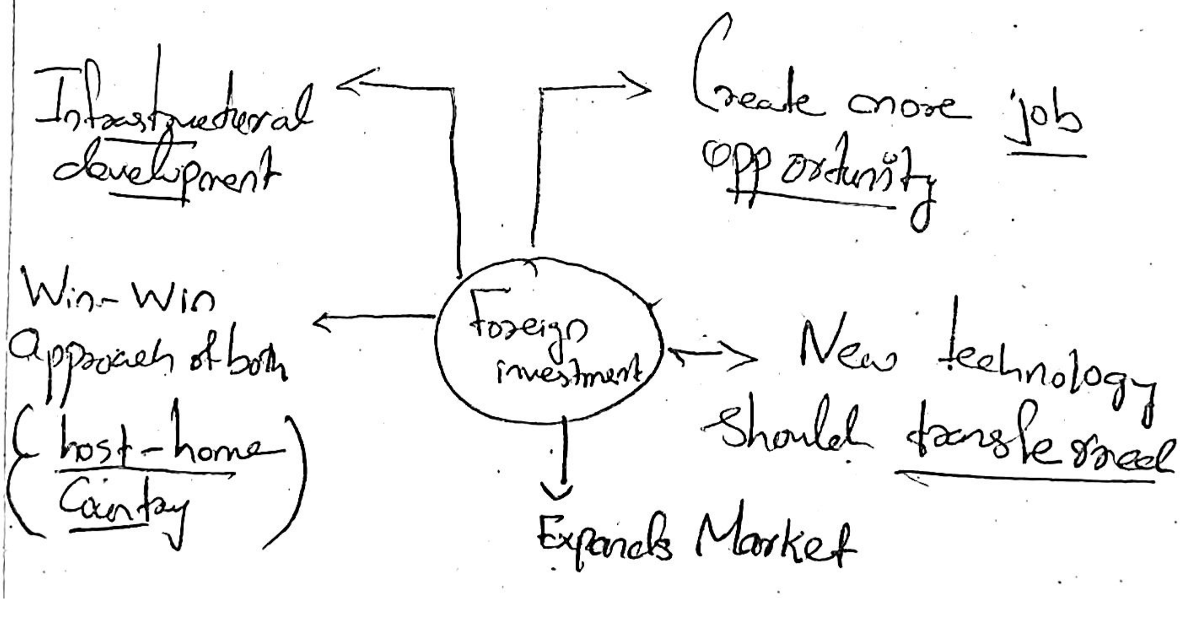
Q) Increasing dependance on foreign flows with weak fundamental could raise financial stability issues. Analyse?

Most of the infrastructural and technological upgradation projects in india undertaken with the help of foreign fund. Foreign investments plays a major role in india's economical development due to indigenous players (domestic investors) have unable to invest more on development sector in time of financial distresses.

Need of Foreign investments



Issues related with 'Over dependency of Foreign investments

•) Tele Communication Sector issues

"Predatory Pricing" - is the ~~illegal~~ illegal act of setting prices low in an attempt to eliminate the Competetition." Predatory Pricing" Majorly done by foreign institutions (Multi National Companies (MNC)) in india, it affect our domestic sectors

•) 100% foreign direct investment under the automatic route in mining

It help to get latest technologies, reduce fuel shortages, and increases the Competition, but our domestic players not strong as to compete with global players, and it also increases environmental impacts.

•) Economical Impacts

- Tax exemption on FDI impact / reduce government revenue
- Emergence of dual economy
- Trade deficits
- affects our exchange rates negatively

Way Forward

• Over dependent on others money harmful to both person and his nation, then india should develop alternative financial resources with stable economic development

eg:- Encourage domestic investments with attractive tax rates

• Foreign investment affect our diplomacy also, now we more favourable to US than our big brother Russia, due to more inflows from ~~[illegible]~~ US. Foreign investments is a neo-colonialism initiative. Once british came to india in the role of trade. Then India should be vigilant in over dependence of global financial resources.

In the globalization era, foreign inflows is predominant one, then without foreign support India unable to survive, but too much dependence is same as what our ancestors did in past for East india Company.