

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3827  
ANSWERED ON:16.12.2011  
FOREIGN INVESTMENT AND BORROWINGS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the percentage of foreign investment and foreign borrowings in the national income during each of the last three years;
- (b) the details of the main five countries that have made maximum foreign investment in the country during the last three years;
- (c) the terms and conditions of the above investments;
- (d) the impact of foreign investments and borrowings on our economy; and
- (e) the steps taken by the Government during the Ninth Five Year Plan in this direction?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) Foreign investment and foreign borrowings as percentage of Gross Domestic Product during the last three years are contained Table 1 below.

Table 1: Details of Foreign Investment and Borrowing

	2008-09	2009-10	2010-11
Component	Per cent of GDP		
1. Foreign Investment (net)	0.4	3.7	2.2
2. Debt Creating Flows (net)	1.0	1.2	1.8

# Includes Foreign Direct Investment and Portfolio Investment (net).

## Includes external assistance, commercial borrowings, short-term credit, NRI deposits and Rupee Debt Service.

Source: Reserve Bank of India and Central Statistical Organization, Government of India.

(b) As per the Annual Report of the Reserve Bank of India 2010-11, top five countries with regard to Foreign Direct Investment to India in 2010-11 were Mauritius, Singapore, Netherlands, Japan and USA. Details of investments by these countries over the last three years are contained in the Table 2 below.

Table 2 : Country-wise Foreign Direct Investment Flows to India (US\$ Million)

Country	2008-09	2009-10 P	2010-11 P
1. Mauritius	10,165	9,801	5,616

2. Singapore 3,360 2,218 1,540

3. Netherlands 682 804 1,417

4. Japan 266 971 1,256

5. USA 1,236 2,212 1,071

P: Provisional Source: Reserve Bank of India Annual Report 2010-11.

(c) The detailed terms and conditions governing foreign direct investment flows to India are contained in the document of the Ministry of Commerce and Industry titled 'FDI Policy' available in the link <http://dipp.nic.in/English/Policies/Policy.aspx>.

(d)&(e) The rise in foreign borrowings reflects the need for strong domestic investment demand and improved access to global financial market. Similarly, foreign direct investment reflects the large domestic market, liberalized FDI policy, strong macroeconomic fundamentals and the growing integration of India with the global economy. The ninth five year plan recognized the role of foreign investments as an important source of resources, especially for infrastructure, as well as for Indian companies seeking technological upgradation and modernization.