



## Investments in India

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### Why in News

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According to a recent survey by **Projects Today**, overall **fresh investment announcements in India slumped to the lowest in five years** in the first quarter of the financial year 2020-21.

- The period saw extended **pandemic-induced lockdowns**.
- During this time, **Tamil Nadu emerged as the country's top investment destination**.
- Projects Today is an **independent firm that tracks investment projects** in the country.

### Key Points

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- Investments **improved every passing month** in the quarter (April to June).
  - In **April**, there was an announcement of 260 new projects worth Rs. 20,181.6 crore.
  - In **May**, it rose to 436 new projects worth Rs. 37,922 crore.
  - In **June**, after the announcement of Unlocking 1.0 of the economy, there was a further surge in the number of new projects. In all, the month saw the announcement of 545 new projects with a total investment of Rs. 39,755.43 crore.

**Reliance secured investments** from some of the world's largest firms such as

- **However, fresh project expenditure from Central government agencies dipped** in June 2020, though it is expected to rise in coming months.
  - With **falling revenues due to the lockdown and mounting expenses due to the pandemic**, the government has blocked the initiation of approved/appraised new schemes by various ministries and departments for the next 9 months or till 31<sup>st</sup> March 2021.
    - **Atmanirbhar Bharat and Pradhan Mantri Garib Kalyan Yojana** have been insulated from the expenditure cut measures.
    - The coming quarters will also **demonstrate the efficacy of the Centre's stimulus packages**, that included financial and fiscal reforms along with steps to enhance the agriculture and small scale industries, in attracting foreign and domestic private capital.
- Investment projects were largely **dominated by the government sector and private promoters also announced new projects.**
- Apart from investments, **fresh capacity additions are expected in the healthcare and pharma** sectors with immediate effect.
  - Covid-19 has led companies to do **intensive research for its vaccinations** which need fundings.
  - The pandemic gave **boost to the production of Personal Protection Equipment (PPEs), masks, sanitisers etc.** because of more **emphasis on personal hygiene and products related** to it.
  - Development of **various anti-viral and immunity boosting medicines** also went up.
- States like **Tamil Nadu and Maharashtra held investors meet and signed MoUs, Uttar Pradesh, Madhya Pradesh and Karnataka reworked labour laws**, started **building land banks** and **sent proposals to foreign companies.**
- **Major Challenges:** Country's **slow-moving official machinery, archaic land and labour laws** are some of the things **preventing foreign companies** from bringing in their technology and capital to India.

### Case of Tamil Nadu

- It accounted for **18.63% of the Rs. 97,859 crore of investments** envisaged to execute 1,241 projects in the country in the first quarter.
- The state is also **host to three of the five data centres** envisaged to come up in the country at a total investment of Rs. 7,400 crore.

The **other two data centres are proposed in Maharashtra**, which was second to Tamil Nadu with fresh investments worth Rs. 11,228.8 crore.

### Way Forward

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- India has the required labour force in abundance and it is high time that all the concerns are addressed as soon as possible at the central and state governments level.
- India has all the potential to be the contract manufacturer of the world in areas such as automobile ancillaries, smartphones, electronic items, capital goods, food processing, pharmaceuticals, chemicals, etc.

**Source: TH**