

Do you think PFI scheme alone can induce investment in Indian economy? Examine

The Production linked incentive scheme (PLI) was expanded to 14 sectors comprising pharma, solar, acc. battery, etc. It is projected to bring ₹30 lakh crore investment and 60 lakh jobs. PFI scheme alone is not sufficient to revive investments in India.

Investment trend

As per CSO, PFI scheme resulted in capital formation of 29%. Housing was the largest contributor of 39%. government -16% due to roads and urban infrastructure. PSUs -10% as battered by high fuel prices and Discoms.

Beyond PFI scheme

The PFI scheme addresses investment pertinent to manufacturing sector rather entire gamut of investments. The investments will surge

once there is constant demand. The private consumption is 54% of GDP and investment is 29% as per Economic Survey,

Measures have to be taken to spur the consumption in the economy. Counter-cyclical policies such as increasing government expenditure and reducing taxes can improve the consumption in the economy.

cautious stand has to be ~~done~~ taken while implementation as critical inflation is high at 7%, so consumption goes towards basic necessities rather than investments.

Way forward The PFI scheme largely benefits the international players, WTO compliant measure has to be taken to improve domestic aspects. Higher allocations to concerned ministries and institutions such as NARCL, IDACL can improve bad loan recovery thus ~~so~~ improving investment and consumption.