

INDIA GETS THE HIGHEST ANNUAL FDI INFLOW OF USD 83.57 BILLION IN FY21-22

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign Capital, Foreign Trade & BOP

India has recorded highest ever annual FDI inflow of USD 83.57 billion in the Financial Year 2021-22. In 2014-2015, FDI inflow in India stood at mere 45.15 USD billion as compared to the highest ever annual FDI inflow of USD 83.57 billion reported during the financial year 2021-22 overtaking last year's FDI by USD 1.60 billion despite military operation in Ukraine and COVID-19 pandemic. India's FDI inflows have increased 20-fold since FY03-04, when the inflows were USD 4.3 billion only.

The details of total FDI inflows reported during the last four financial years are as under:

S. No.

Financial Year

Amount of FDI inflows

(in USD billion)

1.

2018-19

62.00

2.

2019-20

74.39

3.

2020-21

81.97

4.

2021-22

83.57

Further, India is rapidly emerging as a preferred country for foreign investments in the manufacturing sector. 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).

The following trends in India's Foreign Direct Investment inflow are an endorsement of its status as a preferred investment destination amongst global investors.

It may be noted that FDI inflow has increased by 23% post-Covid (March, 2020 to March 2022: USD 171.84 billion) in comparison to FDI inflow reported pre-Covid (February, 2018 to February, 2020: USD 141.10 billion) in India.

In terms of top investor countries of FDI Equity inflow, 'Singapore' is at the apex with 27%, followed by U.S.A (18%) and Mauritius (16%) for the FY 2021-22. 'Computer Software & Hardware' has emerged as the top recipient sector of FDI Equity inflow during FY 2021-22 with around 25% share followed by Services Sector (12%) and Automobile Industry (12%) respectively.

Under the sector 'Computer Software & Hardware', the major recipient states of FDI Equity inflow are Karnataka (53%), Delhi (17%) and Maharashtra (17%) during FY 2021-22. Karnataka is the top recipient state with 38% share of the total FDI Equity inflow reported during the FY 2021-22 followed by Maharashtra (26%) and Delhi (14%). Majority of the equity inflow of Karnataka has been reported in the sectors 'Computer Software & Hardware' (35%), Automobile Industry (20%) and 'Education' (12%) during the FY 2021-22.

The steps taken by the Government during the last eight years have borne fruit as is evident from the ever-increasing volumes of FDI inflow being received into the country, setting new records. The Government reviews the FDI policy on an ongoing basis and makes significant changes from time to time, to ensure that India remains attractive and investor friendly destination. Government has put in place a liberal and transparent policy for FDI, wherein most of the sectors are open to FDI under the automatic route. To further liberalise and simplify FDI policy for providing Ease of doing business and attract investments, reforms have been undertaken recently across sectors such as Coal Mining, Contract Manufacturing, Digital Media, Single Brand Retail Trading, Civil Aviation, Defence, Insurance and Telecom.

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