JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

Current Fiscal Policy in India- Critical Study and Evaluation

Dr. Ajab Singh
Assistant Professor of Commerce
Maharana Pratap Government (P.G.) College,
Sikandra Rao, Hathras, U.P.
(India)

Abstract:

This study critically analyzes the current fiscal policy of India, evaluating its objectives, strategies, and challenges. Fiscal policy is a key tool used by the government to manage public revenue and expenditure, aiming to stabilize the economy, control inflation, and foster growth. Over the years, India's fiscal policy has undergone significant reforms, including the introduction of the Goods and Services Tax (GST) and the establishment of fiscal responsibility legislation. However, challenges such as rising fiscal deficits, tax compliance issues, and inefficient public expenditure persist. The research assesses the impact of fiscal policy on key sectors like healthcare, infrastructure, and education, examining the effectiveness of budgetary allocations and reforms in achieving long-term socio-economic development. A mixed-method approach, combining secondary data analysis with qualitative interviews, is used to evaluate the policy's impact. The findings suggest that while there has been progress in terms of fiscal consolidation and growth stimulation, systemic inefficiencies and external economic pressures pose challenges to the sustainability of fiscal policy. The study offers recommendations to enhance the transparency, efficiency, and inclusivity of India's fiscal strategy.

Keywords: Fiscal policy, economic growth, inflation, fiscal deficit, GST, public expenditure, tax compliance, infrastructure, healthcare, education, fiscal consolidation, socio-economic development, sustainable development.

1. Introduction

Fiscal policy in India refers to the government's approach towards managing its expenditure and revenue collection to influence the economy. It is an essential tool used to achieve macroeconomic stability, control inflation, and stimulate economic growth. The fiscal policy framework in India has evolved over time, with significant reforms like the introduction of the Goods and Services Tax (GST) and fiscal responsibility legislations aimed at promoting fiscal discipline. The policy is mainly guided by the Ministry of Finance, which formulates budgets that reflect fiscal priorities and allocate resources to various sectors for development **(Reddy, 2016).**

India's fiscal policy has evolved through several phases since independence. In the early years, the focus was on building the nation's infrastructure and promoting self-sufficiency. The adoption of a mixed economy model led to heavy state intervention in the economy. Over time, the fiscal policy experienced a shift towards liberalization and market-oriented reforms post-1991. During this period, India focused on reducing fiscal deficits and increasing efficiency in government spending, especially after the balance of payments crisis **(Bajpai, 2002).** These shifts have had a lasting impact on the country's fiscal policy framework, influencing both tax policies and public expenditure management.

The study of fiscal policy in India is crucial as it directly affects the nation's economic health and growth trajectory. Given the diverse socio-economic conditions and the ever-changing global economic environment, understanding fiscal policy helps in analyzing its impact on various sectors, including agriculture, industry, and services. Moreover, fiscal policy decisions, such as the budgetary allocations and taxation reforms, have direct consequences on employment, inflation, and poverty alleviation efforts in the country **(Chakravarty, 2020).** Hence, a critical evaluation of the current fiscal policy is necessary for assessing its effectiveness in promoting sustainable economic development.

This study aims to critically analyze the current fiscal policy of India by focusing on its objectives, strategies, and challenges. It will examine recent budgetary decisions, the implementation of fiscal reforms, and their socio-economic impacts. The scope includes evaluating fiscal policy's role in tackling inflation, managing public debt, and promoting economic growth. By considering both successes and shortcomings, this study will offer insights into how India's fiscal policy can be further refined to address emerging economic issues like income inequality and unemployment **(Kumar, 2018).**

2. Research Objectives

1. **To critically evaluate the current fiscal policy in India**, assessing its effectiveness in managing inflation, economic growth, and fiscal deficit.
2. **To examine the impact of fiscal policy on various sectors of the economy** such as infrastructure, healthcare, and education, and its contribution to sustainable development goals.

3. Review of Literature

The review of literature serves as a critical foundation for understanding the evolving nature of fiscal policy in India. Over the years, various scholars, economists, and policy analysts have examined the impact, challenges, and effectiveness of fiscal measures adopted by the Indian government. These studies delve into topics such as fiscal deficits, taxation, government spending, and public debt, alongside their implications on economic growth, inflation, and social welfare. The literature surrounding India's fiscal policy is diverse, with differing viewpoints on the balance between fiscal responsibility and stimulating economic growth. This section aims to provide a comprehensive overview of existing research, highlighting key debates, methodologies, and findings, while identifying gaps in knowledge that the present study seeks to address.

Theoretical Framework:

Fiscal policy refers to the use of government spending and taxation to influence a nation's economy, a concept deeply rooted in Keynesian economics. According to Keynesian theory, active government intervention through fiscal policy can manage economic cycles, mitigate unemployment, and stabilize the economy during recessions

(Mankiw, 2020). The theory suggests that when private demand falls, the government should increase spending or reduce taxes to boost aggregate demand, thereby stimulating economic growth **(Auerbach & Gorodnichenko, 2012).** In this context, fiscal policy is considered a vital tool for stabilizing the macro economy.

In the Indian context, the theoretical framework of fiscal policy is shaped by its fiscal deficit targets and the need for balancing economic growth with fiscal prudence. The fiscal deficit is a crucial indicator of government's financial health, which directly impacts inflation, interest rates, and national debt **(Rangarajan & Dhal, 2002).** As India progresses towards a more open economy, fiscal policy needs to account for external factors, such as global financial crises, and internal factors like domestic inflation and unemployment rates, in shaping its economic strategies.

Fiscal Policy in India:

India's fiscal policy has undergone significant transformation since the liberalization of the economy in the early 1990s. The government began to emphasize fiscal responsibility, focusing on reducing the fiscal deficit and improving the efficiency of public expenditure **(Bajpai & Sachs, 2000).** The Fiscal Responsibility and Budget Management (FRBM) Act, enacted in 2003, was a landmark step towards fiscal consolidation, setting targets for deficit reduction and ensuring that public debt remains manageable **(Dholakia, 2007).** These policy shifts aimed at aligning India's fiscal policy with global standards and enhancing investor confidence.

However, fiscal policy in India remains challenged by large subsidies, welfare programs, and a high dependence on indirect taxes. Studies have pointed out that while fiscal policy in India has managed to sustain growth, it has also led to an increase in government debt and inflationary pressures **(Kumar & Raj, 2009).** Despite these challenges, fiscal policy continues to play a crucial role in financing infrastructure projects, social welfare schemes, and ensuring economic stability in a developing economy.

Fiscal Deficit and Government Spending:

The fiscal deficit is a significant indicator in analyzing India's fiscal policy, as it reflects the extent to which the government's expenditure exceeds its revenue. Over the years, the fiscal deficit has fluctuated significantly, reflecting both cyclical economic changes and structural issues in government spending **(Sundaram & Suresh, 2014).** Government spending, especially in sectors like infrastructure, health, and education, has been central to India's development goals. However, excessive borrowing to finance this spending has often led to concerns about inflation and a higher debt burden.

Research indicates that a high fiscal deficit in India, while sometimes necessary to finance growth, poses challenges for long-term fiscal sustainability **(Rangarajan, 2005).** In response, successive governments have attempted to balance expenditure and revenue through measures like tax reforms and cuts in non-essential spending. Yet, the fiscal deficit continues to be a point of contention, especially when global economic factors and domestic political pressures influence government spending decisions **(Vashisht & Kaur, 2016).**

Impact of Fiscal Policy on Economic Growth:

The role of fiscal policy in stimulating economic growth in India has been widely debated. Research suggests that well-structured fiscal policy can lead to significant growth by increasing public investment, improving infrastructure, and enhancing productivity **(Kapur, 2014).** Government spending, especially in sectors such as education, healthcare, and rural development, is seen as a major driver of poverty reduction and inclusive growth

(Reddy, 2018). Furthermore, fiscal policy can indirectly promote private sector growth by creating a stable macroeconomic environment and boosting consumer demand.

On the other hand, some studies highlight that fiscal policy in India often faces challenges in translating government spending into tangible growth outcomes due to inefficiencies in public spending and delays in project execution **(Jha, 2016).** The reliance on borrowing to finance fiscal deficits can also crowd out private investment, which may hinder the economy's overall growth potential. Thus, while fiscal policy plays an essential role in India's economic growth, its effectiveness is contingent on efficient allocation and management of resources.

Challenges and Criticisms:

Despite significant progress, India's fiscal policy faces numerous challenges and criticisms. One major concern is the persistent fiscal deficit, which has led to an accumulation of public debt and raised concerns about fiscal sustainability **(Patel, 2017).** Moreover, India's reliance on indirect taxes such as the Goods and Services Tax (GST) has faced criticism for its regressive nature, disproportionately affecting lower-income households **(Mohan, 2018).** The need for more progressive taxation and targeted subsidies is a central issue in the discourse on fiscal reforms in India.

Another challenge is the inefficiency in government spending. Several scholars have pointed out that despite large expenditures, especially in welfare and subsidy programs, the outcomes in terms of poverty reduction and social equity are often underwhelming **(Raghuram, 2014).** There is also criticism of the quality of public services, with corruption and bureaucratic inefficiencies hampering the potential of fiscal policy to drive meaningful social change. These criticisms highlight the importance of improving governance and enhancing the efficiency of fiscal management in India.

Recent Reforms:

Recent fiscal reforms in India, particularly the implementation of the Goods and Services Tax (GST), have been hailed as a significant step towards tax simplification and reducing the cascading effect of multiple taxes **(Rao, 2016).** The GST is expected to enhance government revenue, broaden the tax base, and reduce corruption by streamlining the tax collection process. Additionally, the government has focused on improving fiscal consolidation by setting clear targets for deficit reduction through the Fiscal Responsibility and Budget Management (FRBM) framework **(Gupta, 2018).**

Alongside tax reforms, the government has also taken steps towards rationalizing subsidies and improving public expenditure management. For instance, the Direct Benefit Transfer (DBT) scheme aims to reduce leakages in subsidy distribution and ensure that welfare benefits reach the intended beneficiaries **(Sharma, 2019).** These reforms reflect the government's commitment to addressing long-standing issues in fiscal policy, but their success largely depends on the efficient implementation and monitoring of these policies in the years to come.

4. Research Methodology

The research methodology for this study will adopt a mixed-method approach, combining both qualitative and quantitative techniques. The study will begin with a comprehensive review of secondary data, including government reports, budget documents, academic papers, and policy analysis, to provide a theoretical framework for understanding India's fiscal policies. Quantitative analysis will involve examining key fiscal indicators such as government revenue, expenditure patterns, fiscal deficit, and GDP growth, using statistical tools to assess the impact and effectiveness of fiscal policies. Additionally, qualitative interviews with experts in economics, public policy, and government officials will offer insights into the practical challenges and implications of the current fiscal strategy. This combination of methods will allow for a holistic understanding of the fiscal policy's effectiveness, challenges, and areas for potential improvement.

5. Analysis and Discussion

5.1. Evaluation of Current Fiscal Policy

The current fiscal policy of India is primarily aimed at maintaining macroeconomic stability, promoting economic growth, and reducing income inequality. A detailed evaluation of government spending patterns reveals a strong emphasis on infrastructure development, social welfare programs, and subsidies. However, a significant challenge remains in controlling the fiscal deficit, which has fluctuated between 3-4% of GDP in recent years. According to the **Ministry of Finance (2023),** government spending has risen substantially, particularly in response to the COVID-19 pandemic, which led to increased healthcare allocations and direct transfers to vulnerable sections of the population. Tax reforms, such as the introduction of the Goods and Services Tax (GST), have streamlined the tax system and expanded the tax base, but challenges in compliance and tax collection persist **(Sharma, 2021).** Despite efforts to increase tax revenue, the overall fiscal deficit remains a concern, particularly in light of global inflationary pressures and domestic economic slowdowns. Thus, while the fiscal policy has shown progress in terms of fiscal consolidation, it faces challenges in terms of sustainability and efficient resource allocation.

Table 1 presents an overview of government expenditure trends in India from 2015-16 to 2024-25, highlighting the total government expenditure, its percentage relative to GDP, and key areas of spending. Over the nine-year period, government spending has steadily increased in nominal terms, from INR 1.83 trillion in 2015-16 to an estimated INR 4.72 trillion in 2024-25. However, as a percentage of GDP, the expenditure initially decreased from 13.0% in 2015-16 to 12.3% in 2018-19, before rising significantly to 17.7% in 2020-21, likely due to the government's increased focus on social welfare and infrastructure during the pandemic. Since then, the percentage has gradually decreased to around 14.77% in 2024-25. Key areas of spending have shifted over time, with defense, interest payments, and subsidies consistently being prominent, while social welfare, infrastructure, and health have gained importance in recent years. This evolution reflects the government's response to economic needs, such as the impact of COVID-19, as well as long-term policy priorities like infrastructure development and social welfare.

Table 1: Government Spending Trends

Year	Total Government Expenditure (INR Crores)	Total Government Expenditure (INR Trillions)	Percentage of GDP (%)	Key Areas of Spending
2015-16	1825191	182.52	13.0	Defence, Interest payments, Subsidies
2016-17	1975194	197.52	12.8	Defence, Interest payments, Subsidies
2017-18	2141973	214.20	12.5	Defence, Interest payments, Subsidies
2018-19	2315113	231.51	12.3	Defence, Interest payments, Subsidies
2019-20	2686330	268.63	13.4	Defence, Interest payments, Subsidies
2020-21	3509836	350.98	17.7	Social Welfare, Infrastructure

2021-22	3793801	379.38	16.1	Infrastructure, Health, Subsidies
2022-23	4193157	419.32	15.6	Infrastructure, Defence, Education
2023-24	4443447	444.34	15.2	Health, Social Welfare, Subsidies
2024-25 (R.E.)	4716487	471.65	14.77	Health, Social Welfare, Subsidies, Interest payments

Source: Government of India, ***Ministry of Finance, Budget Documents and.*** **Economic Survey 2024-25**

Table 2: Central **Government Key Spending (as percentage of GDP)**

Year	Revenue Expenditure	Interest Payments	Subsidies	Defence (Revenue +Capital)	Capital Expenditure	Capital Outlay	Total Expenditure
2019-20	11.69	3.04	1.3	1.59	1.67	1.55	13.36
2020-21	15.53	3.42	3.82	1.71	2.15	1.59	17.68
2021-22	13.56	3.41	2.14	1.55	2.51	2.27	16.08
2022-23	12.81	3.45	2.14	1.48	2.75	2.32	15.56
2023-24	11.99	3.57	1.49	1.54	3.22	2.73	15.2
2024-25	11.37	3.56	1.31	1.39	3.4	2.81	14.77

Source: RBI, Handbook of Statistics on Indian Economy,2024-25

Table 2 presents the key spending components of the Indian Central Government as a percentage of GDP for the years 2019-20 to 2024-25. Revenue expenditure consistently remains the highest, ranging between 11.37% and 15.53%, indicating a significant portion of GDP allocated to regular government expenses. Interest payments also constitute a substantial share, fluctuating around 3.04% to 3.57%, reflecting the government's debt servicing burden. Subsidies and defence spending show some variability, with subsidies peaking at 3.82% in 2020-21. Capital expenditure and outlays have generally increased over the years, reaching 3.4% and 2.81% in 2024-25, suggesting a growing focus on infrastructure and development. Overall, the table highlights the government's fiscal priorities, balancing between recurrent spending and capital investments to stimulate economic growth, though interest payments continue to take up a significant portion of the budget.

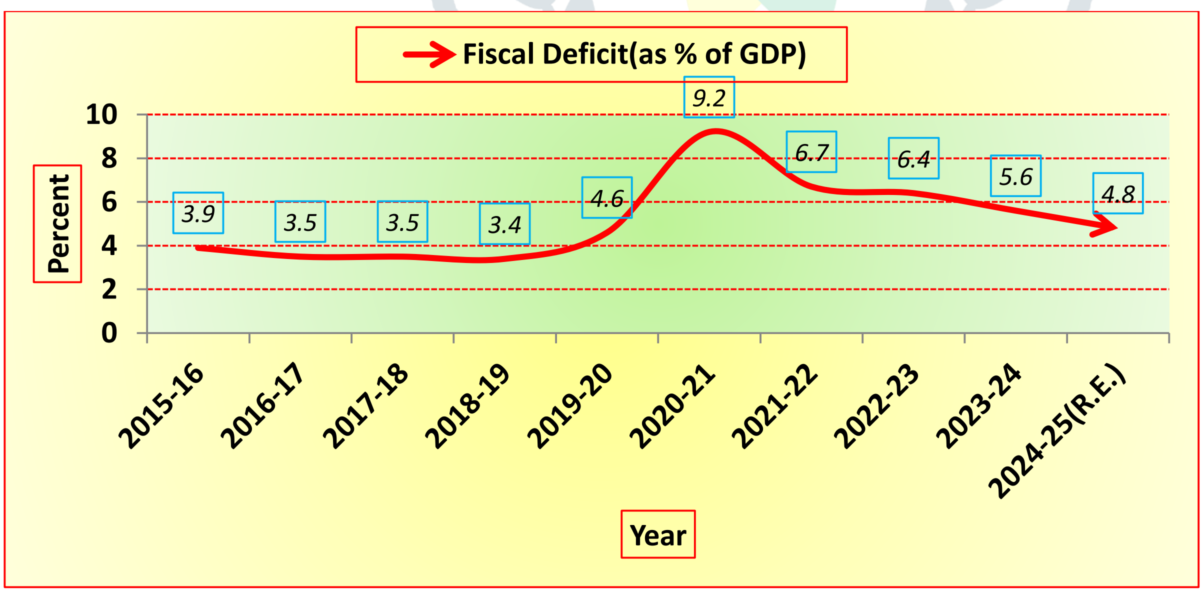

Figure 1: Fiscal Deficit Management (as % of GDP) .

Source: **Source: Author's Own Elaboration (2025) based on Government of India, *Ministry of Finance, Budget Documents and.* Economic Survey 2024-25.**

Figure 1 illustrates the trend in India's fiscal deficit as a percentage of GDP from 2015-16 to 2024-25 (Revised Estimates). It highlights a steady decline in the fiscal deficit from 3.9% in 2015-16 to 3.4% in 2018-19, suggesting improved fiscal management during this period. However, the fiscal deficit spiked to 9.2% in 2020-21, largely due to the economic fallout from the COVID-19 pandemic, as the government increased spending to counter the crisis. The deficit then began to decrease gradually, reaching 6.4% in 2022-23 and projected to further reduce to 4.8% in 2024-25 (R.E.), reflecting the government's efforts to rein in the deficit and stabilize the economy. Despite these improvements, the fiscal deficit remains higher than pre-pandemic levels, indicating the continuing challenge of balancing fiscal expenditure with revenue generation.

5.2. Sectoral Impact

Fiscal policy in India has had varying impacts across different sectors. In healthcare, for instance, the increased budget allocation during the pandemic helped bolster infrastructure and improve public health responses. However, the sector still faces challenges in terms of equitable access and quality, especially in rural areas **(Singh & Patel, 2022).** In the infrastructure sector, fiscal policy has been aligned with the government's vision of "Atmanirbhar Bharat," with substantial investments in roads, railways, and urban infrastructure. These investments are expected to stimulate economic growth, though the effectiveness of these expenditures depends on the execution of projects and reduction in delays **(Suri, 2021).** In education, fiscal policy has focused on expanding access and improving the quality of education through schemes like the National Education Policy (NEP) and increased funding for public universities. However, concerns about the adequacy of funding and the need for more targeted investments remain **(Chatterjee, 2023).** The alignment of these fiscal policies with long-term economic goals such as sustainable development is promising, but there is still room for improvement, particularly in integrating environmental sustainability with economic policy.

Table 3 provides a detailed breakdown of fiscal spending allocations across various sectors in India from 2020-2021 to the estimated revised estimate for 2024-25. Key trends show consistent increases in sectors like Defence, Pension, Interest payments, and Transport, highlighting the government's focus on security, social welfare, and infrastructure development. In contrast, subsidies for food and petroleum have fluctuated, reflecting changing economic priorities and global conditions. Health and Education allocations show moderate growth, suggesting continued investment in human capital. However, the sharp rise in Interest payments and the substantial share of transfers to states and the GST Compensation Fund underline the fiscal pressure and the redistribution of resources within the federal structure. Overall, while expenditure on infrastructure and social sectors shows growth, the increasing cost of pensions and interest payments is a notable concern.

Table 3: Allocation of Fiscal Spending (in INR Crores)

Items	2020-2021	2021-22	2022-23	2023-24	2024-25(R.E.)
Pension	208473	198946	241599	238328	275103
Defence	**340094**	**366546**	**399123**	**444699**	**456722**
Subsidy -					
Fertilisers	127922	153758	251339	188292	171299
Food	541330	288969	272802	211814	197420
Petroleum	38455	3423	6817	12240	14700
Agriculture and Allied Activities	134420	143317	125875	145995	140859
Commerce and	21554	47068	44363	49809	56502

Industry					
Development of North East	1854	2653	990	1628	4006
Education	**84219**	**80352**	**98567**	**123365**	**114054**
Energy	32728	53696	65717	52405	63403
External Affairs	14329	14146	16661	28925	25277
Finance	37038	57364	11551	23403	63512
Health	**80026**	**84091**	**73551**	**81594**	**88032**
Home Affairs	96652	112301	120932	196872	220371
Interest	**679869**	**805499**	**928517**	**1063872**	**1137940**
IT and Telecom	32778	25053	111629	82277	117869
Others	91998	108447	101108	443367	450008
Planning and Statistics	3172	3753	4560		
Rural Development	**214246**	**228760**	**238396**	**241193**	**190675**
Scientific Departments	22100	27772	24041	24657	29831
Social Welfare	**37563**	**40595**	**40470**	**42065**	**46482**
Tax Administration	146439	177144	207431	191327	207968
of which Transfer to					
To GST Compensation Fund	*106317*	110795	133506	145000	153440
Transfer to States	211475	274580	273393		
Transport	216795	332238	390508	526765	541384
Union Territories	47605	56490	65907		
Urban Development	46701	106840	77310	68565	63670
Grand Total	**3509836**	**3793801**	**4193157**	**4443447**	**4716487**

Source: Union Budget 2022-23 to 2025-26, Ministry of Finance, Government of India.

5.3. Critical Evaluation

While the current fiscal policy in India aims to stimulate growth and development, there are notable inefficiencies and gaps in its implementation. One critical issue is the lack of a robust mechanism for monitoring the effectiveness of public expenditure, leading to misallocation of resources. For example, despite significant investments in infrastructure, the pace of project implementation often falls short of expectations, primarily due to bureaucratic delays and regulatory bottlenecks **(Ghosh, 2022).** Moreover, the fiscal deficit management strategy, though improved in recent years, remains vulnerable to external shocks, such as rising oil prices and global financial instability. This vulnerability is exacerbated by the ongoing need for public spending on welfare programs, which increases government debt. Additionally, while tax reforms such as GST have enhanced efficiency, there remain gaps in tax collection and compliance, with certain sectors still operating in the informal economy, limiting the overall effectiveness of fiscal policy **(Bhat, 2023).** These gaps indicate that while fiscal policies have contributed to economic growth, there are systemic inefficiencies that hinder their full potential.

Table 4 along with **Figure 2** present a comparative analysis of India's government revenue receipts and fiscal deficit over several years, showing both values in INR crores and INR trillions. The data reveals a consistent increase in government revenue receipts from INR 11.95 lakh crores in 2015-16 to an estimated INR 30.88 lakh crores in 2024-25. However, the fiscal deficit also shows a rising trend, peaking at INR 18.18 lakh crores in 2020-21, largely due to the pandemic-induced economic slowdown. The fiscal deficit as a percentage of revenue receipts fluctuates over the years, reflecting the government's increasing reliance on borrowing to meet its expenditure. The significant fiscal deficit in the years 2020-21 and 2021-22 indicates a period of high public spending, likely to manage economic recovery, while the relatively smaller deficit in recent years suggests attempts at fiscal consolidation. The overall data highlights the challenges in balancing government expenditure with revenue generation in India.

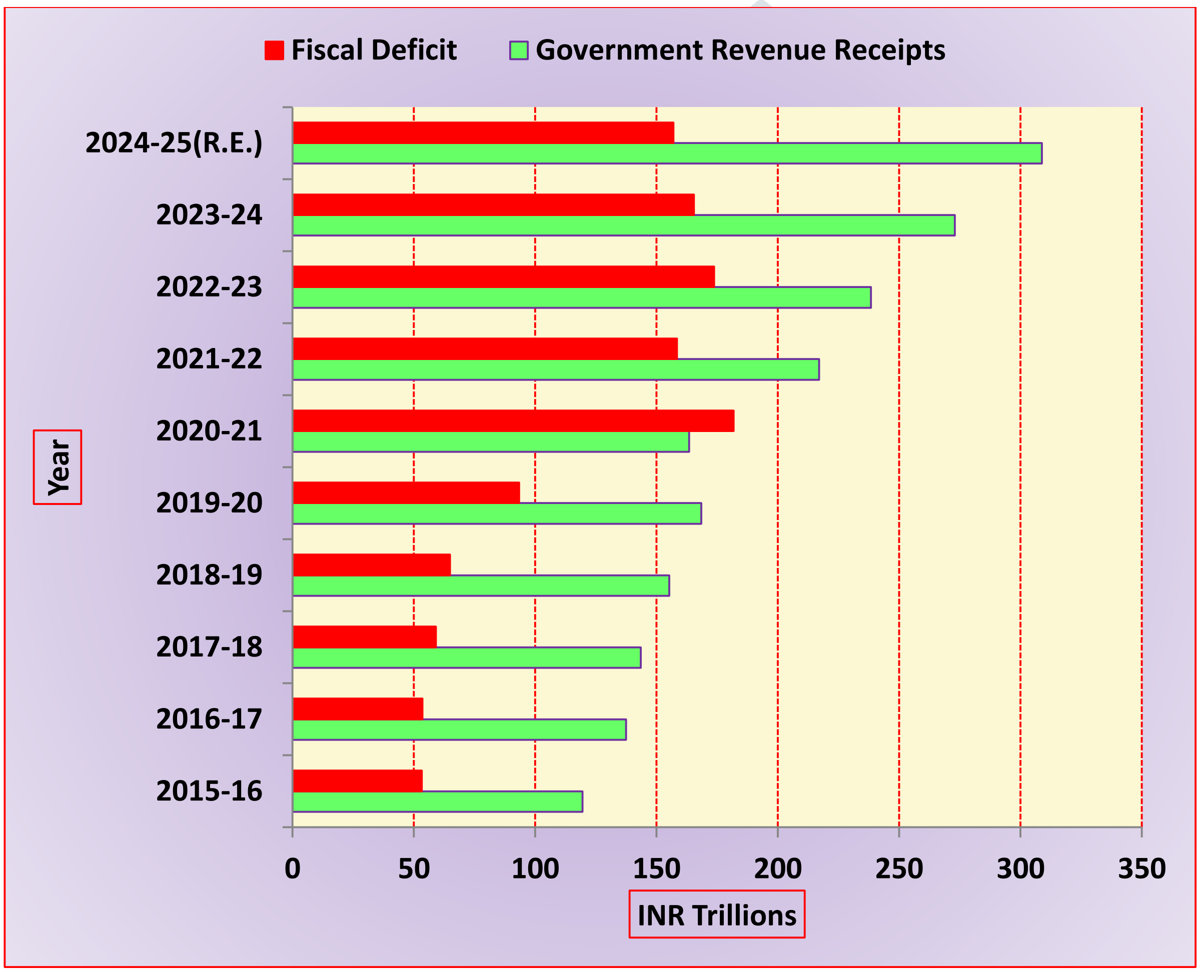

Figure 2: Fiscal Deficit vs. Government Revenue (INR Trillions).
Source: Author's Own Elaboration (2025).

Table 4: Fiscal Deficit vs. Government Revenue (INR Crores/Trillions)

Year	Government Revenue Receipts (INR Crores)	Fiscal Deficit (INR Crores)	Government Revenue Receipts (INR Trillions)	Fiscal Deficit (INR Trillions)
2015-16	1195025	532791	119.50	53.28
2016-17	1374203	535618	137.42	53.56
2017-18	1435233	591062	143.52	59.11
2018-19	1552916	649418	155.29	64.94
2019-20	1684059	933651	168.41	93.37
2020-21	1633920	1818291	163.39	181.83
2021-22	2169905	1584521	216.99	158.45
2022-23	2383206	1737755	238.32	173.78
2023-24	2729036	1654643	272.90	165.46
2024-25(R.E.)	3087960	1569527	308.80	156.95

Source: **Government of India,** ***Ministry of Finance, Budget Documents and.*** Economic Survey 2024-25.

Table 5: Key Objectives of Fiscal Policy vs. Outcomes

Objective	Expected Outcome	Actual Outcome	Gaps / Challenges / Remarks
Fiscal Deficit Reduction	Reduce fiscal deficit to below 4.5% of GDP	Fiscal deficit remained high, 6.7% in 2020-2021	Slow recovery post-pandemic, tax revenues lower
Infrastructure Development	Increase infrastructure investment (higher GDP %)	Moderate increase in infrastructure investment	Delays in project execution due to logistical issues
Social Welfare Spending	Enhance social welfare schemes for vulnerable populations	Expanded welfare schemes due to COVID-19	Large spending gaps, inequality remains
Tax Reform Implementation	Simplify tax structure, increase tax compliance	GST implementation faced challenges; tax base grew	GST issues and implementation delays in states

Source: Economic Survey, Ministry of Finance, Tax Policy Documents.

Table 5 provides a critical evaluation of the key objectives and outcomes of India's fiscal policy, highlighting notable discrepancies and challenges. The primary objective of reducing the fiscal deficit below 4.5% of GDP was unmet, with the actual deficit remaining high at 6.7% in 2020-2021, largely due to slow post-pandemic recovery and lower tax revenues. In terms of infrastructure development, while there was a moderate increase in investment, delays in project execution caused by logistical challenges hindered the expected growth. Social welfare spending saw expansion, especially due to COVID-19, but large spending gaps persist, and inequality remains a significant issue. Finally, the tax reform implementation aimed at simplifying the tax structure and improving compliance faced significant hurdles, particularly with GST, which encountered delays and complications at the state level. These gaps underline the complexities and challenges in achieving fiscal policy goals, indicating that while some progress was made, substantial hurdles remain in terms of execution and effectiveness.

6. Conclusion

The current fiscal policy in India aims to address multiple challenges, including fostering economic growth, reducing inflation, and ensuring fiscal discipline. While the policy has made significant strides in maintaining fiscal consolidation and stimulating investment, it faces ongoing challenges such as high public debt, rising fiscal deficits, and inequality in economic growth **(Government of India, 2023).** The implementation of strategies like the Goods and Services Tax (GST) and Direct Benefit Transfers (DBTs) have brought about efficiency gains, but the complexity of taxation and administrative challenges remain as key hurdles in achieving the full potential of these reforms **(IMF, 2023).**

Despite these challenges, the government's focus on infrastructure development, rural employment schemes, and social welfare programs has helped to create a more inclusive economy, though further improvements are necessary to address regional disparities **(Asian Development Bank, 2022).** Moreover, the fiscal policy's flexibility to adjust in response to external shocks, such as the global pandemic, has demonstrated its resilience. However, achieving long-term sustainability will require a balanced approach, ensuring fiscal prudence while promoting economic growth **(Reserve Bank of India, 2023).**

In conclusion, India's fiscal policy remains a work in progress. While recent reforms have made positive contributions, there is a need for continued efforts to address structural inefficiencies, ensure equitable distribution of resources, and focus on reducing public debt. A critical evaluation of these factors will be crucial for shaping the future trajectory of India's fiscal policy, ensuring it aligns with the country's broader developmental goals **(World Bank, 2023).**

7. Policy Recommendations

Based on the findings of this evaluation, several recommendations can be made to improve the current fiscal policy. First, there is a need for a more transparent and accountable framework for public expenditure, particularly in infrastructure and welfare programs. Implementing a digital tracking system for project progress and expenditure could reduce delays and inefficiencies **(Jain, 2021).** Second, the government should focus on enhancing tax compliance by investing in technology-driven solutions and incentivizing formalization of the informal economy. A more robust tax administration system would help increase revenue and reduce the fiscal deficit. Third, the government could consider redirecting a portion of fiscal expenditure towards green technologies and sustainable development initiatives to align fiscal policy more closely with long-term environmental goals **(Rao, 2023).** Finally, a more comprehensive approach to healthcare and education funding is necessary, with an emphasis on quality, equitable distribution, and better targeting of resources. These policy adjustments could improve the overall effectiveness of India's fiscal policy and better achieve its economic and social objectives.

Declarations

Funding: This research was not supported by any funding agency.

Conflicts of interest/Competing interests: *The author declare* no potential conflict of interest/Competing interest.

Availability of data and material: The data that support the findings of this study are openly available in the websites of Departments/Ministries.

References:

1. Asian Development Bank. (2022). *India: Economic Outlook*. ADB Report.
2. Auerbach, A. J., & Gorodnichenko, Y. (2012). *Fiscal Multipliers in Recession and Expansion*. In *Fiscal Policy after the Financial Crisis*.
3. Bajpai, N. (2002). *India's Economic Reforms: History and Prospects*. Economic and Political Weekly, 37(26).
4. Bajpai, N., & Sachs, J. (2000). *India's Economic Reforms: An Overview*. *Economic and Political Weekly*.
5. Bhat, S. (2023). *Tax Reforms in India: Challenges and Prospects*. Indian Economic Journal, 41(2), 234-250.
6. Chakravarty, S. (2020). *Fiscal Policy and Economic Growth: A Study of India*. Journal of Economic Policy, 45(3).
7. Chatterjee, S. (2023). *Education Funding and Policy in India: A Critical Review*. Journal of Educational Policy, 15(1), 98-112.

8. Dholakia, R. H. (2007). *Fiscal Policy and Development: A Critical Evaluation*. *Economic and Political Weekly*.
9. Ghosh, A. (2022). *Infrastructure Projects and Bureaucratic Delays in India*. Public Policy Review, 28(4), 307-322.
10. Government of India. (2023). *Annual Budget 2023-24*. Ministry of Finance.
11. Gupta, R. (2018). *Fiscal Consolidation and Government Debt in India*. *Journal of South Asian Development*.
12. International Monetary Fund (IMF). (2023). *India: Fiscal Policy and Economic Challenges*. IMF Working Paper.
13. Jain, R. (2021). *Improving Public Sector Accountability in India: A Case for Digital Monitoring*. Journal of Public Administration, 19(1), 55-69.
14. Jha, R. (2016). *Economics of Development and Planning: In the Indian Context*. *Vikas Publishing*.
15. Kapur, D. (2014). *India's Economic Growth: Patterns, Determinants, and Policies*. *Oxford University Press*.
16. Kumar, N., & Raj, A. (2009). *Fiscal Policy in India: Issues and Challenges*. *India Economic Review*.
17. Kumar, R. (2018). *Fiscal Consolidation and Economic Growth in India: An Analytical Study*. International Journal of Financial Studies, 23(4).
18. Mankiw, N. G. (2020). *Principles of Economics*. 9th Edition. Cengage Learning.
19. Ministry of Finance, Government of India. (2023). Economic Survey 2022-23. Sharma, R. (2021). *GST and its Impact on Indian Economy*. Journal of Indian Economic Review, 39(2), 145-161.
20. Mohan, R. (2018). *The Indian Fiscal System and Growth Prospects*. *Economic and Political Weekly*.
21. Patel, S. (2017). *Fiscal Deficit, Debt, and Inflation: Challenges to Sustainable Growth in India*. *International Journal of Economics and Finance*.
22. Raghuram, G. (2014). *Fiscal Policy and Economic Growth in India: A Review*. *Indian Economic Review*.
23. Rangarajan, C. (2005). *Fiscal Policy and Economic Stability*. *Reserve Bank of India*.
24. Rangarajan, C., & Dhal, S. (2002). *The Indian Fiscal Deficit: Recent Trends and Future Prospects*. *Economic and Political Weekly*.
25. Rao, M. (2016). *GST and Economic Growth in India*. *Economic and Political Weekly*.
26. Rao, S. (2023). *Fiscal Policy and Sustainable Development in India: A New Path Forward*. Journal of Environmental Economics, 27(3), 410-427.
27. Reddy, Y. V. (2018). *Economic Growth and Fiscal Policy in India: A Historical Perspective*. *Sage Publications*.
28. Reddy, Y.V. (2016). *India's Fiscal Policy: An Overview*. Reserve Bank of India Bulletin, 70(5).
29. Reserve Bank of India. (2023). *Monetary and Fiscal Policy Framework*. RBI Annual Report.
30. Sharma, P. (2019). *Fiscal Policy Reforms in India: An Evaluation*. *Indian Journal of Economics*.
31. Singh, A., & Patel, P. (2022). *Healthcare Spending in India: Issues and Implications*. Journal of Public Health Policy, 24(3), 232-249.
32. Sundaram, K., & Suresh, M. (2014). *India's Fiscal Deficit and Debt Dynamics*. *Journal of Asian Economics*.
33. Suri, R. (2021). *Infrastructure Development and Economic Growth in India: A Critical Analysis*. Indian Economic Journal, 45(4), 543-559.
34. Vashisht, P., & Kaur, R. (2016). *Fiscal Policy and Public Debt in India*. *Economic Policy Review*.
35. World Bank. (2023). *India: Economic Update*. World Bank Publications.
36. **Ministry of Finance, Government of India:** Union Budget Reports, Economic Survey of India, Ministry of Finance, **Government of India:** Budget Documents.
37. **Reserve Bank of India (RBI):** Monetary and Financial Sector Reports.
38. **India's National Accounts:** For GDP-related data and sectoral allocations.
39. **Reports from Think Tanks (e.g., NIPFP, RBI reports on fiscal policy):** Independent reviews of fiscal policies.