

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

**UNSTARRED QUESTION NO. 1801.
TO BE ANSWERED ON FRIDAY, THE 04TH AUGUST, 2023.**

FDI INFLOW IN THE COUNTRY

**1801. Shri Deepender Singh Hooda:
Shri Pramod Tiwari:
Dr. L. Hanumanthaiah:
Shri Digvijaya Singh:
Shri Imran Pratapgarhi:
Shri Syed Nasir Hussain:
Dr. Ameer Yajnik:
Smt. Ranjeet Ranjan:
Shri K.C. Venugopal:**

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

- (a) the details of Foreign Direct Investment (FDI) equity inflow to India for the past five years, sector-wise;
- (b) whether there has been a decline of 14 per cent in FDI inflows from April-September 2021 to April-September 2022, from \$31.15 billion to \$26.91 billion, if so, the reasons therefor;
- (c) the steps taken by Government to attract foreign investment in major industrial sectors, especially in renewable energy;
- (d) whether Government is aware that the service sector receives the highest FDI share; and
- (e) if so, whether Government has any plan to increase FDI in manufacturing sector in the country, if so, details thereof?

ANSWER

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

- (a): The sector-wise details of Foreign Direct Investment (FDI) equity inflow to India for the past five financial years are at Annexure-I.
- (b): Details of the total FDI inflow and FDI equity inflow reported during the period April to September, 2021 and April to September, 2022 are as under:

(Amount in US\$ billion)			
S. No.	Period	FDI Inflow	FDI Equity Inflow
1	April- September, 2021	42.52	31.15
2	April- September,2022	39.37	26.91

Source : Reserve Bank of India

The Foreign Direct Investment inflow into a country depends on a host of factors such as availability of natural resources, macro-economic stability, investment decision of foreign investors, global investment climate and central bank interest rates. FDI inflow have also been impacted by threat of global recession, economic crisis due to Russia-Ukraine conflict, global protectionist measures and decline of real GDP growth rates of Singapore, USA and UK which are the major source countries for FDI.

- (c): To attract more FDI, Government has put in place an investor friendly FDI policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. The policy on FDI is reviewed on an ongoing basis, to ensure that India remains an attractive and investor friendly destination. FDI policy provisions have been progressively liberalized and simplified across various sectors. In the recent past, reforms in the FDI Policy have been undertaken in sectors such as Defence, Insurance, Petroleum & Natural Gas and Telecom. There is no specific entry with respect to renewable energy sector in the extant FDI Policy. As per para 5.2 (a) of the FDI Policy, in sectors/ activities not listed under the FDI Policy, FDI is permitted up to 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities.
- (d): Service Sector (Financial, Banking, Insurance, Non-Financial/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other) is among the top 3 sectors to receive FDI equity Inflow.
- (e): The Government has inked provisions in FDI Policy with respect to manufacturing quoted below:

“5.2.5.1 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. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval.”

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE RAJYA SABHA USTARRED QUESTION NO. 1801 FOR ANSWER ON 04.08.2023.

SECTOR-WISE FDI EQUITY INFLOW FROM April 2018 TO March 2023

(Amount in US\$ million)

Sr.No.	Sector	Financial Year				
		2018-19	2019-20	2020-21	2021-22	2022-23
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	AGRICULTURAL MACHINERY	5.78	102.31	142.59	268.73	742.06
2	AGRICULTURE SERVICES	88.96	52.28	117.14	258.47	450.7
3	AIR TRANSPORT (INCLUDING AIR FREIGHT)	190.64	918.3	204.1	584.83	215.73
4	AUTOMOBILE INDUSTRY	2,623.22	2,824.03	1,637.44	6,993.55	1,902.21
5	BOILERS AND STEAM GENERATING PLANTS	0.01	0.08	0.9	-	-
6	CEMENT AND GYPSUM PRODUCTS	17.61	5.1	3.78	204.41	1.89
7	CERAMICS	58.09	2.77	20.61	1.34	83.24
8	CHEMICALS (OTHER THAN FERTILIZERS)	1,980.99	1,057.51	847.07	965.78	1,850.01
9	COMMERCIAL, OFFICE & HOUSEHOLD EQUIPMENTS	11.78	2.65	47.25	17.24	20.07
10	COMPUTER SOFTWARE & HARDWARE	6,415.21	7,673.32	26,144.69	14,461.35	9,394.22
11	CONSTRUCTION (INFRASTRUCTURE) ACTIVITIES	2,258.00	2,041.72	7,874.54	3,247.51	1,703.40
12	CONSTRUCTION DEVELOPMENT: Townships, housing, built-up infrastructure and construction-development projects	213.15	616.54	422.09	124.99	146.62
13	CONSULTANCY SERVICES	410.61	1,046.80	938.44	1,150.40	605.43
14	DEFENCE INDUSTRIES	2.18	2.2	0.63	2.36	3.27
15	DIAMOND, GOLD ORNAMENTS	29.15	18.87	13.83	22.22	25.5
16	DRUGS & PHARMACEUTICALS	265.97	517.79	1,490.49	1,414.24	2,058.42
17	DYE-STUFFS	1.52	5.14	4.44	2.94	1.15

18	EARTH-MOVING MACHINERY	34.16	14.08	39.39	60.6	33.2
19	EDUCATION	776.73	766.15	1,250.37	3,228.68	1,443.24
20	ELECTRICAL EQUIPMENTS	976.5	572.01	1,411.95	683.7	909.11
21	ELECTRONICS	451.88	422.37	375.31	417	539.98
22	FERMENTATION INDUSTRIES	149.49	313.67	84.77	869.52	307.22
23	FERTILIZERS	86.73	9.12	17.89	6.07	9.34
24	FOOD PROCESSING INDUSTRIES	628.24	904.7	393.41	709.71	895.84
25	GLASS	35.38	23.97	42.36	588.22	58.07
26	GLUE AND GELATIN	13.29	2.76	0.74	4.56	9.6
27	HOSPITAL & DIAGNOSTIC CENTRES	1,044.61	634.73	501.16	697.5	809.6
28	HOTEL & TOURISM	1,075.75	2,937.79	368.96	729.08	328.04
29	INDUSTRIAL INSTRUMENTS	1.62	8.32	0.7	0.11	-
30	INDUSTRIAL MACHINERY	338.18	424.63	253.33	320.66	260.88
31	INFORMATION & BROADCASTING (INCLUDING PRINT MEDIA)	1,252.36	823.4	313.89	152.27	465.61
32	LEATHER, LEATHER GOODS AND PICKERS	4.52	12.6	8.89	7.15	33.11
33	MACHINE TOOLS	44.93	28.83	20.91	31.23	42.95
34	MEDICAL AND SURGICAL APPLIANCES	156.72	308.71	68.91	208.05	397.2
35	METALLURGICAL INDUSTRIES	598.84	2,100.65	1,340.47	2,272.35	218.59
36	MINING	224.16	199.23	168.77	344.61	167.15
37	MISCELLANEOUS INDUSTRIES	454.04	839	767.52	492.91	409.94
38	MISCELLANEOUS MECHANICAL & ENGINEERING INDUSTRIES	162.67	54.36	64.1	411.17	103.58
39	NON-CONVENTIONAL ENERGY	1,446.16	1,393.39	797.21	1,600.93	2,499.99
40	PAPER AND PULP (INCLUDING PAPER PRODUCTS)	38	49.96	22.42	158.48	27.23
41	PETROLEUM & NATURAL GAS	149.26	805.76	102.77	56.41	107.55
42	POWER	1,105.64	672.16	373.63	525.66	697.92
43	PRIME MOVER (OTHER THAN ELECTRICAL GENERATORS)	244.92	85.35	279.97	25.08	115.26
44	PRINTING OF BOOKS (INCLUDING LITHO PRINTING INDUSTRY)	549.8	374.3	81.21	316.95	76.37
45	RAILWAY RELATED COMPONENTS	72.19	138.32	119.64	1.26	2.83
46	RETAIL TRADING	442.83	471.84	1,338.07	497.13	506.71
47	RUBBER GOODS	184.07	81.21	265.94	70.73	160.17

48	SCIENTIFIC INSTRUMENTS	3.15	23.23	9.42	7.57	70.33
49	SEA TRANSPORT	279.25	198.58	294.2	393.81	529.8
50	SERVICES SECTOR (Fin., Banking, Insurance, Non Fin/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other)	9,146.14	7,852.95	5,060.22	7,131.44	8,706.93
51	SOAPS, COSMETICS & TOILET PREPARATIONS	154.09	99.05	103.53	548.89	111.57
52	SUGAR	1.1	0.46	24.94	0.55	6.05
53	TEA AND COFFEE (PROCESSING & WAREHOUSING COFFEE & RUBBER)	13.64	6.88	8.65	3.09	71.22
54	TELECOMMUNICATIONS	2,667.91	4,445.16	392.11	668.14	712.95
55	TEXTILES (INCLUDING DYED,PRINTED)	198.14	323.52	298.67	247.75	154.72
56	TIMBER PRODUCTS	7.75	12.62	5.89	20.45	22.24
57	TRADING	4,462.13	4,573.82	2,608.22	4,537.59	4,792.28
58	VEGETABLE OILS AND VANASPATI	116.22	79.97	44.97	5.85	15.74
	Total	44,366.03	49,977.05	59,635.54	58,773.27	46,034.05
