hubs which help bring investment to underdeveloped regions for instance

Delhi-Mumbai Industrial Corridor (DMIC) Aims to enhance industrialization across states like Gujarat Maharashtra and Rajasthan Promoting balanced Regional development through large Scale infrastructure investments

Production Linked Incentive (PLI) scheme : focused on promoting manufacturing in various states the PLI scheme targets sectors like electronics pharmaceutical and textiles states with significant manufacturing potential like Tamilanadu Maharashtra and Gujarat have seen Increased investments

**Education and skill Development:** Investment in Education and skills training with regions lower literacy rates and limited economic opportunities catch up with more developed regions programs like skill Indian and national apprenticeship promotion scheme focus on improving employability in states with high unemployment

For example under skill India the government has trained over 50 million youth with a significant focus on states like Bihar Uttar Pradesh and Rajasthan which face high levels of Unemployment and migration

### *Regional Development Data Summary*

<i>Regions states</i>	<i>Key development Initiatives</i>	<i>Key Data points</i>
North eastern states	North East special infrastructure development scheme (NESIDS)	Rs 1,500 crore allocation in FY 2023-24
Uttar pradeshs, Bihar, Odisha	MGNREGS PM-Kisan Mantri Awas Yonjana	Rs 60,000 crore (MGNREGS) crore (PM-Kisan) 79,590 crore (PMAY)
Jammu and Kashmir	Special status union territory-specific funds	Rs 35,581 crore allocated in FY 2023-24
Maharatra, Gujarat, Rajastan	Delhi- Mumbai Industrial corrid or PLI scheme	Boost to manufacturing industrial investments infrastructure development
Punjab , Karnataka west Bengal	GST compensate on scheme	Rs 1.2 lakh crore GST compensation to states in FY 2022-23

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Indian's budget and growth policies are designed to balance regional development schemes infrastructure investments and financial devolution by focusing on underdeveloped regions and providing special assistance to states with unique needs the government aims to reduce regional disparities and promote inclusive economic growth the data shows that these policies when implemented effectively can bring about balanced regional and foster a more equitable growth trajectory across the country

**Employment Generation**

Employment generation is a central focus of India's budget as it directly influence economic growth social stability and the well-being of its population . the union Budget incorporates several schemes , reforms and sectoral investment to create jobs promote entrepreneurship and boost formal and informal employment here's a detailed overview of employment generation in the Indian budget along with relevant data

**Mahatama Gandhi National Rural Employment Guarantee Scheme (MGNREGS)**

Budget allocation in FY 2023-24 Rs 60,000 crore

Objective: To provide at least 100 days of wage employment to every household in rural areas

Impact on employment

In FY 2022-23 over 260 crore person - days of work were generated MGNREGS is particularly crucial during times of economic distress ( e.g the COVID -19 pandemic) as it provides as it provides immediate employment opportunities in rural areas

Regional Focus: states like Uttar Pradesh , Bihar Madhya Pradesh Rajasthan and West Bengal are the top beneficiaries due to large rural population and higher unemployment rates

**Production Linked Incentive (PLI) scheme**

Budget allocation in FY 2023-24 Rs 1.97 lakh crore ( for five years )

Objective to incentivize domestic manufacturing in key sectors such as electronics pharmaceuticals textiles automobiles and more with a focus on job creation

Impact on employment.

The PLI scheme is expected to create over 60 lakh job over the next 4-5 years by boosting large – scale manufacturing and attracting investments

Key sectors :

Mobile manufacturing has seen significant growth with companies like apple and Samsung expanding their production facilities in India leading to direct and indirect job creation

Textile and automotive sectors

Are also expected to generate significant employment through this scheme

**Pradhan Mantri Mudra Yojana (PMMY)** Loan disbursement in FY 2023-24 Rs 9.54 lakh crore ( cumulative loans since the scheme's inception in 2015 )

Objective. To promote self-employment and entrepreneurship by providing collateral-free loans to small and micro businesses

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## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

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Impact on employment. The scheme has sanctioned 40.82 crore loans as of march 2023 with a large portion of beneficiaries being women and youth

It has led to the creation of millions of micro – enterprises which in turn generate both direct and indirect employment especially in rural and semi urban areas

Key beneficiaries: sectors such as retail agriculture and small manufacturing units have seen significant growth in job creation through this scheme

### **Start-up Indian and Stand-up India**

Budget allocation: (FY 2023-24) start-up India Fund of Rs.1,000 crore for seed funding

Objective : To foster entrepreneurship innovation and start-ups in sectors like technology services manufacturing and agriculture

Impact on employment : India is home to over 90.000 start-ups making it the third-largest start-up ecosystem globally start up have generated 8-9 lakh jobs cumulatively as of 2023

Stand-up India scheme focuses on promoting entrepreneurship among women and SC/ST communities with over Rs 40,710 crore disbursed benefiting 1.8 lakh enterprises

### **Skill India and National Apprenticeship Promotion Scheme (NAPS)**

Budget allocation in FY 2023-24 Rs 3,500 crore for skill India.

Objective: To enhance the employability of the youth by providing vocational and technical training.

Impact on Employment: over 1.2 crore people have been trained under various skill India initiatives with a focus on sectors like IT, retail, construction and healthcare

National apprenticeship promotion scheme(NAPS) aims to provide apprenticeship training to 50 lakh youth by 2025 enhancing their employability in key industrial sectors.

**Atmanirbhar Bharat Rozgar Yojana ( ABRY )** : Budget allocation: part of the 2.65 lack crore stimulus package under atmanirbhar Bharat

Objective : To incentivize job cration in the formal sector by providing subsidies for new employees provident fund contributions .

Impact onj employment: The scheme is estimated to have created 1.22 crore job in the formal sector by supporting employers and employees with 12% to 24% EPF contributions for up to 2 years.

### **Prime Minister's employment Generation programme (PMEGP)**

Budget allocation in FY – 2023-24 Rs 2,800 crore

Objective: to generate Employment opportunities in rural and urban areas by establishing micro-enterprises

Impact on employment: over 7.8 lakh micro-enterprises have been set up providing employment to more than 64 lakh people

The scheme focuses on traditional sectors like textiles, handicraft and agro-processing creation jobs primarily in rural and semi-urban areas .

**Green and Renewable Energy Sector:** Budget allocation for renewable energy in FY 2023-24 Rs 10,222 crore



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---

**Objective:** To promote clean energy and job creation in the green energy sector through investments in solar wind and other renewable energy projects

**Impact on employment:** India's renewable energy sector is expected to generate over 10 lakh jobs by 2030 driven by government initiatives like the national solar mission and Kusum scheme solar energy has seen significant employment growth with a focus on rural areas for solar panel installation and maintenance.

The Indian Union budget places a significant emphasis on employment generation through various scheme and sectoral initiatives key programs like MGNREGS, RMEGP & PLI scheme and skill India along with massive infrastructure investments are driving job creation in both rural and urban areas by focusing on direct job creation entrepreneurship and skill development the government aims to address unemployment and promote inclusive economic growth across diverse sectors.

The various schemes collectively aim to reduce unemployment rates increase workforce participation and provide a sustainable pathway for long term economic growth through job creation

### **Infrastructure Development**

Infrastructure Development has been one of the key priorities been one of the key priorities of the Indian government as it plays a acritical role in boosting economic growth creation jobs and ensuring balanced regional development the union Budget of India consistently allocates significant resources to enhance infrastructure across sectors such as transportation energy husing and digital infrastructure here's an overview of infrastructure development in the Indian budget along with important data

### **Capital Expenditure (capex) Allocation**

Budget allocation FY2023-24 Rs 10 lakh crore (highest ever capital outlay

Growth this allocation represents as 33% increase over the previous year's capex of Rs 7.5 lakh crore capital expenditure is crucial for funding infrastructure projects which have a long term multiplies effect on the economy creation jobs and boosting investment

**Impact:** the increase in capex is targeted at large scale projects in in sectors such as roads railways ports airports energy and urban development the investment is expected to support high economic growth and create millions of jobs both directly and indirectly

Reference union budget speech 2023-24 ministry of finance

### **PM Gati Shakti national Master plan :**

**Objective:** Launched in October 2021- the PM gati Shakti plan aims to revolutionize infrastructure development through a multi-modal approach integration roadways railways ports airports and logistics.

**Impact on infrastructure Development:** the plan will enable seamless connectivity and reduce the cost of logistics which currently stands at 13-14% of GDP compared to global standard of 8-10% the budget for FY 2023-24 gives a strong push to the PM gati Shakti plan with continued focus on road and rail connectivity projects industrial corridors and logistics hubs

**Job creation:** the infrastructure projects under Gati Shakti are expected to create around 1-2 crore jobs over the next few years by festering industrial growth and reginal development

Reference: ministry of commerce and industry PM gati Shakti Implementation Report 2023



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## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

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**Roads and Highways Development :** Budget allocation FY 2023-24 for ministry of road transport and highways Rs 2.7 lakh crore

National Highways Development: A significant portion of this budget is dedicated to the construction of new highways expansion of existing road networks and upgradation of national highway

Bharatmala Pariyojanas: Phase I budget Rs 5.35 lakh crore

Target construction of 34.800 km of highways under phase I

Progress: As of 2023-24 over 24.800 km of highways have been constructed

Impact on Development and Employment: Road infrastructure projects under Bharatmala have played a critical role in connecting remote areas reducing travel time and fostering trade the construction activities generate millions of jobs both skilled and unskilled.

Reference: Ministry of Road transport and Highways Bharatmala Pariyojana progress report 2023

**Railways infrastructure:** Budget allocation FY2023-24 for Indian Railways Rs 2.40 lakh crore

Objective: The allocating focuses on the modernization of the railways infrastructure expansion of rail networks high speed rail projects and improved passenger amenity

High Speed Rail projects: The Mumbai-Ahmedabad High-Speed Rail (Bullet Train) project has been given special attention with significant budgetary allocation for its completion.

Vande Bharath Express Expansion : The government is focused on expanding the network of Vande Bharath trains which are aimed at modernizing the railways sector

Electrification and Green Initiatives: The railways have made strides in electrifying more than 85% of the broad gauge network to reduce the sector's carbon footprint

Impact on Employment and Growth : Railways expansion creates direct job in construction engineering and operation as well as indirect employment in allied industries such as steel cement and manufacturing

Reference: Indian railways Annual Report 2023

### Digital Infrastructure Development

Budget allocation FY 2023-24 Rs 16,549 crore for the ministry of Electronics and Information Technology

BharatNet project: Objective to provide broadband connectivity to all gram panchayats and villages across India .

Target: 100% village connectivity by FY2025 progress As of March 2023 more than 1.7 lakh gram panchayats had been connected under BharatNet

Digital India program: the focus continues on expanding digital services improving IT infrastructure and promoting digital literacy across the country

Impact : investment in digital infrastructure boost employment in the technology sector foster digital entrepreneurship and enhance service delivery in education healthcare and e-governance

Reference: ministry of electronics and information Technology Digital India report 2023

## 9th International Conference on

## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

---

**Energy and Renewable Energy Infrastructure :** Budget Allocation for Ministry of Power FY2023-24 Rs 10,222 crore

Green Energy Push: the budget places a strong emphasis on transitioning towards clean and renewable energy sources

Key schemes: kisan Urja Suraksha Evam Utthan Mahabhiyan ( KUSUM) focuses on solarizing agricultural pumps and installing solar power plants in rural areas.

National Green Hydrogen Mission Rs 19,700 crore allocated for developing green hydrogen production capacity in India.

Impact on Employment and Development : the renewable energy sector particularly solar and wind energy 10 lakh jobs by 2030 these green energy projects will help India achieve its climate goals while creating new economic opportunities

Reference: ministry of New and Renewable Energy MNRE annual Report 2023

### **Affordable Housing ( Pradhan Mantri Awas yojana-PMAY)**

Budget allocation FY2023-24 Rs 79,000 crore for PMAY ( urban and rural )

Objective: To provide affordable housing for all by 2024 through the construction of 2 crore houses in urban areas and 3 crore houses in rural areas.

Progress: As of FY2023 over 1.14 crore houses had been completed under PMAY urban and 2.95 crore houses had been completed under PMAY rural

Impact on Employment: the housing sector creates million of jobs in construction materials supply and related services contributing significantly to both formal and informal employment

Reference: ministry of Housing and Urban Affairs PMAY progress Report 2023

**Ports Shipping and waterways Infrastructure:** Budget Allocation FY2023-24 for ministry of ports shipping and water ways Rs 5,472 crore

Sagarmala project:

Objective: to modernize India's port infrastructure increase cargo handling capacity and improve coastal connectivity progress As of FY2023 over 200 projects under projects under Sagarmala had been completed with a focus on enhancing port efficiency and reducing logistics cost

Impact on Trade and Employment: the development of ports and shipping infrastructure boosts trade and creates jobs in logistics shipbuilding and transportation

Reference : Ministry of ports shipping and waterways annual Reports 2023

The Indian union Budget places significant emphasis on infrastructure development with increased capital expenditure and a multi sectoral approach major projects in roads railways energy housing and digital infrastructure have received considerable attention with the government aiming to modernize the country's infrastructure while creating million of jobs the sustained investment in infrastructure is critical for long-term economic growth reducing logistics costs boosting industrial productivity and improving the overall quality of life in both rural and urban areas

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## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

---

### Overview of 5 - year planning

India's five-year plans were a series of economic development initiatives launched to promote economic growth and development across various sectors while the first plan was initiated in 1951 the government shifted towards a more flexible approach after the 12<sup>th</sup> plan (2012-2017) the 13<sup>th</sup> plan was replaced by a new framework called NITI Aayog strategy in 2015 Below is a brief overview of some key five-year plans highlighting important data and achievement

#### First Five-Year Plan (1951-1956)

Objective focus on agriculture irrigation and rural development

Investment :Rs 2.062 crore allocated

Achievement : increased agricultural production by 25% due to investment in irrigation and farming technology

Launched major project like the Bhakra nangal Dam

#### Second Five-year plan (1956-1961)

Objective focus on industrialization and economic self sufficiency

Investment Rs 4,700 crore allocated

Achievement : established major industries like steel ( Tata steel) and heavy machinery

Growth rate of the economy was about 6% per annum

#### Third Five-Year Plan (1961-1966)

Objective : self reliance in food and industrial production :

Investment Rs 8,500 crore allocated

Achievements: Expansion of irrigation facilities and rural infrastructure

Economic growth slowed due to the indo china war and droughts

#### Fourth Five-Year Plan (1969-1974)

Objective focus on social justice and reducing poverty

Investment Rs 18,000 crore allocated

Achievements : Introduced the integrated Rural Development programme IRDP

Economic growth rate improved to 4.5% per annum despite challenges

#### Fifth Five-Year Plan (1974-1979)

Objective focus on poverty alleviation and self-reliance

Investment : 24,000 crore allocated

Achievements programme Achieved a growth rate of 4.8% despite global oil crises

#### Sixth Five-Year Plan (1980-1985)

Objective: focus on employment generation and technology development

## 9th International Conference on

## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

---

Investment Rs 55,000 crore allocated

Achievements : introduction of the self Employed women's association (SEWA)

Economic growth rate reached 5.2% per annum

### **Seventh Five-Year Plan (1985-1990)**

Objective : revitalization of the public sector and export promotion

Investment Rs 1,00,000 crore allocation

Achievement : Industrial growth of 8% per annum with significant export increases

Major focus on infrastructure development

### **Eighth Five-Year Plan (1992-1997)**

Objective economic liberalization and privatization

Investment Rs 1.35,000 crore allocated

Achievements: Introduction of policies for deregulation and foreign investment economic growth rate of around 6.8 % per annum

### **Ninth Five-Year Plan (1997-2002)**

Objective : focus on agriculture rural development and social justice

Investment Rs 1,80,000 crore allocated

Achievements: launched the

Pradhan mantri grm sadak yojana. (PMGSY) economic growth improved to 6.4% per annum

### **Tenth Five-Year Plan (2002-2007)**

Objective focus on achieving 8% growth and improving infrastructure

Investment Rs 2,00,000 crore allocated

Achievements: emphasis on poverty reduction through targeted programs

Achieved an average growth rate of 8%

### **Eleventh Five-Year Plan (2007-2012)**

Objective inclusive growth education and health

Investment Rs 3,10,000 crore allocated

Achievement : focused on improving education and healthcare achieving a growth rate of 8.4% launched initiatives like National Rural Health Mission (NRHM)

### **Twelfth Five-Year Plan (2012-2017)** Objective achieve 9% growth and improve infrastructure

Investment Rs 12,50,000 crore allocated

Achievements : emphasis on sustainable development and innovation growth rate averaged around 7% during this period

Transition to NITI Aayog

**9th International Conference on****Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024**

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In 2015 the government replaced the planning commission with the NITI Aayog to create a more flexible and decentralized planning process

NITI Aayog focuses on long term strategic frameworks instead of rigid five year plans addressing contemporary issues like sustainable development digital transformation and improving governance

India's five year plans have evolved significantly over the decades reflecting changes in national priorities and global economic condition the transition to NITI Aayog marks a shift towards a more dynamic approach to planning focusing on collaborative governance and sustainable development overall these initiatives have played a crucial role in shaping

Indian's five year plans have evolved significantly over the decades reflecting changes in national priorities and global economic conditions. The transition to NITI Aayog marks a shift towards a more dynamic approach to planning focusing on collaborative governance and sustainable development Overall these initiatives have played a crucial role in shaping India's economic landscape and improving the quality of life for its citizens

**To Study / overview About 2024-25 year budget**

As of now the union Budget for 2024-25 has not been officially released but based on the ongoing trends economic challenges and priorities of the government we can expect certain focus areas the budget to be presented in February 2024 will likely focus on maintaining fiscal discipline while promoting growth across various sectors Below is an expected overview with potential priorities and data from previous budget for context

**Fiscal consolidation and management :**

Fiscal Deficit: The government has been working towards reducing the fiscal deficit for FY 2023-24 the fiscal deficit target was set at 5.9% of GDP and the government is likely to aim for a further reduction in FY 2024-25 possibly targeting around 5.5% to ensure macroeconomic stability

Debt Management : efforts to stabilize public debt will continue with measures to increase revenues through efficient tax collection and rationalization of subsidies

**Capital expenditure and infrastructure development :**

Capital Expenditure: the FY2023-24 budget allocated a record Rs 10 lakh crore for capital expenditure representing a 33% increase A continued focus on infrastructure is expected with capital expenditure likely remaining high or even increasing further to support long-term growth

Sectors focus: investment will be prioritized in sectors like road, railways ,ports, airports , and renewable energy projects

Gati Shakti master plan infrastructure projects under the PM gati Shakti initiative will likely receive continued support aiming to boost logistics efficiency and reduce cost across various sectors

**Employment Generation and skill Development:**

Skill Development: the budget is likely to continue emphasizing skill India programs and vocational training to boost employment especially in the MSME and manufacturing sectors

MSME sector : increased credit support and incentives for the micro small and medium enterprises (MSME) sector will likely be a focus area considering its potential for employment generation

## 9th International Conference on

## Economic Growth and Sustainable Development- Emerging Trends– November 21-22, 2024

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Startup Ecosystem: expect further tax incentives and simplified regulation to promote startups and innovation creation jobs and boosting the economy

### **Agriculture and Rural Development :**

Agricultural Spending: support for agriculture and rural development will likely increase with higher allocations towards modernizing farming techniques enhancing productivity and providing better access to markets:

PM-KISAN Scheme: the direct income support scheme for farmers PM-KISAN could see enhanced allocation currently at Rs 60,000 crore FY 2023-24

Irrigation projects: continued investment in irrigation and water conservation programs to address climate change impacts on agriculture

Green Growth and Climate Initiatives:

Green Energy Transition: the 2024-25 budget will likely continue promoting green energy initiatives such as solar power wind energy and National Hydrogen Mission .

PLI Scheme for solar : the production linked incentive (PLI) scheme especially for solar modules is expended to receive additional funding In FY 2023-24 Rs 19,500 crore was allocated for the solar manufacturing sector

### **Climate change**

Mitigation Investments in climate-resilient infrastructure and promoting energy efficiency across industries will be crucial to meet India's net-zero carbon emission target by 2070.

Social Welfare programs and Health : Healthcare Spending : after increased allocation to the health sector during the pandemic this focus will likely continue in FY 2024-25 with investments in primary healthcare infrastructure especially in rural areas

In FY 2023-24 the allocation to the health sector was Rs 89,155 crore

Social Welfare : programs like PM Awas Yojana (Housing ) and PM Jan Arogya Yojana ( Health insurance) will continue to receive substantial funding to promote inclusive growth and social welfare

Digitalization and Innovation: Digital Economy continued emphasis on digitalization through the Bharat net project which aims to provide broadband connectivity to all villages the digital public infrastructure will also be a focus especially with the use for fintech and digital payments

Innovation in IT and AI the budget may include incentives for innovation in Artificial intelligence AI block chain and other emerging technologies to position India as a tech leader

Defense and National Security : Defence Budget: the defence sector will continue to receive a large share of the budget in FY 2023-24 the defence allocation was Rs 5.94 lakh crore Expect further increases to enhance military modernization and self-reliance under the Atmanirbhar Bharat initiative

Expected Important Data Points for FY 2024-25 Budget: fiscal Deficit Target around 5.5% of GDP (down from 5.9% in FY 2023-24)

Capital Expenditure: likely to exceed Rs 10 lakh crore continuing focus on infrastructure

Health sector: allocation may cross Rs 90,000 crore with a focus on rural and preventive healthcare

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Agriculture and Rural Development: allocation for agriculture could exceed Rs 2.5 lakh crore focusing on irrigation technology and rural connectivity defence allocation: expected to increase from Rs 5.94 lakh crore in FY 2023-24

### Limitation

1. Revenue constraints
2. High Fiscal Deficit
3. Low Capital Expenditure
4. Subsidy Burden
5. Dependence on Monsoon and Agriculture
6. Global Economic Volatility
7. State Level Fiscal Challenges

### Conclusion

The Indian budget plays a pivotal role in shaping the country's economic growth but it faces face several challenges these include low revenue collection a high fiscal deficit underfunded capital and social sectors infrastructure bottlenecks and regulatory inefficiencies. Additionally, external factors such as global economic volatility and the dependence on agriculture further constrain the budget's growth impacts

To enhance growth Indian needs to prioritize reforms in tax collection reduce subsidies boost capital expenditure on infrastructure and innovation and streamline regulatory processes by addressing these challenges the Indian budget can better support sustainable long-term economic growth while balancing social welfare needs.