

India received 3rd highest FDI in the world in 2022, report by UN body finds

UN Conference on Trade and Development report also found that Indian companies were increasingly investing in new projects abroad, with such outward investment tripling in 2022.

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New Delhi: India was the third largest recipient of foreign direct investment (FDI) in greenfield projects in the world in 2022, according to the latest report by a United Nations body.

The FDI flows into India rose 10 per cent from \$44.7 billion in 2021 to \$49.3 billion in 2022, said the 2023 edition of the World Investment Report released by United Nations Conference on Trade and Development (UNCTAD) Wednesday. This is lower only than the FDI flows into the US and the UK.

Apart from a sharp increase in foreign investment in greenfield—or new—projects in India, the report also noted that India was the second-largest recipient of international project finance in the world in 2022.

International project finance is when international lenders provide debt or equity to infrastructure projects in various countries.

The inflows into India in 2022 were, however, significantly lower than what was seen in 2020 during the Covid-19 pandemic, during which \$64 billion of FDI entered the country.

"Most regions, other than East and Central Asia, recorded an increase in announced greenfield projects," the report said.

"The highest growth was in South Asia; the number in India more than doubled (to 1,008 in 2022)."

Inward and outward flows

The report said the United States remained the largest host for announced greenfield projects and international project finance deals, followed by the United Kingdom, India, the United Arab Emirates and Germany for greenfield projects, and by India, the United Kingdom, Spain and Brazil for project finance deals.

"India and ASEAN were the most buoyant recipients, with increases of 10 and 5 per cent, respectively, and strong growth in project announcements," the report said. "China, the second largest FDI host country in the world, saw a 5 per cent increase."

The report highlighted a few recent FDI deals in India, with several of the largest deals associated with the Adani Group.

"Among the largest greenfield projects were the plans by Foxconn and Vedanta Resources to build one of the first chip factories in India for \$19 billion and a \$5 billion project to produce urea from green hydrogen by a joint venture of TotalEnergies (France) and Adani Group," the report said.

"In project finance deals POSCO (Republic of Korea) and the Adani Group sponsored the construction of a steel mill for \$5 billion in Gujarat," it added.

POSCO is a South Korean steel-making giant while India's Adani Group's businesses include ports, green energy, natural gas, and airports, among others.

While the number of international project finance deals rose in most regions, the "most significant rise" was in India, where project numbers increased by 64 per cent, the report noted.

While India saw a surge in inward FDI, it also saw growth in the flow of investments made by Indian companies in other countries.

According to the report, greenfield project announcements by Indian multinational enterprises more than tripled to \$42 billion.

"Two of the largest greenfield projects were in renewables, with Acme Group announcing a \$13 billion plant in Egypt to produce 2.2 billion tonnes of green hydrogen annually and ReNew Power announcing that it will set up a \$8 billion green hydrogen plant in the Suez Canal Economic Zone," the report said.

Acme group and ReNew Power both focus on renewable energy.