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STEPS TAKEN TO ENCOURAGE INVESTMENT

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As per Economic Survey and also Mid-Year Economic Analysis 2013-14, revival of investment is crucial for raising the growth rate.

The ratio of investment to Gross Domestic Product (GDP) at current market prices (investment rate) stood at 34.8 per cent in 2012-13, the latest year for which the data are available. The growth of the GDP at factor cost at constant prices was 4.7 per cent in 2013-14 and 5.5 per cent in the first half of 2014-15.

Several measures have been outlined in the Union Budget 2014-15 that aim at reviving and accelerating investment which, *inter alia*, include fiscal consolidation with emphasis on expenditure reforms and continuation of fiscal reforms with rationalization of tax structure; fillip to industry and infrastructure, fiscal incentives and concrete measures for transport, power, and other urban and rural infrastructure; measures for promotion of Foreign Direct Investment (FDI) in selected sectors, including defence manufacturing and insurance; and, steps to augment low cost long-term foreign borrowings by Indian companies. Fiscal reforms have been bolstered further by the recent deregulation of diesel prices. The launch of ‘Make in India’ global initiative is intended to invite both domestic and foreign investors to invest in India. The aim of the programme is to project India as an investment destination and develop, promote and market India as a leading manufacturing destination and as a hub for design and information. The programme further aims to radically improve the Ease of Doing Business, open FDI regime, improve the quality of infrastructure and make India a globally competitive manufacturing destination.

The rate of growth of gross fixed capital formation at constant (2004-05) prices improved from (-) 0.1 per cent in 2013-14 to 3.4 per cent in the first half of 2014-15. The growth in the GDP at factor cost at constant prices improved from 4.7 per cent in 2013-14 to 5.5 per cent in the first half of 2014-15.
