

India receives \$64 bn FDI in 2020, fifth largest recipient of inflows

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India received USD 64 billion in Foreign Direct Investment in 2020, the fifth largest recipient of inflows in the world, according to a UN report which said the COVID-19 second wave in the country weighs heavily on the country's overall economic activities but its strong fundamentals provide "optimism" for the medium term.

Key Highlights

- The World Investment Report 2021 by the UN Conference on Trade and Development (UNCTAD), released Monday, said global FDI flows have been severely hit by the pandemic and they plunged by 35 per cent in 2020 to USD 1 trillion from USD 1.5 trillion the previous year.
- Lockdowns caused by COVID-19 around the world slowed down existing investment projects, and prospects of a recession led multinational enterprises (MNEs) to reassess new projects.
- The report said in India, FDI increased 27 per cent to USD 64 billion in 2020 from USD 51 billion in 2019, pushed up by acquisitions in the information and communication technology (ICT) industry, making the country the fifth largest FDI recipient in the world.
- The pandemic boosted demand for digital infrastructure and services globally. This led to higher values of greenfield FDI project announcements targeting the ICT industry, rising by more than 22 per cent to USD 81 billion.
- Major project announcements in the ICT industry included a USD 2.8 billion investment by online retail giant Amazon in ICT infrastructure in India.
- The report noted that the second wave of the COVID-19 outbreak in India weighs heavily on the country's overall economic activities.

SOURCE: *The Indian Express*