GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 3659
TO BE ANSWERED ON Monday, August 10, 2026/ *19 Shravana, 1948 (Saka)*

Safeguarding India's Fiscal Stability

3659. Smt. Pratima Mondal:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has developed any contingency framework to safeguard India's fiscal stability, exports and investment flows against prolonged external shocks arising from global tariff disputes, supply-chain realignments and geopolitical conflicts, if so, the details thereof;

(b) whether the Government has put in place any safeguards to ensure that tax compliance becomes simpler and more predictable for Micro, Small and Medium Enterprises (MSMEs), in view of the expanding tax base through greater digitalisation and formalisation, if so, the details thereof; and

(c) whether the Government has undertaken any assessment of the impact of declining household financial savings and the sharp rise in retail participation in equity and derivative markets on household financial stability, if so, the findings thereof along with the measures being considered to strengthen investor protection and financial literacy?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDAHRY)

(a): The Government follows a coordinated, multi-pronged approach to safeguard fiscal stability, exports and investment flows against external geopolitical uncertainties. Fiscal buffers, including the newly constituted Economic Stabilisation Fund, will provide the fiscal space to effectively respond to global headwinds and unforeseen events with significant fiscal implications.

To support industry and exports, measures such as the RELIEF (Resilience & Logistics Intervention for Export Facilitation) Scheme, Bharat Maritime Insurance Pool, restoration of RoDTEP benefits, targeted customs duty relief and the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 have been introduced. The Government is also strengthening trade resilience through Free Trade Agreements and Comprehensive Economic Partnership/Cooperation Agreements, while an investor-friendly FDI policy continues to attract long-term investment. These efforts are complemented by measures of the Reserve Bank of India to strengthen external sector resilience and attract foreign investment through liberalisation of the External Commercial Borrowing framework, facilitation of foreign investment and promotion of local currency settlement.

(b): The Government has put in place several measures to simplify and make tax compliance more predictable for Micro, Small and Medium Enterprises. Under the Goods and Services Tax (GST) regime, exemption from registration has been provided to small suppliers up to the prescribed turnover thresholds. Eligible taxpayers may opt for the Composition Levy Scheme with concessional tax rates and simplified compliance requirements. Further, businesses with turnover up to ₹5 crore are permitted to furnish GST returns on a quarterly basis while paying the monthly tax.

Direct tax compliance has been simplified through digital initiatives such as e-filing of income tax returns, pre-filled returns, faceless assessment and digital taxpayer services. The Income-tax Act, 2025 also provides simplified presumptive taxation schemes with higher turnover thresholds for businesses undertaking digital transactions, thereby reducing compliance requirements.

(c): As per data published by the RBI, net household financial savings increased from ₹13.9 lakh crore in 2022-23 to ₹21.5 lakh crore in 2025-26. The retail participation in the securities market has also increased significantly in the recent years, with the total number of demat accounts rising to about 22.5 crore by end-March 2026. The RBI's Financial Stability Report, June 2026, indicates that the household sector remains resilient, with improving borrower profiles and healthy repayment performance.

To strengthen investor protection, the Securities and Exchange Board of India has put in place a robust risk management and surveillance framework and introduced regulatory measures in the equity derivatives segment during 2024–25 to curb excessive speculation and strengthen market integrity.

The Securities and Exchange Board of India, in collaboration with Market Infrastructure Institutions, namely Stock Exchanges and Depositories, conducts investor awareness programmes through physical and digital platforms. During 2025–26, it, along with the Market Infrastructure Institutions, conducted 44,834 investor awareness programmes across 774 districts in 36 States and Union Territories.

The Reserve Bank of India has also undertaken measures to strengthen customer and investor protection, including regulation of financial product marketing by regulated entities, a 'Verified' badge for stock trading applications of Securities and Exchange Board of India-registered entities, and Project SUDARSAN, an artificial intelligence-based platform to detect fraudulent online investment activities.

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