

India may attract \$475 bn in FDI over next five years: CII-EY survey

The study says 71% of MNCs see the country as a key destination for their global expansion

Arup Roychoudhury | New Delhi October 16, 2022 Last Updated at 19:20 IST



The report said that a majority of MNCs feel the Indian economy will perform significantly better in 3-5 years backed by 96 per cent of respondents being positive about overall India's potential

An overwhelming majority of multinational companies (MNCs) operating in India feel that the country's economy will perform well over the next 3-5 years, backed by the strong momentum in domestic consumption, services, digital economy and infrastructure, according to a survey.

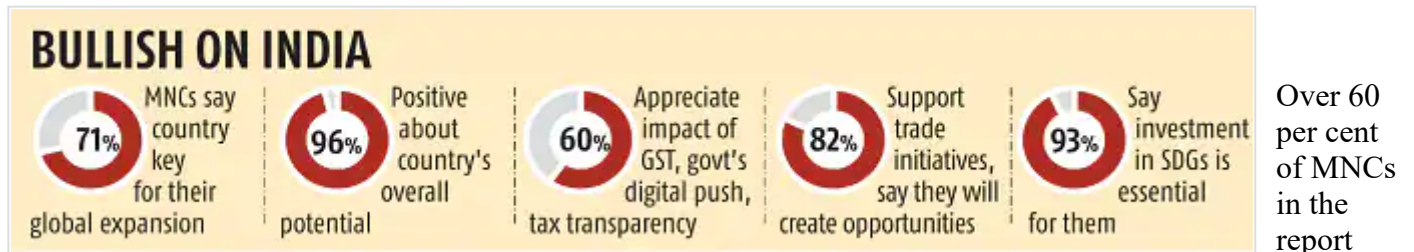
The study, conducted by industry body Confederation of Indian Industries and consultancy firm EY, said that 71 per cent of MNCs see the country as an important destination for their global expansion.

"The report underscores that India has optimistic growth prospects for foreign investments, with a potential to attract FDI flows of \$475 billion in just the next five years. FDI in India has seen a consistent rise in the last decade, with FY2021-22 receiving an FDI inflow of \$84.8 billion, despite the impact of the pandemic and geo-political developments on investment sentiment," the survey stated.

The report said that a majority of MNCs feel the Indian economy will perform significantly better in 3-5 years backed by 96 per cent of respondents being positive about overall India's potential. This confidence

stems from strong consumption trends, digitisation, and a growing services sector, along with the government's strong focus on infrastructure and manufacturing.

"Against the backdrop of growth challenges faced by major economies of the world and new geopolitical issues, it is heartening to note that MNCs consider India an attractive investment destination and are planning expansion. We are confident that the continuing reform momentum by the Government will attract increasing volume of investment from MNCs and facilitate their larger integration in the domestic supply chain," said Chandrajit Banerjee, director general, CII.



stated improvement in the business environment in the last three years and appreciated the impact of GST, the government's digital push in various spheres, and transparency in taxation, amongst other reforms.

"As continuing improvement in the business environment, MNCs would like to see enhanced effectiveness of the national single window for approval / clearances; greater tax certainty, and stronger contract enforcement mechanism, among other measures," it said.

Ninety three per cent of the respondents felt that investment in Sustainable Development Goals (SDGs) and in climate change mitigation and adaptation is essential. The country's thrust on structuring modern Free Trade Agreements (FTAs) to boost trade and create cross-border investment opportunities also found favour with MNCs with 82 per cent supporting the trade initiatives as they expected them to create new opportunities.

"By way of ongoing reforms, MNCs expect momentum on faster execution of infrastructure projects, continuing improvement in ease of doing business, further tax reforms and more trade agreements," the report stated adding that the government should focus on implementing the infrastructure projects and project preparation timelines, especially for the Public-Private Partnership (PPP) projects.