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

LOK SABHA

UNSTARRED QUESTION NO. 1477.
TO BE ANSWERED ON TUESDAY, THE 28TH JULY, 2026.

FDI TARGETS

1477. SHRI NEERAJ MAURYA:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:
वाणिज्य एवं उद्योग मंत्री

(a) whether the Government has any proposal to reform its policies to achieve the annual Foreign Director Investment (FDI) target of 100 billion dollars;

(b) if so, the details thereof;

(c) the reasons for FDI reaching lowest in financial year 2024 and the steps being taken by the Government to prevent this trend, during the last five financial years;

(d) the progress made by the Government in liberalising FDI in sensitive sectors such as defence and insurance and telecommunications along with their impact on FDI in 2024;

(e) the steps taken by the Government to attract investments in the services, software and manufacturing sectors; and

(f) the timeline fixed by the Government for achieving the FDI target and the mechanisms placed to monitor its progress?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)

(a) to (f): The Government reviews the FDI policy on an ongoing basis and makes significant changes from time to time, to ensure that India remains an attractive & investor-friendly destination. The steps taken to attract larger FDI include removing regulatory barriers, streamlining processes, developing infrastructure, bettering logistics and improving the business environment by enhancing the Ease of Doing Business (EoDB).

The Government does not fix targets for FDI inflows as FDI is largely a matter of private business decisions. FDI inflows depend on a host of factors such as availability of natural resources, market size, infrastructure, political and general investment climate, as well as macroeconomic stability and investment decisions of foreign investors.

The Government has undertaken significant reforms across multiple sectors to liberalise FDI policy. FDI policy provisions have been progressively liberalised and simplified across various sectors such as Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development, Power Exchanges, e-commerce activities, Coal Mining, Contract Manufacturing, Digital Media, Civil Aviation etc. In the recent past, reforms in the FDI Policy have been undertaken in sectors such as Defence, Insurance, Petroleum & Natural Gas, Telecom and Space. Specifically, the FDI Policy was amended vide Press Note No. 4 (2020 series), to allow FDI up to 74% through the Automatic Route for companies seeking a new defence industrial license, and up to 100% through the Government Route wherever it is likely to result in access to modern technology. Similarly, the FDI policy for insurance companies was amended vide Press Note 1 (2026 series) to increase the FDI limit from 74% to 100%. This enhanced limit is expected to attract long-term institutional capital, improve insurance penetration, and strengthen financial resilience. Furthermore, the FDI Policy in the Telecom sector was amended vide Press note 4 (2021) Series to allow 100% FDI under the automatic route for telecom services.

To complement the reforms, efforts have been undertaken to ensure a seamless business regulatory framework across the country and nudge states to promote healthy competition to attract investments. The Government of India released Business Reforms Action Plan (BRAP) 2024 rankings and Logistics Ease Across Different States (LEADS) 2024 report to *inter-alia* communicate to potential investors examples of positive business ecosystem as well as logistics performance undertaken by various States and UTs. Under the Regulatory Compliance Burden (RCB) excercise, 47,865 compliances reduced since 2020 out of which 16,136 simplified, 22,289 digitised, 5,170 decriminalised, 4,270 redundancies removed. Through the Jan Vishwas (Amendment of Provisions) Act, 2023, the Government has decriminalised 183 provisions across 42 Central Acts from 19 Ministries/Departments. Building upon the Jan Vishwas Act, 2023, the Government undertook a comprehensive review of central laws and introduced the Jan Vishwas (Amendment of Provisions) Act, 2026, which amends 784 provisions across 79 Central Acts administered by 23 Ministries. Of these, 717 provisions have been decriminalized to promote Ease of Doing Business, while 67 provisions have been amended to facilitate Ease of Living. All these have resulted in FDI inflow reported in the Financial Year 2025-26 (USD 94.84 billion) being the highest ever for a financial year showing an increase of nearly 18% compared to the previous FY 2024-25 (USD 80.62 billion).

Various steps taken to attract investments in services, software, and the manufacturing sector are placed at **Annexure.**

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ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (f) OF THE LOK SABHA UNSTARRED QUESTION NO. 1477 FOR ANSWER ON 28.07.2026.

Steps taken to attract investments in services, software, and the manufacturing sector

The details of steps taken to attract investments and improve India's attractiveness as an investment destination, particularly in the Software, Service, and Manufacturing Sector, are placed below:

1. **Software Sector:**

To attract FDI in the software sector, Special Economic Zones (SEZs) and Software Technology Parks of India (STPIs) have been set up to promote the growth of the software sector by providing tax benefits, infrastructure support, and regulatory ease. SEZs offer tax incentives, simplified regulations, and world-class infrastructure to attract foreign and domestic investments in IT and software development. Further, STPIs help to promote software development and exports in addition to Government-backed incentives like *Make in India* and *Digital India.* Further, to facilitate the inflow of FDI and to build investors trust , Government has taken initiatives such as National Policy on Software Products , targeted PLI schemes, and an enhanced data protection framework.

2. **Service Sector:**

To address barriers in service sectors, concerted efforts have been put to promote the Startup and Innovation Ecosystem in India. FDI inflows in the services sector rose by 40.77% in FY 2024–25, reaching US$ 9.35 billion, up from US$ 6.64 billion in the previous year. This sector accounted for 19% of total FDI equity inflows, making it the top recipient.

To address barriers in service sectors, concerted efforts have been put to promote the Startup and Innovation Ecosystem in India. FDI equity inflows in the services sector rose by 40.77% in FY 2024–25, reaching US$ 9.35 billion, up from US$ 6.64 billion in the previous year and accounted for 19% of total FDI equity inflows, making it the top recipient. In the FY 2025-26, FDI inflows was US $ 10.01 bn in the service sectors and contributed to 17% of total FDI equity inflows.

3. Manufacturing Sector:

The Government has undertaken several initiatives to accelerate growth and establish India as a global manufacturing powerhouse. In order to attract investments, 100% FDI is allowed the automatic route in the Manufacturing sector. Some of the initiatives by the Government include:

- PLI Scheme for Large Scale Electronics Manufacturing
- PLI Scheme 2.0 for IT Hardware
- Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme

- Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)
- Electronics Component Manufacturing Scheme (ECMS)
- Public Procurement (Preference to Make in India) Order to promote using made in India goods
- Mobile Phone Manufacturing Scheme (MPMS)

These initiatives have enabled the creation of a conducive investment ecosystem, leading to substantial growth in production, exports, employment and value addition in the electronics manufacturing sector.

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