# RECENT GOI BUDGETS: CORE OF ECONOMIC GROWTH


## Abstract

Post 2020-21 while the whole world attempted recovery from the grave impacts of Covid19, ***India has done remarkably well in both recovery and growth,*** lead mainly by the cardinal efforts of GOI budgets over the past few years.

Thus it would be interesting to note the salient features of the last few budgets, ***supplemented with links to the latest 2026 Budget,*** mainly to grasp ***the three dimensional growth*** despite the limitations posed by growing cumulative deficits which could have further devastated the economy through inflationary impacts and possible Debt Trap, ***but seems to be well managed and avoided.***

***Though the budgetary impacts have led to remarkable recovery and economic growth, there are still some areas where the untapped strength of the nation could be optimized through better budget productivity.***



**CMA Padmanabhan Satyes Kumar**
Ex. DGM (Finance)
BHEL
Hardwar
*satyeskumar@yahoo.com*


## Introduction

*GOI Budgets are always crucial source of economic planning in India but in the post covid period, it assumed greater significance as most nations (including India) suffered tremendously from the major crisis of the century and GOI was inevitably required to do the cardinal heavy lifting to come out of that nadir.*

*India managed to successfully come up from that point, mainly through core policies of these Budgets. The chosen period (2021 to 2026) is also important as it was crucial for bettering foundations required for long term growth toward the Viksit Bharat @ 2047 goal, leading to Width, Depth and Impact wise growth of the Budgets.*

As summarized nicely by Ranen Banerjee, Partner & Leader, Economic Advisory group at PwC, "The theme of 2026 Budget can be summarized as Consolidation (of ongoing schemes) rationalization (of overlapping schemes) and incentivisation (of businesses, individuals and entrepreneurs).

*Hence the article aims to reflect the INTEGRATION of the whole set of recent Budgets as a fine balance of long term policy consistency, wide ranging governance and economic growth.*

*(A)* **Overall GOI Budget Trends (2021 to 2026):** *(figures in Rs Lakh Crore) (Ref#1)*

| Factor | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 | 26-27 |
|---|---|---|---|---|---|---|
| Total Budget Outlay (TBO) | 34.83 | 39.45 | 45.03 | 48.20 | 50.65 | 53.47 |
| Estimated GDP | 222.87 | 282.15 | 301.75 | 326.37 | 356.98 | 393.01 |
| TBO/GDP (%) | 15.63% | 13.98% | 14.92% | 14.77% | 14.19% | 13.61% |
| Government Revenue (GR) | 19.76 | 23.16 | 27.16 | 32.07 | 34.96 | 36.51 |
| GR as % of GDP | 8.87% | 8.21% | 9.00% | 9.83% | 9.79% | 9.29% |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Borrowings/ Fiscal Deficit** | **15.07** | **16.61** | **17.87** | **16.13** | **15.69** | **16.96** |
| **Fiscal Deficit (as % of GDP)** | **6.76%** | **5.89%** | **5.92%** | **4.94%** | **4.39%** | **4.32%** |
| **Revenue Deficit (as % of GDP)** | **5.1%** | **3.8%** | **2.9%** | **1.8%** | **1.5%** | **1.5%** |
| **Effective Capital Exp(ECE)** | **7.73** | **10.68** | **13.71** | **15.02** | **15.48** | **17.15** |
| **ECE as % to GDP** | **3.47%** | **3.75%** | **4.54%** | **4.60%** | **4.37%** | **4.36%** |
| **Transfers to States & UTs** | **17.06** | **18.65** | **20.65** | **22.26** | **23.36** | **26.21** |

**Key Inference on the Trends**

1. *TBO has grown over 53% from just 35 lakh crore in last 6 years and at around 14% of the GDP, it still remains the central policy intervention for the whole Indian economy.*
2. *While GR (tax+ non tax+ capital receipts) remains around 10% of the GDP, the deficit has steadily come down from around 7% to around 4%, reflecting excellent fiscal consolidation aspect. In fact as per the latest Economic Survey (ET 29/1/26), only India and Brazil has been able to achieve a lower Primary deficit in 2025 compared to their pre-Covid levels, while others including USA, China, Germany, UK, France and Italy have still not managed the same in their budgets.*
3. *ECE (capital outlay in the GOI budget+ grants in aid for creation of capital assets) has grown substantially and its multiplier impacts remains cardinal to long term growth policy.*
4. *Transfers to States & UTs have also gone up by remarkably in this period showing healthy devolution.*
5. *Overall the budget trends indicates fine financial discipline and long term corrections of central deficit but the health of state government finances still needs lot of improvement (Ref#3).*

*(B)* ***Width Amplification: can be seen from select allocation data:*** *(All figures in Rs crore)*

| Schemes | 21-22 | 22-23 | 23-24 | 24-25 | 25-26 | 26-27 |
|---|---|---|---|---|---|---|
| Jal-Jeewan Mission | 55,011 | 60,000 | 70,000 | 70,163 | 67,000 | 67670 |
| Education Mission/ Samgra Siksha | 34,300 | 39,553 | 38,593 | 37,500 | 41,250 | 42100 |
| PM Awas Yojana (Rural+Urban) | 27,500 | 48,000 | 79,590 | 84,671 | 78,126 | 76,542 |
| AJEEVIKA Mission | 14,473 | 14,236 | 14,129 | 15,047 | 19,005 | 19,200 |
| Metro Rail Projects | 18,998 | 19,130 | 19,518 | 21,336 | 31,239 | 28,740 |
| Nutrient Based subsidy | 64,192 | 42,000 | 44,000 | 45,000 | 49,000 | 54,000 |
| Space Technology | 10,250 | 10,535 | 9,441 | 10,088 | 10,230 | 10,397 |
| MISS (Int. Subvention) | ------- | 19,500 | 23,000 | 22,600 | 22,600 | 22,600 |
| POSHAN | ----- | 10,234 | 11,600 | 12,467 | 12,500 | 12750 |
| Solar power Grid | ----- | 3,304 | 4,970 | 10,000 | 1,500 | 1,775 |
| RoEDTP (Export) | ---- | 13,669 | 15,069 | 16,575 | 18,233 | 10,000 |
| Railway Safety | ----- | 35,000 | 45,000 | ----- | ------- | -------- |
| SKILL India | ------ | -------- | 2,278 | 2,686 | 2,700 | 2,800 |
| Price Stabilization Fund | ----- | ------ | ----- | 10,000 | 4,020 | 4,100 |
| New Employment Generation Scheme | ------- | ------- | ------ | 10,000 | 2954 | 4,500 |
| PM Suryaghar | ------ | -------- | ------ | 6,250 | 20,000 | 22,000 |
| Export Promotion | ------- | ---------- | ------- | ------- | 2,250 | 2,300 |
| RDI Fund(S&T) | ------- | --------- | ------- | -------- | 20,000 | 20,000 |
| **PM Viksit Bharat Rozgar Yojana** | | | | | | 20,083 |
| **Coal/Lignite Gasification Schemes** | | | | | | 3,525 |
| **Gap Funding Battery Energy Storage Systems** | | | | | | 1,000 |
| **PM SETU (Skill Development)** | | | | | | 6,141 |

**Key Inference:**

a. *While most of the allocations reflects long term focus on the targeted schemes for saturation impact, few others also indicates focused one time/ short duration allocations for resolving the emerging issues.*

b. *The trend of WIDENING ambit of the GOI budgets over the years also reflects GOI's long term commitments for quantum jump in the economic growth of the nation.*

c. *While WELFARE schemes like PM Awas Yojana, Jal Jeewan Mission etc. has consistently expanded, developmental allocations also made for Metro, Solar Grid, PM Suryaghar, Space Technology etc.*

d. *Of late the importance of Price Stabilization, R&D, exporter's insecurity etc. has lead to focused allocations for these emerging challenges. Last 4 schemes have been initiated in 2026 Budget.*

*(C)* ***Depth amplification: in the successive budgets can be noted from following Allocations:*** *(Rs crore)*

| *Allotted For* | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---|---|---|---|---|---|
| **Defense** | 347088 | 385370 | 432720 | 454773 | 491732 | 594585 |
| **Transport** | 233083 | 351851 | 517034 | 544128 | 548649 | 598520 |
| **Food Subsidy** | 242836 | 206831 | 197350 | 205250 | 203420 | 227629 |
| **Fertilizer Subsidy** | 79530 | 105222 | 175100 | 164000 | 167877 | 170781 |
| **Agri. & Allied** | 148301 | 151521 | 144214 | 151851 | 158838 | 162671 |
| **Rural Developmnt** | 194633 | 206293 | 238204 | 265808 | 265817 | 273108 |
| **Education** | 93224 | 104278 | 112899 | 125638 | 128650 | 139289 |
| **Health** | 74602 | 86606 | 88596 | 89287 | 98311 | 104599 |

**Key Inference:**

*The above data generally indicate increasing allocations for the areas which are primary responsibility of the government and despite its focus on the infrastructure and nation building for long term Viksit Bharat goal, the primary responsibility of governance is catered through deeper allocations.*

**(D) Impact amplification: expanding coverage of select outlays reflect the same:** (Ref#2)

i. Metro rail was limited to a few big cities 10 years back but now provide operational facility of nearly 980 km in nearly 20 cities with further many under construction (112 km target for FY 2026-27.)

ii. PM Awas Yojana (Gramin and Urban) has expanded the durable housing support to incremental 3 crore people to be covered by 2028-29 over and above the 2 crore families already benefited.

iii. The Jal Jeewan Mission has expanded the tap water connection to now cover almost 81% of the rural homes and now ( FY 26-27) targeting regular and qualitatively improved water supply.

iv. Cumulative installation of Smart Meters (by March 2027) is projected to reach 10 crore consumers.

v. The PM Ujjala Yojana has now (Jan 2026) rendered deposit free cooking gas connection to over 10.58 crore households including 6 yearly refills at 40% subsidy and with average 4.7 refills per year.

vi. Apart from crucial progress on the country's first bullet train, in the 2026 budget another set of Rapid rails between many a tier1 and tier 2 cities were declared and hopefully by 2030, the country's transportation would be far advanced.

Overall more than 95 crore of Indians (nearly 2 out of every 3 Indians) are covered by one or more social security schemes reflecting people centric governance. (Ref#3)

**(E) Suggestions for Improved Budget Productivity:** (Ref#3&4)

1. ***Agriculture:*** *the primary sector is still not fully developed and hence policies need to shift from incremental allocations to composite strategies integrating food security and quality products for rising population, expanding export capacity, greater prosperity of marginal farmers and quantum jump in rural economy.*

2. ***Manufacturing:*** *reforms and FTAs should*

*spur manufacturing growth. Employment related schemes needed for few more years till manufacturing sector covers at least 25% of GDP and ease the pressure from service sector which has been doing the heavy lifting in domestic as well as export segments. India's manufacturing sector has been an under-performer and focus needed to increase its productivity in overall economy.*

3. ***Services sector:*** *emerging fields like GCCs, AI, WEB3, Block-Chain etc. should be prioritized for policy support for limiting risk of global isolation. CII recommends establishment of multiple centers of advanced learning and applications especially for AI, Clean Energy etc.*

   *Another pressing priority seems the portable Social security scheme for expanding gig workers.*

4. ***Circular Economy, Silver Economy, Young Economy etc.:*** *such targeted sectors could reduce dependence on imported critical minerals, render support for aging population as well as preserve the health of younger working population for both greater economic dividend and growth.*

5. ***Strategic Swadeshi:*** *could incentivize* ***competitive domestic business*** *to replace imports and expand exports. Recent FTAs should be capitalized for value chains, trade, investments and high value added manufacturing. Also needed is targeted cost reduction in products facing competition from cheaper imports and PLI 2.0 for incentivizing Engineered/ Manufactured in India rather than imported/assembled.*

6. ***Private Consumption:*** *part monetization of idle household wealth (like gold and silver) through appropriate bank credits needs policy thrust and also the expanding middle class and their propensity for greater consumption should spur private consumption.*

7. ***Infrastructure Reforms:*** *Rural Infra (like roads, cold chains, food processing structure etc) as well as RE power infra (supportive grids, storage projects etc.) now needed for better utilization of idle infra already built up but underutilized, for better dividend to the target group of farmers and consumers and for the overall economic dividends. (Ref#5)*

8. ***Widening Inequality:*** *recent survey amongst youngsters by WEF considers this as the most potential risk worldwide and GOI also needs focused policy on same. Creating opportunity for sectional growth and providing meaningful engagements need specific policies. New labor laws should link wages with corporate profits and expand employment to ease disparities.*

9. ***Tax Reforms:*** *GST and Income Tax reductions are very good for increasing consumption and lowering disparity. However, in the long run the overall taxpayer base for income tax needs to be expanded to reduce per capita tax and consolidate financial prudence.*

10. ***Social Sector Reforms:*** *multitude of institutions, higher rank on Global Innovation Index and remarkable improvement under NITI Aayog's Multidimensional Poverty Index etc. reflect remarkable progress. Now the challenge remains in consolidation, empowerment and quality improvements.*

11. ***Reset in Bureaucratic Mindset: needed*** *to spur innovation and enhance developmental focus mainly on issues requiring time bound decision. The current inertia results in underutilization of the budget and resultant short achievements despite the reforms in budgeting timelines.*

## Conclusion

India's budgetary policies and management (2021-26) is not only reflective of initiating remarkable and consistent growth but also the most significant reflection of SABKA SAATH SABKA VIKAS (Support and Development of All Indians). It also clearly indicates the impetus not only on well designed supports required in the present conditions but also lays clear foundation for the long term growth of the nation.

However, we should strive for further improvements for better optimization and overall results. MA

## References

1. *GOI's Finance Ministry, Budget archives, 2021-22 to 2026-27 (mainly "Budget at a Glance")*
2. *Ministry of Finance- Budget 2026-27 Output–Outcome Monitoring Framework;*
3. *Economic Survey 2026 highlights from ET of 29th January 2026*
4. *Budget related articles in Economic Times from 9th January to 30th January 2026.*
5. *Pivots needed for Infra Budgets – By Jaggannarayan Padmanabhan ET 29/01/26*