



Trend on Foreign Direct Investment (FDI) in India

Foreign Direct Investment (FDI) is a major driver of economic growth and an important source of non-debt finance for the economic development of India. It has been the endeavour of the Government to put in place an enabling and investor friendly FDI policy. The intent all this while has been to make the FDI policy more investor friendly and remove the policy bottlenecks that have been hindering the investment inflows into the country. The steps taken in this direction have borne fruit, as is evident from the ever-increasing volumes of FDI inflows being received into the country.

Measures taken by the Government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country. The following trends in India's Foreign Direct Investment are an endorsement of its status as a preferred investment destination amongst global investors:

Despite the ongoing pandemic and global developments, India received the highest annual FDI inflows of USD 84,835 million in FY 21-22 overtaking last year's FDI by USD 2.87 billion. Earlier, FDI inflows increased from USD 74,391 million in FY 19-20 to USD 81,973 million in FY 20-21.

Singapore (27.01%) and USA (17.94%) have emerged as top 2 sourcing nations in FDI equity flows into India in FY 2021-22 followed by Mauritius (15.98%), Netherland (7.86%) and Switzerland (7.31%). It may be noted that as per the UNCTAD World Investment Report (WIR) 2022, in its analysis of the global trends in FDI inflows, India has improved one position to **7th rank** among the top 20 host economies for 2021.

FDI Equity inflow in Manufacturing Sectors have increased by 76% in FY 2021-22 (USD 21.34 billion) compared to previous FY 2020-21 (USD 12.09 billion).

India is rapidly emerging as a preferred country for foreign investments in the manufacturing sector. Karnataka (37.55%) and Maharashtra (26.26%) are the top 2 States in receiving FDI.

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Warm Regards,

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