

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:445

ANSWERED ON:21.10.2008

FDI INFLOW

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

- (a) the details of flow of Foreign Direct Investment (FDI) into the country during each of the last three years and the current year, State-wise including the proposals sanctioned for the North East Region;
- (b) whether FDI inflow in India is lesser than that of China;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether Grant Thornton's Report has indicated that India is the second top favoured destination market for investment and development;
- (e) if so, the details thereof;
- (f) the details of efforts being made for increasing FDI flow into the country alongwith the results achieved; and
- (g) the details of benefits accrued from such investments during the last three years?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a): A statement on State-wise Foreign Direct Investment (FDI) inflows, including North East Region, for last three years is at Annex-I.

During the above period, 2 proposals involving FDI of US \$ 8.70 million have been approved for the North East Region.

(b) & (c): The UNCTAD World Investment Report (WIR) 2008, has reported following FDI inflows into China and India:

2005 2006 2007
(Amount in billion US\$)

China 72.4 72.7 83.5

India 7.6 19.6 22.9

Foreign Direct Investment, including its location, depends on a number of factors such as the investment policy of transnational corporations, macro-economic policy and the investment climate of the host country.

(d) & (e): As per the Grant Thornton IBR emerging markets index, India is the second highest rated market. The index is based on a weighted calculation of key indicators such as GDP, population size, international trade and growth projections.

(f) & (g): Government has put in place a liberal and investor-friendly policy on Foreign Direct Investment (FDI) under which FDI up to 100% is permitted on the automatic route in most sectors/activities. The policy on FDI is reviewed on a continuing basis through an inter-ministerial consultation process for rationalization/further liberalization of the policy. The policy changes notified in 2008 are at Annex-II.

The FDI inflows have increased from US \$ 5.5 billion in the year 2005-06 to US \$ 24.5 billion in the year 2007-08.