

67, India needs to ensure regulatory certainty in order to attract global investors. Do you agree with this view? Comment.

The Indian economy witnessed a decrease of 2500 crore in FY 2020-21 from previous Financial year due to complexity in Indian investment regulations showing irregular certainty. Thus a need for consistency in Indian regulatory framework is essential to attract global investors.

Global Investor Summit - decline achievement:

1. Target - to achieve 500bn within 2020
2. But 462bn achieved - RBI monetary report
3. Lacking => due to failed promises in allowing promising business consistently over its span.
4. (e.g) Pharmaceutical - AI - companies although got approval didn't get necessary clearance in setting factories in Bangalore.

Decline in rank in permitting construction:

1. Ease of doing business - World Bank report
2. India achieved low score of 0.215 in granting construction license although company gets CCEA approval.
3. (e.g) NOKIA took 5 years to start manufacturing at Chennai.

Conflict of interest in government:

1. Fails to achieve confidence among investors as it breaks consistency.
2. (e.g) FDI \Rightarrow Coal sector conflict of interest with Environment ministry and Coal Ministry over pollution.
3. Thus India has to import coal, although has good reserve, but lacks FDI due to regulatory certainty.

Policy flip-flops in due course:

1. Government policy changes every 5 years
2. In transition period, no FDI due to fear among investors in policy flip-flops.
3. (e.g) FDI decrease 5% in 2019 due to election-fear by global investors.

Concerns that should be kept:

1. Independent autonomous - Investment policy can be drafted to suit foreign investment
2. NITI Aayog - 15 year strategic document focus on Integrated FDI framework to incorporate conflict of interest issues.

Indian FDI increased by 13% in last 5 months which is very much essential for 1.5 Tr National Infrastructure Pipeline project to achieve 5T economy by 2024