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DOMESTIC INVESTMENT IN INDIA

The Government of India has taken significant initiatives to strengthen the economic credentials of the country and make it one of the strongest economies in the world. India is fast becoming home to start-ups focused on high growth areas such as mobility, e-commerce and other vertical specific solutions - creating new markets and driving innovation.

Owing to higher infrastructure spending, increased fiscal devolution to states, and continued reforms in fiscal and monetary policy, the Indian economic outlook has strengthened. The Government of India is striving to move steadily to minimise structural and political bottlenecks, attract higher investment and improve economic performance. As per the Economic Survey 2016-17, India's Gross Domestic Product (GDP) should grow between 6.75 and 7.5 % in FY 2017-18.

The Government of India forecasts capital expenditure to increase by 26 % from 3.1 lakh crore (US\$ 48.5 billion) in 2016-17 to 3.9 lakh crore (US\$ 61 billion) in 2019-20. The total number of investor accounts with 42 active mutual fund houses rose to a record 52.8 million at the end of June 2017 as against 48.9 million in June 2016, backed by a strong participation from retail investors, according to the Securities and Exchange Board of India (SEBI).

India has emerged as one of the strongest performers in terms of deals related to mergers and acquisitions (M&A). M&A activity in India more than doubled year-on-year to reach US\$ 61.26 billion in 2016-17. The business-to-business (B2B) start-ups in India raised around US\$ 98 million across 30 deals in 2016, as against funding of US\$ 16 million across 14 deals in 2015. The deal momentum is likely to see an uptrend in the coming months on account of improving economic growth.

The Government of India has taken several initiatives in various sectors to improve the overall economic condition in the country. Some of these are:

- JSW Energy has signed a memorandum of understanding (MoU) with the Government of Gujarat in September 2017, for setting up an electric vehicle (EV) manufacturing unit in Gujarat at an estimated cost of Rs 4,000 crore (US\$ 608.88 million).
- India and Japan have joined hands for infrastructure development in India's north-eastern states and are also setting up an India-Japan Coordination Forum

for Development of North East to undertake strategic infrastructure projects in the northeast.

- The Government of Gujarat has signed 54 memorandum of understanding (MoUs) worth Rs 5,022 crore (US\$ 771.56 million) in the biotechnology sector and 89 MoUs worth Rs 16,000 crore (US\$ 2.46 billion) in the information technology (IT) sector, during the Vibrant Gujarat Global Summit-2017.
- Union Ministry of Shipping plans to raise US\$ 15.8 billion in dollar equivalents at the interest rate of three per cent, for developing ships, building ports and improving inland waterways.
- Ministry of environment and forests has granted environment clearance for 35-km coastal road connecting south and north Mumbai. The coastal road project is part of the US\$ 9.52 billion transport infrastructure projects being undertaken by the state government and is expected to require an investment of US\$ 1.34 billion.
- The Government of India will provide soft loan of US\$ 1 billion to sugar mills to help them clear part of their US\$ 3.33 billion dues to farmers. The money shall be directly credited to the farmer's bank accounts through the Pradhan Mantri Jan-Dhan Yojana.

According to The World Bank, the Indian economy will likely grow at 7 % in 2016-17 and further accelerate to 7.6 % in 2017-18 and 7.8 % in 2018-19. This is on account of India's attempt to implement reforms to unlock the country's investment potential to improve the business environment, liberalised FDI policies, quick solution to the corporate disputes, simplified tax structure, and a boost in both public and private expenditure.

Government of India has joined hands with Belarus and has decided to extend a US\$ 100 million line of credit for joint ventures with the east European country which has shown interest in the flagship Make in India initiative.

The Central Electricity Authority (CEA) expects investment in India's power transmission sector to reach Rs 2.6 trillion (US\$ 39.95 billion) during the 13th plan (2017-22). Early-stage start-ups in India are expected to raise US\$ 800 million in 2017, due to greater focus on profitability and sustainable growth, as per a report by InnoVen Capital.

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