

India intends to be friendly to foreign investors: Raghuram Rajan

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The Hindu Chief Economic Advisor Raghuram Rajan

India intends to be friendly to foreign investors and continue with the existing policy for them, Chief Economic Advisor Raghuram Rajan said on Wednesday.

“The broader point is India intends to be friendly to foreign investors and not change the rules of the game on them,” Mr Rajan said in a video conference held with more than 300 investors in Singapore.

Speaking at the seminar on the Indian budget, which was organised by the High Commission of India in Singapore and the Singapore Management University, he acknowledged India’s massive investment requirement but said it would be through the private sector.

“We need to nudge the private sector to make the investments. We need to make them (the investors) bring their plans forward and put their projects on the ground,” he said.

He cited the example of investment allowances in the form of a tax credit, if the investors put their investment and implemented their projects over the next couple of years.

Elaborating on the investor-friendly approach taken in the Budget, Mr Rajan said: “A big thrust in this Budget is expanding access to financing so that the private and public sectors can get the money and do what they need to do.”

There were a number of measures in the Budget trying to reduce the barrier for foreign investors to come into India and bring their money in and to invest, he said.

All issues raised by investors were being considered with the aim of making it easier for them to invest in India, Mr Rajan said.

Mr Rajan also highlighted India’s plans to support the growth of small and medium enterprises (SMEs).

The country’s SMEs have little incentive to grow, he said, pointing out that this sector in other countries has grown and created jobs.

“So what we are trying to do is to create some incentives for them to grow. One of the proposals in the budget is to continue allowing them (SMEs) to grow even three years after they have grown out of this category,” he said.