

Top six measures which can boost investors' confidence under Modi rule

by *Shashank Khade, 19th May, 2014*

■ Economy

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The main goal of the NDA government shall be of that of "Self Reliant India". Given the strong mandate, the NDA government has high expectations of the people of India to fulfil. Stronger GDP growth, better job creation opportunities for youth, improving business confidence are some of demands of the electorate to be met.

Beyond these, the government has to demonstrate better governance and take steps to tackle corruption. Parliament led reforms have led to a backseat over the last 5 years.

Given the strong government in place, smooth passage of bills and reform measures could become a reality. Labour related reforms have been held up for many years, could also see the light of the day. Investor friendliness needs to be demonstrated through clear communication to foreign investors. Transparent and un-ambiguous tax laws could encourage Foreign Direct Investment into the country.

Based on this goal, the following reform measures and actions can be foreseen:

1. FDI hike in Life Insurance (Insurance Bill to be passed by the Parliament):

Higher FDI in Insurance shall pave the way for IPOs of Indian Life Insurance companies. This shall further broad-base the opportunities in financial services sector available to investors and most importantly provide access to further capital to banks which have incubated insurance business over the last 14 years.

2. GST implementation to finally take off with better Centre-State co-ordination :

With very few Congress led State governments, better co-ordination and consensus between Centre and States on the crucial GST issue may lead to GST finally becoming a reality.

3. Rationalisation & effective payment mechanism of Government subsidies :

Subsidies have been a drag on government finances. While UPA government has tried to

optimise subsidies by testing Aadhar card identification for directed subsidies to real beneficiaries, better technology adoption may enable identification of potential beneficiaries correctly. Fuel subsidies have been reduced over the last 15 months through linking petrol and diesel prices to market prices of crude oil. This initiative could be taken forward further and attempt to diminish fuel subsidies could be taken.

4. Natural resources production to be stepped up :

India is a net importer of Crude oil and Coal. Measures taken to increase domestic coal and oil and gas production shall take India to the path of self-reliance over the longer term thus reducing the burden on current account deficit immensely. E&P reforms and consistency in pricing policies shall incentivise the companies to produce more.

5. Infrastructure development, Tourism and Railways modernisation could be key focus areas :

Since 2000, Indian infrastructure has been given a boost through implementation of various initiatives such as building Golden Quadrilateral, increased Power plant capacity, building power grid across India, better airports. Further, conceived measures such as linking all the villages through fibre-optic cable network, building freight corridors connecting major cities shall be projects which can get going soon.

The NDA government shall clearly focus on fast tracking and timely implementation of such measures. Indian Railways thanks to compulsions of coalition government dynamics has been given a secondary treatment. Railway up-gradation could be a thrust area of NDA government. Finally, tourism may get its due share in creation jobs and improving India' image across the world as a travel destination.

6. Indigenisation of defence equipment to be focussed upon :

Better decision making and transparency pertaining to defence projects shall provide Indian engineering companies better business opportunities as emphasis on indigenization is laid.