

FDI flows in India decline 26% in 2021: UNCTAD

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Foreign Direct Investment (FDI) flows to India dropped 26 per cent in 2021 as compared with the previous year as large mergers and acquisitions deals recorded in 2020 were not repeated, the United Nations Conference on Trade and Development (UNCTAD) data showed.

“FDI flows to India were 26 per cent lower, mainly because large M & A deals recorded in 2020 were not repeated,” according to UNCTAD’s Investment Trends Monitor published on 19 January.

Key Highlights

- Developed economies saw the biggest rise by far, with FDI reaching an estimated \$777 billion in 2021 – three times the exceptionally low level in 2020, the report shows.
- In Europe, more than 80 per cent of the increase in flows was due to large swings in conduit economies. Inflows in the United States more than doubled, with the increase entirely accounted for by a surge in cross-border mergers and acquisitions (M & As).
- FDI flows in developing economies increased by 30 per cent to nearly \$870 billion, with a growth acceleration in East and South-East Asia (+20 percent), a recovery to near

pre-pandemic levels in Latin America and the Caribbean, and an uptick in West Asia.

- Inflows in Africa also rose. Most recipients across the continent saw a moderate rise in FDI; the total for the region more than doubled, inflated by a single intra-firm financial transaction in South Africa in the second half of 2021.
- Of the total increase in global FDI flows in 2021 (\$718 billion), more than \$500 billion, or almost three quarters, was recorded in developed economies. Developing economies, especially least developed countries (LDCs), saw more modest recovery growth.

SOURCE: *Business Standard*