

Government looks to boost private investment, ease bottlenecks

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NEW DELHI: Amid signs of economic recovery, the government is set to hold consultations with states and bankers next week to look at ways to kickstart private investment by removing glitches. On Monday, union finance minister Nirmala Sitharaman will meet state chief ministers and FMs to identify measures that may be required to get investment rolling. This will be followed by a meeting with bank chiefs on Tuesday to identify sector-wise problems. And, on Wednesday, the issues will be presented before Prime Minister Narendra Modi when he meets bank chiefs, in what is also seen as a signal to spur lending at a time when credit flow remains muted.

Need To Capitalise On Momentum

➤ Government believes it should capitalise on positive sentiment to take the economy and investment to a higher growth trajectory

➤ With demand showing



signs of bouncing back strongly, the government feels private sector is in a position to invest

➤ While the investor sentiment is good, there is a need to capitalise on the momentum already created

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— TV SOMANATHAN | FINANCE SECRETARY

“There is capital expenditure from the government side, and there is a positive sentiment from the private sector side, though perhaps not fully translated into actual investment on a big scale. Capital market activity indicates that a lot of investment is probably on the cards,” finance secretary TV Somanathan said.

The top civil servant added that the government believed that it should capitalise on the positive sentiment to take the economy and investment to a higher growth trajectory. “It’s an opportunity, an opportunity that we should not let go,” he said.

With demand, including in the services sector showing signs of bouncing back strongly, the government believes that the private sector is now in a position to invest. At the meeting with bankers, sectoral issues will be discussed as the Centre, along with the states, seeks to remove the bottlenecks and spur investment, which it hopes will translate into jobs.

Somanathan said that at least seven states — Chhattisgarh, Kerala, Madhya Pradesh, Meghalaya, Punjab, Rajasthan and Telangana — have so far taken advantage of the incentives announced by the Centre for enhanced capex during the first half. As an incentive, these states have been allowed to borrow an additional amount of Rs 16,691 crore from the markets.

Economic affairs secretary Ajay Seth said the discussion with the states will revolve around issues such as land, water, electricity availability and how policies can be eased for attracting investments.

“While the investor sentiment is good, there is a need to capitalise on the momentum already created. The first four months of FY 2021-22 have already witnessed inflows of \$64 billion foreign direct investment,” a statement said. The interaction will attempt to create a policy discourse and a facilitative environment for inward investment-led growth