

UPSC

Candidate must adhere to the word limit specified in the question. Any page or portion of the page left blank must be clearly struck off.

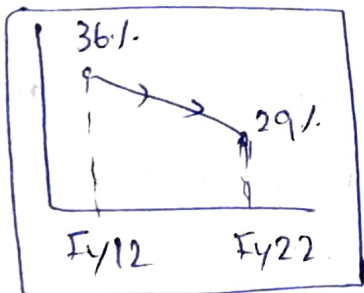
Candidates must not write on this margin.

1. DO you think that the production linked Incentive Scheme alone can induce investment in Indian Economy.?

Examine.

PLI scheme was introduced with view to invest in manufacturing sector, to increase outputs with 4-b.i. incentives.

capital investment



Issue must be examine, with '2' fold.

1. Capital formation - Sector.
2. Economic Sector.

Capital formation

FY21 Gross capital formation, Economic survey. Shows

1. 39% - Household sector
 - > 25% from houses
 - 13% from plants & machinery.

Need: Incentives to Machinery and buying more houses to increase capital.

2. private non financial capital formation - They invest only ~~not~~ in case of high demand,

3. Government sector → capital, mostly in road, urban development.

These '3' sector capital - constitutes 88%.

UPSC

Candidate must adhere to the word limit specified in the question.
Any page or portion of the page left blank must be clearly struck off.

Economic Sectors

1. Real estates contributes - 26%.
2. Manufacturing - 14% - PMI is included as a part.
3. Transport communication - 9% → 5% for communication
↓
Telecom sector
4. Public administration - 12%.
5. Agriculture - 9%.
6. Electricity, water - 7%.

Thus we can see, PMI alone won't increase the investment in the country, unless we ~~also~~ focus on diverse sectors.

Need for diversification:

Spur demand in the economy to increase the consumption. to address demand-supply gap
eg TO increase demand of steel, more cars has to be manufactured and increase in New factories.

Other factors

⇒ Inflation and Employment generation are serious problems as they dent the consumption & decrease demand in the economy.

Thus Holistic view of sectors contributing to the economy must be focussed to increase investment