

An action plan to boost domestic investment

The year 2023 began with a promise of private investments. In the Union Budget, the government increased the outlay on capital expenditure to ₹10 lakh crore — the highest ever. The government also pushed to enthrone private investments in the country. Recently, Prime Minister Narendra Modi urged the private sector to increase investment, which it must do.

State-level investment summits are often organised, the trendsetter being the Vibrant Gujarat summit, which has been held since 2003. More recently, two state investment summits — Uttar Pradesh (UP) Global Investors Summit and Advantage Andhra Pradesh — witnessed great enthusiasm from the private sector. UP attracted more than 18,000 agreements and a promise of investment worth ₹32.92 lakh crore. Andhra Pradesh concluded an investment promise of ₹13 lakh crore. These investment numbers in the summits are substantial.

Further, with the Tamil Nadu Global Investors Meet, Magnetic Maharashtra, Invest Karnataka, Invest Punjab, and Invest MP, along with other state summits, it is encouraging to see competition growing among states to showcase their business climate, policies, and infrastructure. With the focus on soliciting investments for the robust economic growth of the state economy, these summits attract great responses from businesses, both in India and overseas.

India is a complex nation, which requires a bit of handholding for businesses. Promoting trust-based governance at all levels has been of utmost significance to the current government. The central government has been extremely proactive and is encouraging a healthy ecosystem of effective regulatory processes, sustainable and pro-industry schemes and policies. It has introduced several industry-friendly policies, such as the Production-Linked Incentive schemes, the Remission of Duties and Taxes on Exported Products (RoDTEP), PM Gati Shakti, India Industrial Landbank, the National Logistics Policy, the National Single Window System and Ease of Doing Business. The business regulatory environment is a particularly important and influential determinant in ensuring India becomes a profitable investment destination. At a business conference a few months ago, an industry captain was talking about how India has gained prominence in the last few years due to continued government focus. However, challenges on the ground still remain.

At a time when everyone is speaking about boosting private investment, motivating

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domestic investors will play a significant role. Globally, we have seen countries release domestic private investment data. South Africa, for example, releases its Annual Disaggregated Industry Estimates. China, through its National Bureau of Statistics, releases the total investments in fixed assets and non-governmental investments in fixed assets. The Bureau of Economic Analysis of the United States releases data on gross private domestic investment (DI). Domestic investment data on these lines should be announced at regular intervals, just as we do for foreign direct investment (FDI).

While we must continue our focus on FDI, equal enthusiasm should be there for DI. Indian companies and their investments are the brand ambassadors of a thriving business climate in India for FDI to follow. Going forward, here are six ideas to project, promote, and position DI and place it on an equal footing with FDI.

One, we must have a defined way of collating and disseminating domestic investments on a quarterly basis. Just like we declare FDI at regular intervals, presenting DI should be standardised. Appropriate steps can only be taken once we have proper data in place.

Two, we should have an organisation called Invested in India at the national level, just like we have Invest India. This organisation should focus on issues being faced by the private sector regarding the continuation of their current businesses and future expansion. It should also reduce hurdles faced by a specific company with policy and regulatory issues, both at the central and state levels.

Three, we should replicate the Invested in India set-up at the state level, such as Invested in Haryana or Invested in UP, and so on. States should be encouraged to have dedicated organisations for monitoring investments in the states and facilitating regulatory requirements. These organisations must help existing businesses reinvest in their respective states.

Four, states should learn from each other and share best practices. There should be a central repository on the best practices of the states in encouraging an investment-friendly environment. This would help in the exchange of ideas and learnings from each other.

Five, ministries and departments both at the central and state levels should give the same (or even greater) importance and treatment to domestic investors along with FDIs.

Six, celebrate domestic investors, like we do FDI. It is important to bring focus and public recognition to domestic investments. One suggestion would be a regular meeting with the PM with, say, the top 40-50 domestic investors — to facilitate a new kind of *chai pe charcha*.

In a gloomy global outlook, India is shining bright. We should take the private investment growth story forward. It is time to motivate domestic investors — existing and new — to stimulate private investments. With FDI being celebrated generously, let us also do so about domestic investments. The time is ripe to celebrate, recognise, and welcome India's DI.



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