

Policy Uncertainty v/s Investment

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Source: Economic Survey 2018-19

How does Policy Uncertainty affect Investment?

- Significant reduction in Economic Policy Uncertainty in India over the last one decade, even when economic policy uncertainty increased in major countries, especially the U.S.
- Uncertainty dampens investment growth in India for about five quarters.
- Lower economic policy uncertainty can foster a salutary investment climate.
- **Survey proposes reduction in economic policy uncertainty by way of:**
 - Consistency of actual policy with **forward guidance.**
 - **Quality assurance certification** of processes in Government departments