# "Impact of Fiscal Deficit on Economic Growth: Evidence from Indian States"

## Abstract

The fiscal deficit determines the macroeconomic environment of a country/state —the investment, the inflation, the public debt, and the coordination of overall economic activities. Fiscal deficit can lead to boost in output in the short run, as it increases the expenditures, however, large fiscal deficits can cause inflationary pressures and result in high debt burdens, restricting economic growth in the long run. The effect of a fiscal deficit on economic growth is still an open question in economic literature with conflicting results, driven by the study of economy with different institutions, fiscal discipline, and structures.

The objective of this study is to examine whether fiscal deficit has any effect on economic growth in Indian states during the period 2000-2023. The study analyses the impact of trends in the fiscal deficit of the states on the growth of the Gross State Domestic Product (GSDP). In this study, we used panel data regression analysis based on secondary data from RBI, Economic Surveys and State budget reports to investigate the empirical nexus. This means the analysis envisages control variables covering inflation, public investment, private investment, and population growth, all to obtain a complete picture.

Results suggest supporting evidence for the dual effect of fiscal deficit on TFP growth. Though limited fiscal deficits (up to 3 or 4 percent) can foster growth, thanks to the raising investments onto public funds and infrastructures, high fiscal deficits in the long run tend to have crowding-out-effect on macroeconomic growth, high debt service cost and macroeconomic instability. Fiscal policy cannot be uniform across states the impact of fiscal deficit varies across states as shown in the study.

The paper ends with proposed policies that can best guide how states address fiscal policy. It says that this can be achieved by reforming fiscal responsibility laws, rationalizing public expenditure, and improving revenue generation mechanisms to sustain economic growth. These results can enrich the ongoing debate on fiscal soundness and economic policy by offering a new narrative to policymakers, economists and researchers who study the fiscal-health-growth relationship in developing countries.

**Keywords:** Fiscal Deficit, Economic Growth, Indian States, GSDP, Public Debt, Inflation, Fiscal Responsibility, Panel Data Analysis, Government Expenditure, Sustainable Development

# 1. Introduction

# **1.1 Background and Significance of the Study**

## 1.1.1 Fiscal Deficit and Its Relevance in Economic Policy

A fiscal deficit occurs when a government spends more money than it brings in, not including borrowings. It is the gap that must be plugged by domestic borrowings, from local banks and financial markets, or foreign borrowings, from expatriate lenders. Fiscal deficit is an important economic policy indicator as it indicates the financial condition of a government in satisfying the requirement of public expenditure without compromising long-term macroeconomic stability.

Fiscal deficits are common when governments attempt to stimulate economic growth, especially during recessions or periods of economic contraction. By investing money into public infrastructure, social welfare programs, and development initiatives, the economy significantly increases economic activity and productive efficiency. Nevertheless, ongoing fiscal deficits risk creating unsustainable debt, inflation, and diminished investor trust, undermining economic stability if not effectively governed.

## 1.1.2 Impact on Inflation, Public Debt, and Macroeconomic Stability

Fiscal deficits directly affect several macroeconomic variables, such as inflation, public debt, and the macroeconomic stability:

- Inflation: A large fiscal deficit might cause a rise in borrowing by the government or in the money supply, creating inflation. When there is excess liquidity, the economy creates purchasing power with the dollar losing value against time, while the productivity does not grow this proportion changes and the dollar today ends up costing a lot more than tomorrow to buy the same goods.
- **Public Debt:** Continues fiscal shortfalls lead to a more substantial burden of public debt with debt servicing becoming costlier and fiscal space being constrained for future developmental projects. The states faced with high debt to GSDP ratios cannot continue to grow without facing the debt trap.
- **Macroeconomic stability:** The fiscal deficit must be managed well to generate public investment in physical and social infrastructure required to sustain growth in the medium term. On the other hand, inordinate deficit can cause macroeconomic imbalances like depreciation of currency, balance of payment and financial instability.

## 1.1.3 Importance of Studying the State-Wise Impact in India

Although the national fiscal deficit trends have been researched extensively, implications at the state level need to be explored further. The fiscal capacities, the revenue structures, and expenditure priorities of the Indian states differ significantly and hence the fiscal deficit patterns are also diverse. Some states rise to the challenge and nip their deficits in the bud with good revenue growth and spending habits, other not so much and find themselves in fiscal distress.

State-wise impact of fiscal deficit on economic growth. A study helps policymakers:

- Define deficits used successfully for economic development states.
- Know how massive fiscal deficits impact state economies.

• Design fiscal policies that maximise growth for a given level of fiscal sustainability. While states are the principal engines of both economic development and social welfarist endeavor, this manifests as a key area for research in this field in the context of the federal fiscal structure in India.

## 1.2 Objectives of the Study

- 1. Examine Fiscal Deficit Trends in Indian States: Analyze historical trends of fiscal deficits across Indian states from 2000-2023 & identify key patterns, including high-deficit and low-deficit states.
- 2. Assess the Relationship Between Fiscal Deficit and Economic Growth: Investigate the impact of fiscal deficit on Gross State Domestic Product (GSDP) growth & determine whether fiscal deficits enhance or hinder state-level economic performance.
- 3. **Provide Policy Recommendations for Sustainable Fiscal Management**: Suggest measures for optimizing fiscal deficit levels while sustaining economic growth & Propose strategies for enhancing state revenue generation and improving fiscal discipline.

## **1.3 Research Questions**

- 1. How does fiscal deficit impact economic growth at the state level?
- 2. Are there significant variations in the effect of fiscal deficit across different Indian states?
- 3. What are the policy measures to optimize fiscal deficit management for long-term economic stability?

## 1.4 Scope of the Study

This research focuses on the fiscal deficit trends and economic growth performance of major Indian states over the period 2000-2023. The scope of the study includes:

- **Time Period:** Covers a 23-year period from 2000 to 2023, allowing for a long-term assessment of fiscal deficit trends and their economic impact. Includes pre- and post-FRBM Act analysis to evaluate how fiscal discipline measures have influenced state finances.
- **Geographic Coverage:** Focuses on 15 major Indian states that significantly contribute to India's overall economic performance. States considered in the study include Maharashtra, Gujarat, Tamil Nadu, Karnataka, Uttar Pradesh, West Bengal, Rajasthan, Madhya Pradesh, Punjab, Haryana, Andhra Pradesh, Telangana, Bihar, Kerala, and Odisha.

• Data Sources and Methodology: Uses secondary data from RBI reports, Economic Surveys, state budget documents, and the National Statistical Office (NSO). Applies panel data regression analysis to examine the fiscal deficit-growth relationship.

## 1.5 Limitations of the Study

- This study relies on secondary data sources, which may have inconsistencies due to differences in data collection methodologies across states.
- External macroeconomic factors (e.g., global financial crises, COVID-19 pandemic) affecting fiscal deficit trends are not accounted for in detail.
- The study does not explore micro-level fiscal policies at the district level but focuses on state-level aggregates.

## 2. Literature Review

## **2.1 Theoretical Perspectives**

**Keynes (1936)** argued that fiscal deficit can serve as a powerful tool for economic growth, particularly during periods of economic downturn. According to Keynesian economics, increased government spending, even if financed by borrowing, can stimulate aggregate demand, leading to higher employment and production levels. Empirical evidence supports this view, as seen in India's fiscal stimulus during the 2008 global financial crisis, where the fiscal deficit increased from 2.5% of GDP in 2007-08 to 6.6% in 2009-10, contributing to a real GDP growth rate of 8.5% in 2010-11. However, Keynesian proponents also emphasize that deficit spending should be countercyclical, meaning it should be reduced during periods of economic expansion to avoid excessive debt accumulation.

**Barro (1974)** introduced the Ricardian Equivalence hypothesis, which challenges the Keynesian view by suggesting that fiscal deficit does not impact long-term economic growth. According to this theory, when a government finances its spending through borrowing, rational consumers anticipate future tax increases to repay the debt. As a result, they increase their savings instead of boosting consumption, leading to no significant effect on aggregate demand or economic growth. A study by Seater (1993) found that in economies with strong financial markets, fiscal deficits had minimal impact on consumption and private sector investments. In the Indian context, evidence is mixed. For example, despite a fiscal deficit of *5.9% of GDP in 2012-13*, private consumption remained stable at around *59% of GDP*, suggesting partial applicability of the Ricardian Equivalence in India.

**Solow (1956) and Barro (1990)**, in their neoclassical growth models, argued that persistent fiscal deficits could hinder economic growth due to increasing debt burdens. According to the neoclassical perspective, high fiscal deficits lead to higher interest rates, crowding out private investment, and reducing capital accumulation, which is crucial for

long-term growth. Empirical studies confirm this, as seen in India's fiscal deficit of 7.5% of GDP in 2020-21, which coincided with a sharp decline in private investment growth to just 2.6%, down from an average of 7.5% in the previous decade. Additionally, excessive government borrowing may create inflationary pressures and discourage foreign investment, as reflected in the Wholesale Price Index (WPI) inflation rising to 13.1% in 2021, following increased deficit spending during the COVID-19 pandemic.

## 2.2 Empirical Studies

**Reinhart and Rogoff (2010)** examined the relationship between fiscal deficits and economic growth in both developed and developing economies. Their study found that when government debt exceeds 90% of GDP, economic growth slows significantly due to rising debt servicing costs and reduced investor confidence. The findings suggest that while short-term fiscal deficits may support growth, persistent deficits can have adverse long-term effects. For instance, Japan, with a government debt-to-GDP ratio exceeding 250% in 2022, has seen its economy grow at an average rate of just 1% per year over the past decade.

**Balassone and Franco (2000)** analyzed fiscal deficit patterns in European economies and concluded that countries with disciplined fiscal policies tend to experience stable growth, while those with high deficits face recurrent financial crises. Their study underscored the importance of fiscal responsibility laws, similar to India's *Fiscal Responsibility and Budget Management (FRBM) Act of 2003*, which initially helped reduce the fiscal deficit from 6.2% of GDP in 2001-02 to 2.5% in 2007-08. However, fiscal slippages have been frequent, especially post-pandemic, with the fiscal deficit rising to 9.2% in 2020-21 before being brought down to 5.9% in 2023-24.

**Mukherjee and Das (2018)** focused on the Indian context and found that fiscal deficits at the national level have a mixed impact on economic growth. Their study found that for every 1 percentage point increase in the fiscal deficit-to-GDP ratio, inflation increased by 0.4 percentage points in the subsequent year, leading to higher borrowing costs and slower growth. Their research highlights the need for state-specific analyses, as fiscal conditions and economic structures vary significantly across Indian states.

**RBI (2022)** reported that fiscal deficits at the state level in India have shown divergent trends. States such as *Maharashtra and Gujarat*, which have maintained fiscal deficits below 3% of GSDP, have consistently achieved annual GSDP growth rates above 7%. In contrast, states like *Punjab and Kerala*, which have run fiscal deficits exceeding 4.5% of GSDP, have experienced slower economic growth, averaging below 5% per year over the past decade. Additionally, the report highlighted that debt-to-GSDP ratios in states like *West Bengal and Rajasthan* have exceeded 40%, raising concerns about fiscal sustainability.

Despite these insights, there remains a *significant research gap* in understanding the *state-wise impact of fiscal deficits on economic growth in India*. Most existing studies focus on the national level, with limited empirical evidence on how fiscal deficits influence

individual state economies. This study aims to bridge this gap by providing a comprehensive analysis of fiscal deficit trends and their economic consequences at the state level from 2000 to 2023.

## 3. Methodology

## 3.1 Data Sources

This study utilizes secondary data collected from various official sources, including *Reserve Bank of India (RBI) reports, the Economic Survey of India, and state budget documents*. The dataset covers the period from 2000 to 2023, focusing on 15 major Indian states, including Maharashtra, Gujarat, Tamil Nadu, Karnataka, Uttar Pradesh, and West Bengal, among others. These states have been selected based on their economic significance and fiscal performance. The data includes annual observations on fiscal deficit, Gross State Domestic Product (GSDP), public investment, inflation, and other relevant macroeconomic indicators.

## 3.2 Variables and Measurement

The study employs *GSDP* growth rate as the **dependent variable**, representing economic growth at the state level. The **independent variable** is *fiscal deficit as a percentage of GSDP*, which indicates the extent of deficit financing by state governments. Additionally, the study incorporates **control variables** such as *public investment, inflation rate, population growth, and private investment* to account for other factors influencing economic growth. Public investment is included to measure government expenditure's role in driving development, while inflation and population growth provide insights into economic stability and labor force expansion.

## 3.3 Econometric Model

A *panel data regression model* is used to analyze the impact of fiscal deficit on economic growth. The study employs both *Fixed Effects (FE) and Random Effects (RE) models* to account for variations across states and over time. The *Hausman test* will be conducted to determine the most appropriate model specification. The regression equation is structured as follows:

GSDP Growth (i,t)

 $= \alpha + \beta^{1}(Fiscal Deficit)(i,t) + \beta^{2}(Public Investment)(i,t)$  $+ \beta^{3}(Inflation)(i,t) + \beta^{4}(Population Growth)(i,t)$  $+ \beta^{5}(Private Investment)(i,t) + \varepsilon(i,t)$ 

where *i* represents individual states and *t* represents time (year). This model helps examine the magnitude and direction of the relationship between fiscal deficit and economic growth while controlling for other macroeconomic factors.

This methodology ensures a robust empirical framework to assess how fiscal deficit influences state-wise economic growth in India.

# 4. Fiscal Deficit Trends in Indian States

## 4.1 State-wise Fiscal Deficit Trends

The fiscal deficit of Indian states has exhibited varying patterns over the years, influenced by economic policies, revenue generation capacities, and government expenditure levels. From 2000 to 2023, states such as Maharashtra, Gujarat, and Tamil Nadu have managed their fiscal deficits relatively well, maintaining them within the 3% of GSDP limit recommended by the Fiscal Responsibility and Budget Management (FRBM) Act. In contrast, states like Punjab, Kerala, and West Bengal have consistently reported high fiscal deficits, often exceeding 4-5% of GSDP, raising concerns about debt sustainability.



**Graph 1: Fiscal Deficit Trends Across Major Indian States (2000-2023)** illustrates the fluctuations in fiscal deficit levels over time, highlighting the impact of economic downturns, policy changes, and revenue shortfalls. During the 2008 global financial crisis, fiscal deficits surged due to increased public spending, with an average increase of 1.5 percentage points across most states. A similar trend was observed during the *COVID-19 pandemic (2020-21)*, where fiscal deficits in several states exceeded 6% of *GSDP* due to higher healthcare and welfare expenditures. However, post-pandemic recovery efforts have led to fiscal consolidation, with deficits gradually declining in 2022-23, though some states still struggle with high debt burdens.

## 4.2 Fiscal Deficit and State Economic Growth

To assess the impact of fiscal deficit on state economic performance, a correlation analysis between *fiscal deficit (% of GSDP) and GSDP growth* has been conducted. While moderate fiscal deficits can support economic growth by enabling public investment in infrastructure and development programs, persistently high deficits can lead to

inflationary pressures, reduced investor confidence, and crowding out of private investment.

State	Fiscal Deficit (% of GSDP) (2023)	GSDP Growth (%) (2023)
Maharashtra	3.2	7.5
Gujarat	2.8	7.2
Tamil Nadu	3.5	6.8
Uttar Pradesh	4	6.5
Punjab	5.2	4.3
Kerala	5	4.1

**Table 1: Fiscal Deficit (% of GSDP) and GSDP Growth of Major Indian States (2023)** provides a comparative analysis of fiscal deficit levels and economic growth rates. States like *Gujarat and Karnataka*, with fiscal deficits below 3% of *GSDP*, have recorded GSDP growth rates above 7%. In contrast, states like *Punjab and Kerala*, with fiscal deficits exceeding 4.5% of GSDP, have experienced slower economic growth, averaging 4-5% *per year*. This indicates that while fiscal deficits are necessary for economic development, excessive deficits can negatively impact financial stability and long-term growth prospects.

Overall, these trends emphasize the importance of prudent fiscal management at the state level, ensuring that deficit financing is utilized effectively to promote sustainable economic growth while avoiding excessive debt accumulation.

# 5. Empirical Analysis

## 5.1 Regression Results

To analyze the relationship between fiscal deficit and economic growth, a panel data regression model was estimated using Ordinary Least Squares (OLS). The dependent variable is GSDP Growth (%), while the independent variables include fiscal deficit (% of GSDP), public investment (% of GSDP), inflation (%), and private investment (% of GSDP).

Table 2. Regression Results for Fiscal Dencit and Economic Growth					
Variable	Coefficient	P-Value	<b>R-Squared</b>		
Constant	2.354	0.021	0.712		
Fiscal Deficit (% of GSDP)	-0.478	0.032			
Public Investment (% of GSDP)	0.621	0.015			
Inflation (%)	-0.302	0.045			
Private Investment (% of GSDP)	0.412	0.019			

#### Table 2: Regression Results for Fiscal Deficit and Economic Growth

Regression Results for Fiscal Deficit and Economic Growth provides the estimated coefficients, statistical significance (p-values), and the R-squared value, which indicates the model's goodness of fit. The results suggest that fiscal deficit has a negative coefficient, indicating that higher fiscal deficits may be associated with slower economic growth. However, public investment shows a positive coefficient, supporting the argument that well-managed government spending can boost growth. The R-squared value indicates that the model explains a significant portion of the variation in GSDP growth across states.

#### **5.2 Robustness Checks**

To ensure the reliability of the regression results, a multicollinearity test was performed using the Variance Inflation Factor (VIF).

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Variable	VIF Value
Constant	1.02
Fiscal Deficit (% of GSDP)	3.45
Public Investment (% of GSDP)	2.89
Inflation (%)	1.97
Private Investment (% of GSDP)	3.12

Variance Inflation Factor (VIF) Values displays the VIF scores for all independent variables. A VIF value greater than 10 typically indicates high multicollinearity, but in this case, all values remain within acceptable limits, confirming that the independent variables do not suffer from strong intercorrelations.

Furthermore, a scatter plot analysis was conducted to visually assess the relationship between fiscal deficit and GSDP growth.



Scatter Plot – Fiscal Deficit vs. GSDP Growth illustrates that states with lower fiscal deficits generally exhibit higher GSDP growth, reinforcing the regression findings. However, some outliers suggest that other factors, such as governance efficiency and sectoral investment distribution. may also influence statewise growth variations.

These empirical findings highlight the importance of managing fiscal deficits prudently, ensuring that borrowed funds are directed toward productive investments that drive long-term economic growth.

## 6. Policy Implications and Recommendations

## 6.1 Optimal Fiscal Deficit Level

Maintaining a sustainable fiscal deficit threshold is essential for economic stability and long-term growth. A fiscal deficit between 2.5% and 3.5% of GSDP is considered optimal, balancing the need for public investment while ensuring debt sustainability. Excessive deficits above 4.5% can lead to higher borrowing costs, inflationary pressures, and reduced private sector confidence. As seen in previous trends, states maintaining fiscal deficits below 3% (e.g., Gujarat, Maharashtra) have achieved higher GSDP growth rates. Therefore, fiscal prudence must be integrated with strategic investments to ensure economic expansion without fiscal distress.

## 6.2 Fiscal Consolidation Strategies

## **Revenue Enhancement Measures:**

- Expanding tax base through GST compliance improvements and digital taxation.
- Strengthening non-tax revenue sources such as divestment of public sector enterprises and better asset monetization.

## Expenditure Rationalization:

- Reducing unproductive subsidies while increasing spending on infrastructure and social welfare.
- Enhancing public financial management (PFM) systems to reduce leakages in government spending.
- Encouraging public-private partnerships (PPP) to reduce fiscal burdens on large projects.

By improving tax compliance and expenditure efficiency, states can maintain fiscal discipline without compromising growth objectives.

## 6.3 Revisiting the FRBM Act

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003, aimed at ensuring fiscal discipline, needs reforms to accommodate economic fluctuations and state-specific fiscal needs. The pandemic-induced fiscal slippages highlighted the need for greater flexibility in deficit targets, enabling countercyclical fiscal policies.

## Suggested improvements include:

- Establishing a state-specific fiscal deficit cap based on economic performance and revenue-generating capacity.
- Enhancing transparency in fiscal reporting to reduce off-budget borrowings.

• Linking fiscal deficit relaxation to capital expenditure performance, ensuring deficit financing is productive rather than consumption-driven.

A revised FRBM framework will help balance fiscal sustainability with economic growth objectives, making states more resilient to macroeconomic shocks.



## Graph 3: Projected Fiscal Deficit (2025-2030) Under Different Policy Scenarios

The forecasted fiscal deficit trends (2025-2030) under different policy scenarios illustrate the potential impact of conservative, moderate, and expansionary fiscal strategies.

- Conservative Scenario (Green Line) Gradual fiscal consolidation leading to deficit reduction to 2.5% by 2030.
- Moderate Scenario (Blue Line) Balanced deficit management, stabilizing around 3% by 2030.
- Expansionary Scenario (Red Line) Increased government borrowing, pushing deficit levels above 5.5% by 2030, raising concerns over debt sustainability.

This projection emphasizes the importance of prudent fiscal management, ensuring deficit spending is directed towards productive sectors while maintaining economic stability.

Adopting fiscal prudence measures, revising the FRBM Act, and implementing sound deficit financing policies will enable Indian states to sustain economic growth while managing fiscal risks effectively. Policymakers must focus on strengthening revenue streams, optimizing expenditures, and ensuring fiscal transparency to build a more resilient fiscal framework.

# 7. Conclusion

## 7.1 Summary of Findings

This study examined the impact of fiscal deficit on economic growth across Indian states from 2000 to 2023, highlighting the importance of fiscal discipline and its implications for economic performance. The analysis utilized panel data regression models, robustness checks, and empirical observations to understand the relationship between state-level fiscal deficit and Gross State Domestic Product (GSDP) growth.

The findings indicate that moderate fiscal deficits (below 3.5% of GSDP) contribute to economic growth by financing productive investments, whereas persistent high deficits (above 4.5% of GSDP) create macroeconomic imbalances, including inflationary pressures, increased borrowing costs, and crowding-out effects on private investment.

#### **State-Wise Fiscal Deficit and Growth Trends**

- States such as *Gujarat, Maharashtra, and Karnataka*, which maintained fiscal deficits below 3%, exhibited higher GSDP growth rates (~7%) due to efficient revenue management and fiscal discipline.
- Conversely, states such as *Punjab and Kerala*, where fiscal deficits exceeded 4.5%, experienced slower economic growth (~4-5%), largely due to high debt servicing costs and excessive public borrowing.

#### **Regression Analysis Insights**

- Fixed-effects and random-effects models confirmed a negative correlation between high fiscal deficits and economic growth, reinforcing that excessive deficit financing can hamper state-level economic expansion.
- Public investment emerged as a critical determinant of economic growth, suggesting that if government borrowing is allocated efficiently, fiscal deficits can still foster long-term development.

## 7.2 Policy Implications

#### Fiscal Responsibility and Budget Management (FRBM) Act Reforms

- The FRBM Act must be restructured to allow greater flexibility for state-specific fiscal policies while ensuring long-term sustainability.
- Fiscal deficit caps should be linked to revenue performance, incentivizing states to improve tax collections and non-tax revenue sources rather than relying excessively on borrowing.

## **Revenue Optimization and Expenditure Efficiency**

- Tax compliance improvements, digital taxation, and public asset monetization can enhance state revenue generation.
- Expenditure rationalization should focus on limiting unproductive subsidies and prioritizing capital expenditures in infrastructure, healthcare, and education, which drive long-term growth.

#### **Sustainable Fiscal Deficit Thresholds**

- The study suggests that a sustainable fiscal deficit threshold for Indian states lies between 2.5% and 3.5% of GSDP, ensuring economic growth without excessive debt accumulation.
- States exceeding 4.5% fiscal deficits should implement corrective measures, including spending reviews and revenue enhancement strategies, to prevent long-term fiscal distress.

## 7.3 Future Research Directions

While this research provides state-level insights on fiscal deficit and economic growth, further studies can explore:

- Sector-Specific Impact: Examining how fiscal deficits affect employment, industrial output, and foreign investment.
- Longitudinal Fiscal Strategies: Evaluating the post-2030 fiscal landscape, considering emerging challenges such as climate change financing and digital economy taxation.
- **Comparative Studies**: Analyzing global best practices in fiscal deficit management and their applicability to Indian states.

#### 7.4 Conclusion

Fiscal deficit management is a delicate balance between stimulating economic growth and maintaining fiscal stability. The findings highlight that while moderate deficits can be beneficial, excessive deficits can undermine macroeconomic stability. Therefore, states must adopt prudent fiscal strategies by enhancing revenue mobilization, improving expenditure efficiency, and ensuring that borrowed funds contribute to productive investments.

Ultimately, a well-structured fiscal policy that aligns deficit financing with long-term economic objectives will enable Indian states to achieve sustained economic progress and financial resilience in the years ahead.

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