



Rise in Foreign Direct Investment

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Why in News

According to data released by the **Department for Promotion of Industry and Internal Trade (DPIIT)**, total **Foreign Direct Investment (FDI)** in India increased by **18% to \$73.46 billion** in the 2019-20 financial year.

DPIIT is under the **Ministry of Commerce and Industry**.

Key Points

- Total FDI has **doubled from the year 2013-14** when it was only \$36 billion.
- The total investment by **Foreign Institutional Investors** was \$247 million.
- The **sectors that attracted the most foreign inflows** during 2019-20 included services, computer software and hardware, telecommunications, trading and automobiles.
- **Singapore emerged as the largest equity FDI source**, contributing to inflows of \$14.67.
- The inflows have been attributed to the government's **Make in India** programme.

Foreign Direct Investment

- FDI is an investment made by a firm or individual in one country into business interests located in another country.
- Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company.
- It is **different from Foreign Portfolio Investment** where the foreign entity merely buys equity shares of a company. FPI does not provide the investor with control over the business.

- **Routes through which India gets FDI:**
 - **Automatic Route:** In this, the foreign entity does not require the prior approval of the government or the RBI.
 - **Government route:** In this, the foreign entity has to take the approval of the government.
 - The **Foreign Investment Facilitation Portal (FIFP)** facilitates the single window clearance of applications which are through approval route.
 - This portal is administered by the Department for Promotion of Industry and Internal Trade (DPIIT).

Source: IE