

1. India should make the most of the conducive global environment to attract foreign investment.

Explain.

Due to recent COVID-19 pandemic situation and decreased GST tax collection, there is a need to bridge the finance gap for public infrastructure and capital expenditure. With the economy reverted to normal until 2022, there is need to boost foreign investment and portfolio investment to match with the finance gap bridge.

China's vacuum - Exit of firms:

1. Due to anti-China and trade barriers by USA and European nations.
2. Companies like NOKIA, Apple came out from Chinese territorial investment.
3. India use this opportunity to gain boost in manufacturing firms by providing attractive tax benefits.
4. (e.g) India can provide 3-year tax holiday for manufacturing investment firms.

## Brexit and potential Indian market:

1. Britain was gateway to European automobile and Technology markets.
2. Brexit  $\Rightarrow$  Many firms stopped investing FDI in Britain.
3. Britain currency is weak and India may use this opportunity to ~~use~~ have trade deals with India to have opportunistic takeovers.
4. (e.g) Demographic superiority of India - largest working age population.

## USA - American first and trade barrier policy:

1. USA stopped GSP to developing countries like India, Brazil, China etc,
2. USA stopped imports from major European nation to boost domestic productivity.
3. India should use this opportunity by provide free trade policy with European Union and developing nations by showcasing as an alternative FDI to USA.

## Future Prospects:

1. FY21 - FDI India - ₹95,000 crore
2. Tax policy with Cabinet Committee of economy affairs approval can be increased to ₹1500 crore for easy FDI approval