

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

RAJYA SABHA

**UNSTARRED QUESTION NO. 1974.
TO BE ANSWERED ON FRIDAY, THE 23RD DECEMBER, 2022.**

FOREIGN INVESTMENTS IN MANUFACTURING SECTOR

1974. SHRI AKHILESH PRASAD SINGH:

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether the Ministry has claimed that India is rapidly emerging as a preferred country for foreign investments in the manufacturing sector;
- (b) whether most of the foreign investments in manufacturing are largely financial investments by private equity funds and not by long-term strategic players and if so, the reasons therefor;
- (c) whether several multinational firms have trimmed their exposure to India and have hived off assets, including manufacturing plants to domestic companies; and
- (d) if so, the details thereof and the reasons therefor?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

- (a): The Government has put in place a liberal and transparent policy for attracting Foreign Direct Investment (FDI), wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. Subject to the provisions of the FDI Policy, foreign investment in 'manufacturing' sector is under automatic route. Manufacturing activities may be either self-manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Measures taken by the Government in the last few years on FDI policy reforms have resulted in increased FDI inflows in the country. India has received its highest ever FDI inflow of US\$ 84.84 billion (provisional figures) in Financial Year 2021-22. Further, FDI Equity inflow in Manufacturing sectors has increased to USD 21.34 billion in Financial Year 2021-22 from USD 12.09 billion (FY 2020-21), which is an increase of 76%.
- (b): No such data is centrally maintained.
- (c) & (d): No such data is centrally maintained. FDI is largely a matter of commercial business decisions. FDI inflows into a country depends on a host of factors such as availability of natural resources, market size, infrastructure, political and general investment climate as well as the macro-economic stability and investment decision of foreign investors.
