

EDITORIAL



Apart from being a critical driver of economic growth, Foreign Direct Investment (FDI) has been a major non-debt financial resource for the economic development of India. The country is expected to attract Foreign Direct Investment of US\$ 120-160 billion per year by 2025, according to CII and EY report. The Indian Government's favourable policy regime and robust business environment has ensured that foreign capital keeps flowing into the country.

The insurance sector received a boost after it was proposed in the Union Budget to increase the permissible foreign direct investment limit in insurance companies to 74% from 49%. Foreign direct investment into India rose by 13 per cent in 2020, boosted by interest in the digital sector, and while fund flows "declined most strongly" in major economies such as the UK, the US and Russia due to the Covid-19 pandemic, India and China "bucked the trend", the UN has said. Cross-border merger and acquisition (M&A) sales grew 83 per cent to \$27 billion, citing social networking giant Facebook's acquisition of 9.9 per cent stake in Reliance Jio platforms, via a new entity, Jaadhu Holdings LLC. Similarly deals in the energy sector propped up M&A values in India. Further, India and Turkey are attracting record numbers of deals in information consulting and digital sectors, including e-commerce platforms, data processing services and digital payments.

The Government has inaugurated the National Infrastructure Pipeline (NIP) Online Dashboard, a one stop solution for all stakeholders looking for

information on infrastructure projects in New India. The dashboard is being hosted on the India Investment Grid (IIG). IIG is an interactive and dynamic online platform that showcases updated & real-time investment opportunities in the country. NIP is a first-of-its-kind initiative to provide world-class infrastructure across the country and improve the quality of life for all citizens. NIP will improve project preparation, attract investments (both domestic & foreign) into infrastructure, and will be crucial for attaining the target of becoming a \$5 trillion economy by FY 2025. Attracting foreign investment is the only viable option for the government to meet its infrastructure and growth deficits. However, to become an attractive investment destination for foreign investors, India needs to improve its business environment doing away with complex red tape and undertaking necessary economic reforms.

FDI is considered as a developmental tool, which helps in achieving self-reliance in various sectors and in

overall development of the Indian economy. The CMAs can apply Lean manufacturing philosophies such as Kaizen, 5-S and other best-practices to control cost in all areas of a manufacturing business to attract foreign investors to make investments in manufacturing leading to employment generation, improvement in purchasing power for consumers, which eventually would help industry realize the potential of India as the great bazaar and make our Hon'ble Prime Minister's aim "Trillion Dollar Economy" and "Ease of Doing Business" a grand success.

This issue presents a good number of articles on the cover story "Foreign Direct Investment (FDI) and Economic Growth" written by distinguished experts. We look forward to constructive feedback from our readers on the articles and overall development of the Journal. Please send your emails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers would enjoy the articles.

