1) Various kinds of structural shift that induce investments could prevent Indian economy from a reversal of capital flows. Explain.

Ans:- Structural shift refers to a drastic change in the way a country/industry operates, usually brought on due to major economic developments

(Eg) 1) LPG reforms

2) GST

3) Recent reforms in agriculture sector

They are necessitated due to various factors like changing preference of people, outdated tech, fiscal policies. They are of long term and permanent nature

Currently, India ranks 63rd in World Bank's EODB report. As a result, various kinds of structural shifts that induce investment can prevent flight of capital.

The reasons are as follows:

1) Recent agricultural reforms now allow easy access to investments. Indian agricultural system starves for private investments. Such reforms induce investments rather capital flight.

2) Amendment of Essential Commodities Act incentivises investment in cold storage industry. MoFPI has stated food processing industry as sunrise industry thereby aiding investment.

3) The New STIP 2020 advocates increased GERD, high training to workers, participation of private sector, thereby preventing brain drain

4) Liberalised space sector offers attractive opportunities for the private sector. The recent launch of Amazon ~~s~~ satellite is an example.

5) Schemes like PLI incentivise foreign players to invest in India, which is backed by the fact that India is ~~2nd~~ ~~largest~~ 5th largest economy in the world.

India is a developing economy. The govt should bear in mind, various deep reform measures that improve the investment environment and facilitate durable capital formation.