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Karnataka Sees 300% Jump in FDI Inflows

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According to RBI data presented in Parliament, Karnataka received \$8.58 billion FDI in 2017-18, which is an increase of about 300% from the \$2.13 billion in the previous fiscal year.

- Tamil Nadu witnessed a 56% increase from the \$2.22 billion in the previous period.
- Notably, the investment had halved in 2016-17 owing to assembly elections and political uncertainty in the wake of then Chief Minister J. Jayalithaa's hospitalisation and untimely demise.
- Other major states Maharashtra, Gujarat and Andhra Pradesh saw a dip in FDI inflows.
- The sector-wise investment data show that computer software and hardware gained from a 68% jump in FDI last year to \$6.15 billion.
- The services sector which comprises finance, banking, insurance and outsourcing among others, remained the top recipient of FDI despite seeing a 23% decline in inflows.
- Defence industries have attracted a meagre \$10,000 (about Rs seven lakh) FDI in 2017-18. In 2013-14, 2014-15 and 2015-16 defence industries received \$0.82 million, \$0.08 million, \$0.10 million foreign inflows, respectively. In 2016-17, the defence industries failed to attract any foreign direct investments.
- Sectors such as coal production, ports, dye stuffs and coir industries, have failed to attract any foreign direct investments during the last financial year.

A.T. Kearney Foreign Direct Investment Confidence Index- 2018

- India in 2018 has fallen out of the top 10 destinations for FDI in terms of its attractiveness, according to an AT Kearney report.
- The report cites teething troubles in the implementation of the goods and services tax and the government's demonetisation decision in 2016 as the two reasons for this.

- India ranks 11 in the 2018 AT Kearney FDI Confidence Index, down from 8 in 2017 and 9 in 2016.
- However, the report highlighted reforms like removing the Foreign Investment Promotion Board and liberalising FDI limits in key sectors as responsible for India's high rankings in terms of FDI attractiveness, amongst competing countries.
- The report cautioned potential investors about political risks such as China abolishing presidential term limits and the upcoming general election in India.