# Boosting Investments

## What is the issue?

\n\n

\n
- India is witnessing a declining trend in the rate of gross fixed investment in recent years.
\n
- It is crucial now that the government make policies to revive investments to boost the declining economic growth rate.
\n

\n\n

## What are the causes for low investments?

\n\n

\n
- As regards the unorganised sector, the investment pessimism is largely a result of the impact created by **demonetisation and GST**.
\n
- Private corporate sector is also cautious of making new investments due to the **slowing of demand growth** as a result of low household consumption.
\n
- The influx of imports and **deceleration in export growth** are making cases worse for new investments.
\n
- The Non-performing assets (NPA) problem has risen to a proportion of being a threat to the financial system and the economy.
\n
- The Reserve Bank of India and the government are resorting to stringent measures to tackle this.
\n
- Resultantly, the corporate heads face the burden of having to pay the price instead of passing it on to workers and lenders.
\n
- The new provisions for **insolvency and bankruptcy** have reinforced this very necessary pressure.
\n

- All these developments are having its own impact in the overall investment trend.
\n

\n\n

## What should be done?

\n\n

\n
- Reviving the investment optimism is essential at this point to improve the economic conditions.
\n
- RBI should be cautious of the exchange rate trend, in addition to its mandate on inflation control, to make conditions favourable for investment.
\n
- Reviving investment sentiment in small and micro enterprises sector has a huge potential to generating jobs and thus growth.
\n
- Redesigning the PPP policy so as to ensure more realistic risk sharing is needed.
\n
- In all, the government should put in place a long-term agenda for boosting growth than repeated temporary corrections.
\n
- This is essential to keep favourable the private and public sectors investments that are crucial for the economy.
\n

\n\n

\n\n

**Source: Business Standard**

\n\n

\n

SHANKAR IAS PARLIAMENT
Information is Empowering