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The Trends In Fiscal Deficit In The Indian Economy Between 2010-2022

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Abstract
Fiscal deficit is one of the most comprehensive and often used measure of deficit as a parameter of the economic health and overall stability of the economy. Fiscal deficit can be broadly described as the amount by which government expenditure is more than government revenue except borrowings. Fiscal deficit poses a significant concern, as it can have far-reaching economic consequences such as increased government debt, higher interest payments, and a crowding-out effect on private investment.
This paper presents a comprehensive analysis of India's fiscal deficit trends from 2010-11 to 2021-22, providing valuable insights into the country's economic landscape and the challenges it faces. Through a meticulous analysis of government budgets, revenue sources, and expenditure patterns, we have tried to identify key trends and patterns that shape India's fiscal policies. The study examines the factors influencing fiscal deficits, such as government spending and revenue sources, and explores the impact of external factors like global economic slowdowns and the COVID-19 pandemic. It highlights the government's efforts to manage the deficit through fiscal consolidation, revenue generation, and sectoral prioritisation.
The analysis reveals an upward trajectory in gross fiscal deficit (GFD) expenditures over the years, with notable spikes in 2019-20 and 2020-21. GFD receipts also showed overall growth, apart from specific years. The study also uncovers significant trends, such as the reliance on indirect taxes like Goods and Services Tax (GST), which has diversified the revenue base and reduced dependence on direct taxes. Additionally, there has been a notable shift towards fiscal decentralization, with state governments assuming a more significant role in revenue generation and expenditure allocation.

Keywords: *Fiscal deficit; Government Revenue; Government Expenditure; Fiscal Management and Reforms*

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I. INTRODUCTION

A government budget deficit means the amount by which the government expenditure is greater than the government receipts. An equivalent way of stating this is that government saving is negative. Government receipts consist of capital receipts and revenue receipts, wherein revenue receipts consist of tax and non-tax receipts. Income tax, corporation tax, goods and services tax (GST) contribute to tax receipts whereas non-tax receipts include dividends from public enterprises, fees and fines, royalties, sale of licences. Receipts from disinvestment are part of capital receipts. Government expenditure comprises of revenue and capital expenditures where revenue expenditures consist of interest payments, administrative expenses, subsidies, salaries, defence expenditures and capital expenditure is incurred on asset creation or decreasing liabilities and includes spending on infrastructure creation and repayment of borrowings.

There are various measures of deficit defined as follows. Revenue deficit is the difference between revenue receipts and revenue expenditure. Gross fiscal deficit is computed as the excess of total expenditure (including loans net of recovery) over revenue receipts (including external grants) and non-debt capital receipts. Net fiscal deficit is obtained by deducting net lending of central government from gross fiscal deficit. Gross primary deficit is calculated as gross fiscal deficit minus interest payments. Net primary deficit is obtained by subtracting net interest payments from net fiscal deficit. (Handbook of statistics, RBI).

Fiscal deficit is a comprehensive and an often-used measures of deficit to gauge the economic health of an economy. Fiscal deficit which is broadly used synonymously with Government budget deficit can be stated as the amount by which the government expenditure exceeds the government receipts, except borrowings. The relevance of fiscal deficit stems from the Keynesian view that the government spending is necessary in a recession whereas a surplus can be maintained during an expansionary phase. On the other hand, the classical theory postulates that a high fiscal deficit arising from government investment may increase interest rates and crowd out private investment. In addition, the indicator used by the IMF to gauge the fiscal position of a country is the overall balance measured as the difference between revenues and grants, and expenditures and net lending.

Fiscal deficit could be high due to increased spending by the government, low revenues and/or slow growth of the economy. To finance its fiscal deficit, the government can resort to borrowing-at home or from abroad or print money. These steps can manifest further in the form of higher interest rates when borrowing in home country, external debt crisis when borrowing from abroad and inflation when government resorts to printing money respectively (Kumar and Soumya (2010). If the high fiscal deficit forces the government to borrow it would incur the corresponding interest payments. A high fiscal deficit does not mean that the economy is not financially sound. It all depends on the avenues where outlays have been made. If the spending is on productive activities, then it should not be a cause for concern, especially in the case of a developing country which would benefit from the operation of a multiplier effect of public spending on growth and employment. However, a persistently high fiscal deficit may raise questions about the fiscal solvency of the government. Also, it would keep the public guessing whether the government is going to raises taxes to increase its revenue or cut down on spending. In addition, a persistently high fiscal deficit would imply less budget allocation for the priority sectors of the economy.

Knowledge about movement overtime in fiscal deficit independently is of immense value to scholars, academicians and policy makers. In addition, the fiscal deficit may also influence trade deficit thus supporting the twin deficit hypothesis. This information is very pertinent to policy makers who may be taking appropriate steps towards a fiscal expansion.

Several studies have analysed the trends in India's fiscal deficit, government expenditure and revenue, their composition over different time periods. Gupta and Singh (2016) trace the changes in India's fiscal policy since 1980-81. They examine the changes in the backdrop of the 1991 Balance of payments crisis, post economic liberalisation, FRBM act of 2003, global financial crisis of 2008 and post crisis. They find that from 1980-81 to 2002-03, during periods of crisis, the deficit reached unsustainable levels which prompted the government to introduce economic reforms, new economic policy, tax reforms, disinvestment, FRBM Act etc.to bring the deficit to reasonable levels. Since 2003-04, fiscal policy measures taken by the government have led to a fall in fiscal deficit. The study by Reddy and Hemasree (2023) shows that the total revenues of the central government have been increasing since 1990-91 in consonance with growth in national income and per capita income. It increased by 33 times from 1990-91 to 2020-21. Also, that the central government expenditure which consists of capital expenditure and revenue expenditure has also increased over 29 times from 1990-91 to 2020-21. Devasia and Karunakaran (2020), find that the central government total public revenue has seen a rapid rise of 24 times growth from 1990-91 to 2018-19. The contribution of tax revenue is greater than that of non-tax revenue. Tax revenue has contributed 73% in total revenue receipts and the contribution of revenue receipts in total receipts is 65% in the period 2010-19. Contribution of corporation tax was larger in total direct taxes. Devasia et al (2020) find that total expenditure increased 23 times from 1990-91 to 2018-19. In the same period the share of revenue expenditure increased from 72.91% to 86.71% and the share of capital expenditure was falling. the average percentage share of revenue expenditure was 87% during 2009-10 to 2018-19 and 13% for capital expenditure. Large part of total revenue expenditure was used for non-developmental activities. Sud (2016) reports that government expenditure, revenue and fiscal deficit have increased in the post reform period of 1991-92: 2015-16. The government expenditure increased between 10-20% in the sample period and by 20.10% in 1998-99, 22.52% in 2007-08 and 24.06% in 2008-09, the last two periods related to - the Asian financial crisis and the subprime mortgage crisis. In the post reform period, government revenue has recorded positive growth except for the negative growth of 6.86% in 2008-09 and 5.15% in 2011-12. Fiscal deficit taken as a percentage of GDP had increased from 5.39 in 1991-92 to 26.59 in 2009-10.

Objectives

This paper has the following objectives. We study the trends in the fiscal deficit in the Indian economy for the study period of 2010-11 to 2021-22, using annual data. Secondly, the changes in the trends and growth rates of their respective components i.e., government revenue and expenditure are also examined. This paper adds to the existing literature by providing the study over a more recent period covering the period of the covid pandemic. In addition, a comparison of India's fiscal deficit with select emerging and developed countries is also provided.

The structure of the paper is as follows. The introduction and the objectives of the study are discussed in Section 1. Data and methodology are discussed in Section 2. The trends in fiscal deficit, government expenditure and revenue in the Indian case are examined in Section 3. In this section there is also a comparison of the Indian economy with selected developing and developed countries on the fiscal parameters. Conclusions of this paper follow in Section 4.

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II. DATA AND METHODOLOGY

Gross fiscal deficit (GFD) is calculated as the excess of total expenditure (including loans net of recovery) over revenue receipts (including external grants) and non-debt capital receipts. (Handbook of statistics (HBS), RBI). The analysis in this paper uses data from the Handbook of Statistics on the Indian economy, RBI,2022-23. The study period starts from 2010-11 till 2021-22. Data on GFD, GFD receipts and GFD expenditure has been taken from Table 97, HBS, RBI. Data for 2021-22 are revised estimates. Using the data from the above source, percentages and growth rates have been computed to aid in analysis. Data on Gross Domestic Product (GDP) has been taken from Table 1 of HBS.

The trends in GFD receipts, GFD expenditures and fiscal deficits in this section are studied using the following tables and their corresponding graphs. Table 1 and its corresponding Fig1. present data on centre's gross fiscal deficit, receipts and expenditures. Table 2 shows the data on gross fiscal deficit, GFD expenditures and GFD receipts as a percentage of GDP. Fig 2 is a plot of GFD as a percentage of GDP. Table 3 and its corresponding Fig.3 show the growth rate in the three variables.

III. TRENDS IN FISCAL DEFICIT IN THE INDIAN ECONOMY

Before discussing the trends of the sample period-2010:2022, a brief depiction of the fiscal position in the preceding few years is given below.

Pre study period- FRBM Act 2003 and subsequent years till 2009-10

To institute a fiscal discipline framework the Parliament approved the fiscal responsibility and budget management (FRBM) Act (2003). The fiscal responsibility and budget management (FRBM (Act 2003) became effective w.e.f July 5, 2004. According to this act, the central government had to fully reduce revenue deficit by March 2009 and lower fiscal deficit to 3% of GDP by March 2008. India's fiscal position improved after following these fiscal deficit targets. The high average GDP growth rate of 8.7% between 2003-04 and 2008-09 contributed to revenue buoyancy and thus led to lower both revenue and fiscal deficits. (Kumar and Sowmya (2010)). The fiscal deficit legislations had a positive impact at both the centre and state levels. GFD of the centre in 2007-08 was 3.33% whereas revenue deficit was 1.06% of GDP. the fiscal discipline had a positive effect on other economic variables. In 2006-07 inflation was moderate and growth was 9.6% (De (2012)).

However, India's fiscal position changed drastically in 2008-09. The union budget 2008-09 announced schemes like farm loan waiver, expansion of social security schemes under NREGA, sixth pay commission and food, fertilizer and petroleum subsidy. The fiscal deficit increased from 5.0% in 2007-08 to 8.9% of GDP in 2008-09. There was also increase in public expenditure due to parliamentary elections. India was impacted adversely by the global financial crisis of September 2008, through three channels-financial sector, exports and exchange rates. To counter the effects of the global financial crisis, the Government announced three fiscal stimulus packages. These included reduction in taxes and duties and incentives to the export sector (Kumar and Sowmya (2010)). These measures led to a reduced revenue and significant increase in expenditure creating a temporary deviation in 2008-09 and 2009-10 from fiscal consolidation path of FRBM act. (Kumar and Sowmya (2010)).

Study period- 2010-11:2021-22

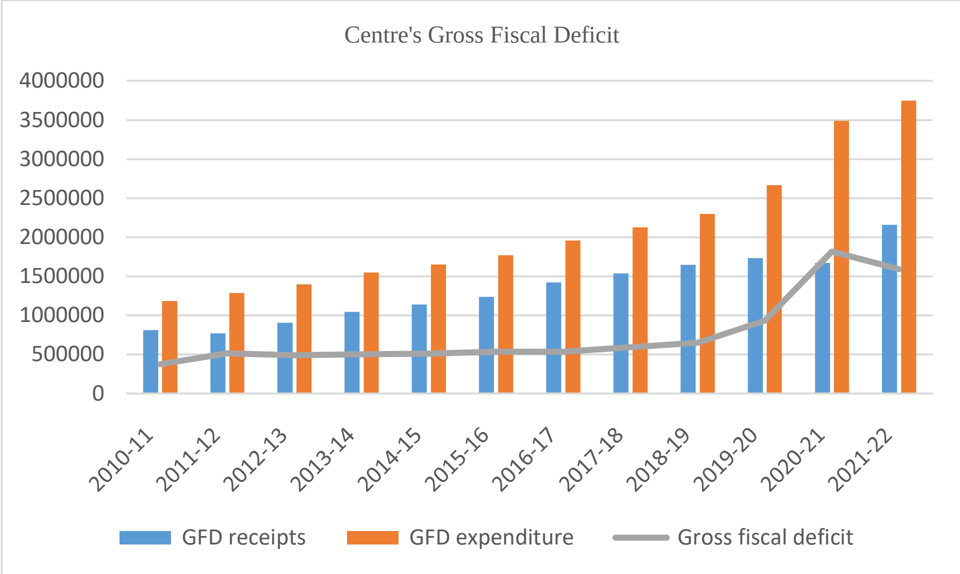
From the period 2010-11 to 2021-22, it is observed that the centre's GFD expenditure in each year has been increasing from 1184908(Rupees crore) in 2010-11 to 3748025(Rupees crore) in 2021-22(Table 1), with a large rise during the year 2019-20 and 2020-21, registering a rate of growth of 16.14% in 2019-20 and 30.81% in 2020-21(Table 3). The GFD receipts have also been increasing from 811317 (Rupees crore) in 2010-11 to 2156936 (Rupees crore) in 2021-22, except for the years of 2011-12 and 2020-21(Table 1) where there is a decline, as also evidenced by the negative growth rate of 5.15% in 2011-12 and 3.61% in 2020-21 in Table 3.

Table 1. Centre's Gross fiscal deficit, receipts and expenditures (Rupees crore)

Years	GFD receipts	GFD expenditure	Gross fiscal deficit
2010-11	811317	1184908	373591
2011-12	769525	1285515	515990
2012-13	905122	1395312	490190
2013-14	1044092	1546950	502858
2014-15	1139209	1649935	510725
2015-16	1237157	1769948	532791
2016-17	1421946	1957564	535618
2017-18	1535278	2126340	591062
2018-19	1647642	2297060	649418
2019-20	1734363	2668014	933651
2020-21	1671817	3490108	1818291
2021-22	2156936	3748025	1591089

Source: Table No.97, Centre's gross fiscal deficit (GFD) and its financing, Handbook of statistics, RBI,2022-23

Fig1. Centre's Gross fiscal deficit, receipts and expenditures



Source: Data from Table 1

As expenditures have been higher than receipts over the sample period considered there is creation of a gross fiscal deficit over the entire period. Different factors over the years as discussed below have contributed to the creation of this fiscal deficit (Source-union budget and economic survey, various years)

The fiscal expansionary effects of the government extended into 2009-10 as the government wanted to reduce the effect of the global slowdown on the Indian economy. For this public expenditure in certain sectors was increased to revive growth. As a result, the Indian economy generated 7% growth real GDP in 2009-10(first half). Table 2 shows that the fiscal deficit as a percentage of GDP is 4.893 in 2010-11 and increased to 5.906 in 2011-12. The Budget of 2010-11 chalked out a path for fiscal consolidation. During 2010, 3G and BWA spectrum auction led to high non-tax revenue receipts. The higher than estimated revenue from telecom auction and indirect taxes made possible additional expenditure through supplementary demand for grants. The government decided that financial allocation to priority sectors be increased while adhering to the fiscal deficit target. But due to sticky inflation, fiscal consolidation had to be paused in 2011-12. Fiscal revenues increased at a slower pace due to sharp slowdown in industry and increase in costs which influenced profits. On the other hand, high global commodity prices necessitated increase in expenditures. Government reduced the tax incidence on petroleum products due to higher global prices. The provision for food and fertilizer subsidies was increased in the wake of the high inflationary situation. Also, the decrease in the rate of growth of the economy reduced the direct tax collections. So, the increase in deficit in this period was a result of drop in the growth rate which affected direct tax collections and due to high inflation, additional expenditure on food, fertilizer and petroleum subsidies had to be provisioned.

In 2012-13 the fiscal position of the centre significantly improved. the fiscal deficit dropped to 4.93% with a growth rate of –5%. Kelkar committee was appointed in 2012 to devise a fiscal consolidation roadmap, and in the ministry of finance committee of secretaries was formed to achieve the target of disinvestment. Steps were taken to increase the tax and non-tax revenues. Government took steps to rationalise both plan and non-plan spending to match revenues. In 2013-14 the proactive policy decisions of the government coupled with the policy of fiscal rectitude improved the year end performance of the fiscal deficit target set for the year. Government adhered to fiscal consolidation in 2013-14 despite domestic and external challenges i.e., high global crude prices, slow growth of investment, slowdown in growth, by following a policy for increasing revenue and rationalizing expenditure. The fiscal deficit was 4.48% in 2013-14. The course of fiscal consolidation was followed in 2014-15, which required an increase in tax to GDP ratio and non-debt to GDP ratios and a continuance of low level of total expenditure to GDP ratio. In 2015-16 government revised its expenditure policy and focused on core developmental schemes. Measures to increase capital investments and control growth in non-plan consumption expenditure were taken. At the same time measures were initiated to increase tax and non-tax revenues. The fiscal deficit stood at 3.87% of GDP.

In the fiscal year 2016-2017, the deficits were 3.48% of GDP, while the growth rate stood at 0.53%. This was primarily due to the growth rate of receipts exceeding that of expenditures, because of increased excise and service tax collections. The lower deficits growth rate compared to the previous year was attributed to the government's commitment to boosting investment in agriculture, social sectors, infrastructure, and employment generation while sticking to the fiscal consolidation path.

The budget also allotted additional funds for the 7th Pay Commission recommendations and the implementation of the One Rank One Pension scheme in the defence sector. Despite increased devolution to states, as per 14th Finance Commission, Plan expenditures increased, and there were significant reductions in defence expenditures and subsidies. In the fiscal year 2017-18, there was a significant jump in the rate of growth of deficits at 10.35%. The government prioritised fiscal consolidation while maintaining public investments. However, the demonetisation of high denomination bank notes in December 2016 caused a decline in economic activities. To alleviate the impact, the government declared measures focusing on housing, relief for farmers, credit support for MSMEs, promotion of digital transactions, assistance for vulnerable groups, and priority for women and marginalised communities through the Mudra Yojana. Key reforms included the introduction of the Goods and Services Tax (GST) to simplify indirect taxation and the implementation of the Insolvency and Bankruptcy Code (IBC) to address non-performing assets.

The Budget 2018-19 reflected the government's commitment to boost investment in Agriculture, Social Sector, Digital Payments, Infrastructure, and Employment Generation while aiming to reduce the fiscal deficit by 0.2% of GDP. The growth rate of GDP was 9.87%. The increase in expenditures was attributed to GST Compensation to States, 7th CPC recommendations, increased support to agriculture, increased interest payments, and internal security. The devolution of States' share in taxes had witnessed a major jump after the implementation of XIV Finance Commission. However, there was a slowdown in GDP growth in the June-September quarter of 2018, impacting tax revenues and government expenditures.

With concerns over gradually slowing economic growth, the government increased its fiscal spending in early 2019. The aim was to increase public expenditure in various sectors such as infrastructure, job creation, social welfare, and support for farmers' schemes. However, the outbreak of the COVID-19 pandemic and subsequent nationwide lockdown posed significant challenges. The unprecedented financial stimulus packages led to the worsening of the gross fiscal deficit. The growth rate of deficits was 43.76%. This further stressed the tax revenue system across the country. A significant consequence of the pandemic was the projection of negative GDP growth in June 2020, reflecting the adverse effects on the overall economy of India.

In financial year 2020-21, the gross fiscal deficit in India was at 9.18% of the GDP for that year. The deficits increased at a rate of 94.75%, owing to the abnormal market fluctuations and the continued effect of the COVID-19 pandemic. In the fiscal year 2021-22, it is worth noting that the growth rate of fiscal deficits experienced a decline, along with a decrease in growth rate of expenditures. The government's focus was primarily directed towards targeted economic stimulus in capital infrastructure and the public health sector, rather than opting for the provision of substantial cash transfers or implementing a universal basic income (UBI) program. To further strengthen the Fiscal Responsibility and Budget Management act, an amendment was introduced (3rd Amendment), which aimed to revise the deficit-to-GDP threshold and move away from the concept of "Zero revenue deficits". Despite the numerous challenges posed by the COVID-19 pandemic, the finance minister presented a significant fiscal deficit projection and initiated a path towards fiscal consolidation. A new centrally sponsored scheme, the PM Atmanirbhar Swasth Bharat Yojana, was introduced to enhance public health infrastructure. Overall, the government's objective was to strike a balance between deficits, stimulate specific sectors, and effectively address the challenges brought about by the pandemic.

Table 2. GFD expenditures, GFD receipts and GFD as a percentage of GDP

Years	Gross Fiscal Deficit as a percentage of GDP	GFD Expenditures as a percentage of GDP	GFD receipts as a Percentage of GDP
2010-11	4.893	15.520	10.627
2011-12	5.906	14.715	8.808
2012-13	4.929	14.032	9.102
2013-14	4.476	13.771	9.294
2014-15	4.096	13.233	9.137
2015-16	3.869	12.852	8.983
2016-17	3.480	12.718	9.238
2017-18	3.459	12.442	8.983
2018-19	3.436	12.154	8.718
2019-20	4.651	13.290	8.639
2020-21	9.183	17.626	8.443
2021-22	6.723	15.838	9.115

Source: Authors calculations on the basis of data from Handbook of statistics on Indian economy, RBI, 2022-23

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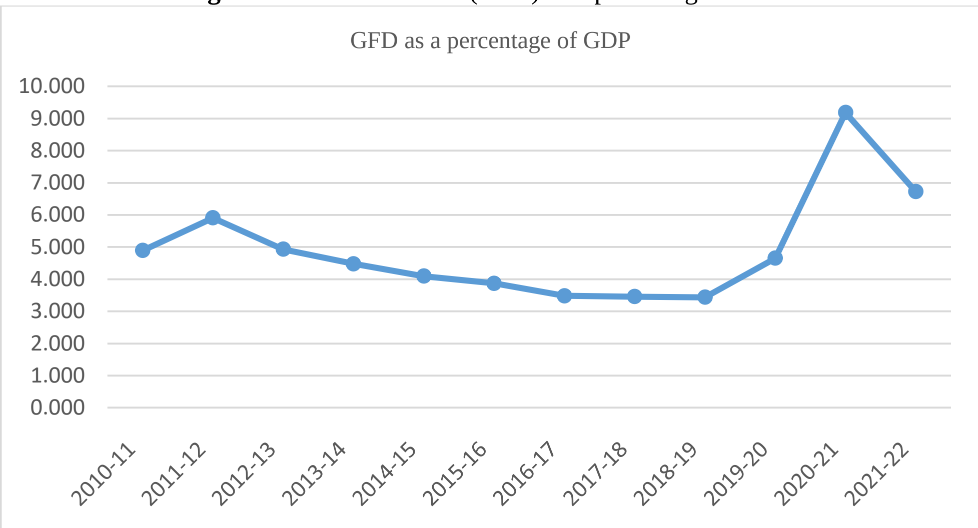
Fig.2. Gross fiscal deficit (GFD) as a percentage of GDP



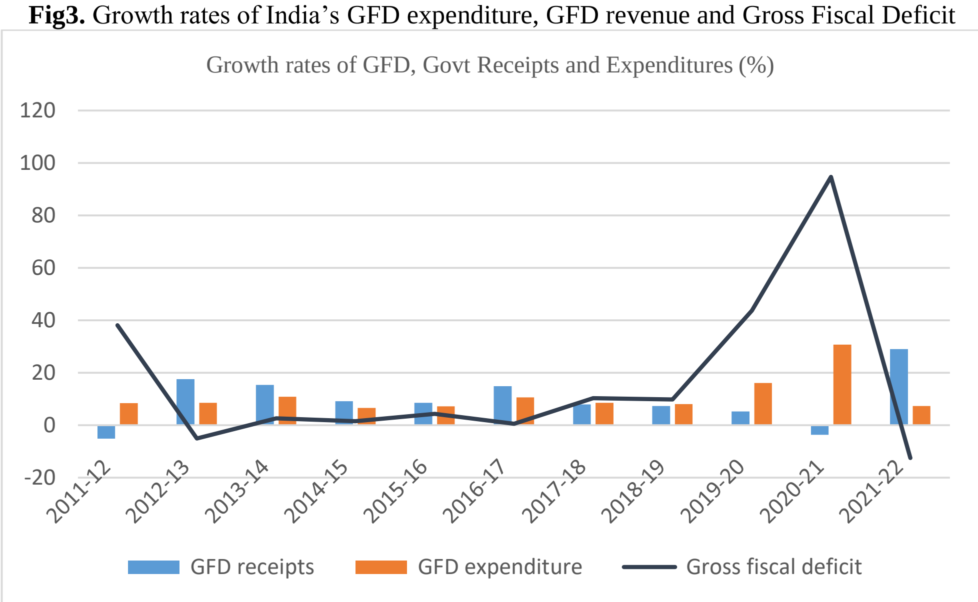
Source: Data from Table 2

Table 3. Growth rates of India's Fiscal deficit, Govt. revenue and expenditure (%)

Years	GFD receipts	GFD expenditure	Gross fiscal deficit
2011-12	-5.15113	8.490701	38.11628
2012-13	17.62087	8.541091	-5.0001
2013-14	15.35373	10.86768	2.584304
2014-15	9.110021	6.657293	1.564458
2015-16	8.597896	7.273802	4.320525
2016-17	14.93655	10.60011	0.530602
2017-18	7.970217	8.6217	10.35142
2018-19	7.31885	8.02885	9.873061
2019-20	5.263339	16.14905	43.76734
2020-21	-3.60633	30.81297	94.75061
2021-22	29.01751	7.389943	-12.4954

Source: Authors calculations on the basis of data from RBI Handbook of statistics.

Fig3. Growth rates of India's GFD expenditure, GFD revenue and Gross Fiscal Deficit



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Source: Data from Table 3

International comparison

When comparing India's fiscal position to that of selected nations, it is evident that countries including Canada, the United States, Italy, the United Kingdom, and Germany have exhibited high levels of indebtedness. This indebtedness stems from a consistent pattern where expenditures have exceeded revenues as a percentage of their respective Gross Domestic Product (GDP).

India's fiscal deficits experienced fluctuations from 2011 to 2022, 5.9% of GDP in 2011-2012 to 9.1% in 2020-21 and gradually declining to 6.7% in 2021-2022. In comparison, advanced countries such as the United States, Germany, and Japan also exhibited varying levels of fiscal deficits during this period. For instance, the United States witnessed its fiscal deficit peaking at 12.4% in 2020-21. Germany, on the other hand, maintained relatively low fiscal deficits at 3.7% in 2020-21. Japan's fiscal deficits were relatively higher at 5.1% in 2020-21. The fiscal deficits of several countries also experienced significant changes both during and after the COVID-19 pandemic. Prior to the pandemic, many countries already had high levels of fiscal deficits due to factors such as government spending and economic challenges. However, the pandemic has exacerbated these deficits as governments implemented measures to support their economies and provide relief to individuals and businesses.

India's fiscal deficits have shown significant improvement over the last couple of years, reflecting the government's commitment to fiscal discipline. In comparison to many other countries, India's fiscal deficits have been relatively lower and well-managed. This reflects India's sound economic policies and prudent fiscal management. The government's efforts to control expenditure and boost revenue have yielded positive results, resulting in a decrease in fiscal deficits. This trend is highly encouraging and highlights India's ability to maintain fiscal stability amidst global economic challenges and showcases India's strong economic fundamentals and its commitment to sustainable growth.

Table 4. International Comparison of Fiscal Deficits (2021-22)

Country	Fiscal Deficits (Percentage of GDP)
Canada	14.9
United States	12.4
Sri Lanka	11.7
Italy	9.0
Spain	6.9
India	6.7
Australia	6.6
France	6.5
China	6.1
Pakistan	6.1
South Africa	5.7
United Kingdom	5.2
Japan	5.1
Mexico	3.8
Germany	3.7
Singapore	0.9

Source: https://tradingeconomics.com

IV. CONCLUSIONS

In this paper an in-depth analysis of India's gross fiscal deficit (GFD) expenditures and receipts from 2010-11 to 2021-22 has been carried out. Data shows the central government's GFD expenditures have risen consistently, reaching 3,748,025 crore Rupees in 2021-22, with notable spikes in 2019-20 (16.14% growth rate) and 2020-21 (30.81% growth rate). GFD receipts have displayed an overall upward trajectory, but experienced declines in 2011-12 (-5.15%) and 2020-21 (-3.61%). Multiple factors have contributed to the deficit, including fiscal expansionary measures, increased spending on certain sectors, pay commission recommendations, GST compensations, inflationary pressures, and lower economic growth. To address the deficits, the government had implemented fiscal consolidation measures, focusing on increasing revenue, rationalizing expenditure, and adhering to fiscal targets. Notable policy decisions, reforms, and initiatives were introduced to improve the fiscal deficit performance, boost investment, support key sectors, and promote economic growth.

The COVID-19 pandemic and subsequent lockdown in 2019-20 led to a worsening of India's gross fiscal deficit, with a deficit-to-GDP ratio of 9.18% by 2020-21. The pandemic also resulted in negative GDP growth, further impacting the economy. To address the issues, the government had implemented a series of policy reforms aimed at improving fiscal balances in the aftermath of the Covid-19 pandemic. The government focused on targeted economic stimulus in capital infrastructure and the public health sector, instead of implementing substantial cash transfers or a universal basic income program. Amendments were made to the Fiscal Responsibility and Budget Management Act to revamp deficit-to-GDP thresholds. The government had presented a fiscal deficit projection and initiated a path towards fiscal consolidation despite the challenges posed by the pandemic. The PM Atmanirbhar Swasth Bharat Yojana was introduced to enhance public health infrastructure, to balance deficits, stimulate specific sectors, and effectively address pandemic-related challenges.

India's fiscal deficits have shown improvement in recent years, reflecting the government's commitment to fiscal discipline. These reforms have been comprehensive and far-reaching, reflecting the government's commitment to ensure long-term economic stability. Measures such as rationalizing subsidies, increasing tax compliance, and reducing non-essential expenditure have been implemented to boost revenue generation and reduce the fiscal deficit. Additionally, efforts have been made to increase the effectiveness of public spending through better targeting of social welfare programs and improving the effectiveness of infrastructure investments. These policy reforms had received widespread support and had a significant positive impact on India's fiscal balances, fostering economic growth and attracting investor confidence.

India's fiscal position, while experiencing fluctuations over the years, has shown resilience and improvement compared to other nations. While countries like Canada, the United States, Italy, the United Kingdom, and Germany have also faced high levels of indebtedness and consistent fiscal deficits, India has managed to control its deficits and exhibit a decline over time. The government's focus on fiscal discipline, expenditure control, and revenue enhancement have contributed to this positive trend. This trend showcases India's ability to maintain fiscal stability and underscores its strong economic fundamentals and commitment to sustainable growth.

In conclusion, this paper emphasizes the critical need for India to tackle its fiscal challenges. By prioritizing fiscal stability and sustainable growth, India can manage its fiscal deficit and unlock its full economic potential. This will not only instil confidence in investors but also attract much-needed investment to further strengthen India's economic position. By creating a conducive environment for investment and demonstrating a commitment to responsible fiscal practices, India can position itself as an attractive destination for both domestic and international investors.

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