GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

LOK SABHA

UNSTARRED QUESTION NO. 2172.
TO BE ANSWERED ON MONDAY, THE 24TH DECEMBER, 2018.

INDIA'S RANKING ON FDI

2172. PROF. PREM SINGH CHANDUMAJRA:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

(a) whether doing business is continuously getting easier in the country over the years;

(b) if so, the details thereof and the reaction of the Government in this regard;

(c) whether India's ranking is still tenth in Foreign Direct Investment (FDI) even after increase in facilities for doing business in the country; and

(d) if so, the details thereof along with the reasons therefor and the corrective steps taken by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री सी.आर. चौधरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI C.R. CHAUDHARY)

(a) & (b): Yes, Madam, India has improved its rank by 65 places from 142 to 77 in last 4 years since 2014 in World Bank's Doing Business Report. With the introduction of Business Reform Action Plan (BRAP) assessment and ranking, states have been competing with one another in introducing more reforms. This is reflected in the sharp improvement in the national average implementation of business reforms from 32% in 2015 to 60.21% in 2017-18. States/UTs have come forward with great fervor in implementing various reforms.

(c): Yes, Madam (as per World Investment Report 2018 issued by United Nations Conference on Trade and development) (Annexure 1)

(d): Review of FDI policy is an ongoing process and significant changes are made in the FDI policy regime, from time to time, to ensure that India remains an attractive investment destination. These measures are expected to increase FDI, which complements and supplements domestic investment. Domestic companies are benefited through FDI, by way of enhanced access to supplementary capital and state-of-art-technologies; exposure to global managerial practices and opportunities of integration into global markets resulting into accelerated domestic growth of the whole country.

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ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE LOK SABHA UNSTARRED QUESTION NO. 2172 FOR ANSWER ON 24.12.2018.

UNCTAD

UNITED NA TIONS CONFERENCE ON TRADE AND DEVELOPMENT

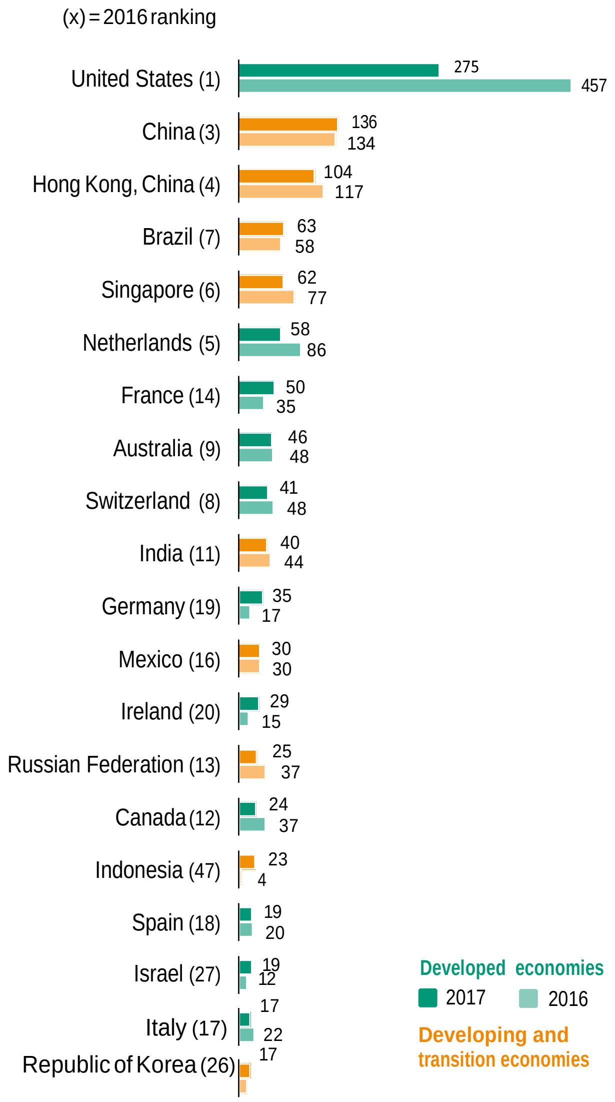
WORLD INVESTMENT 2018

FDI inflows to developing economies remained close to their 2016 level, at $671 billion. FDI flows to developing Asia were stable at $476 billion. The modest increase in Latin America and the Caribbean (+8 per cent to $151 billion) compensated for the decline in Africa (–21 per cent to $42 billion).

The slump in FDI flows to Africa was due largely to weak oil prices and lingering effects from the commodity bust, as flows contracted in commodity-exporting economies such as Egypt, Mozambique, the Congo, Nigeria and Angola. Foreign investment to South Africa also contracted, by 41 per cent. FDI inflows to diversified exporters, led by Ethiopia and Morocco, were relatively more resilient.

Developing Asia regained its position as the largest FDI recipient region. Against the backdrop of a decline in worldwide FDI, its share in global inflows rose from 25 per cent in 2016 to 33 per cent in 2017. The largest three recipients were China, Hong Kong (China) and Singapore. With reported inflows reaching an all-time high, China continued to be the largest FDI recipient among developing countries and the second largest in the world, behind the United States.

Figure I.3. **FDI inflows, top 20 host economies, 2016 and 2017** (Billions of dollars)



The increase in FDI flows to Latin America and the Caribbean (excluding financial centres) constituted the first rise in six years. Inflows are still well below the peak reached in 2011 during the commodity boom. Although commodities continued to underpin investment in the region, there is now a shift towards infrastructure (utilities and energy, in particular), finance, business services, ICT and some manufacturing.

FDI flows to transition economies in South-East Europe and the Commonwealth of Independent States (CIS) declined by 27 per cent in 2017, to $47 billion, following the global trend. This constituted the second lowest level since 2005. Most of the decline was due to sluggish FDI flows to four major CIS economies: the Russian Federation, Kazakhstan, Azerbaijan and Ukraine.

As a result of these regional variations, the share of developed economies in world FDI flows as a whole decreased to 50 per cent of the total. Half of the top 10 host economies continue to be developing economies (figure I.3). The United States remained the largest recipient of FDI, attracting $275 billion in inflows, followed by China, with record inflows of $136 billion despite an apparent slowdown in the first half of 2017.

The FDI environment in some regional and interregional groups (figure I.4) could be significantly affected by ongoing policy developments (chapter III).

12 2017 2016

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).