

FDI up 10% in '22, India's rank unchanged: Unctad

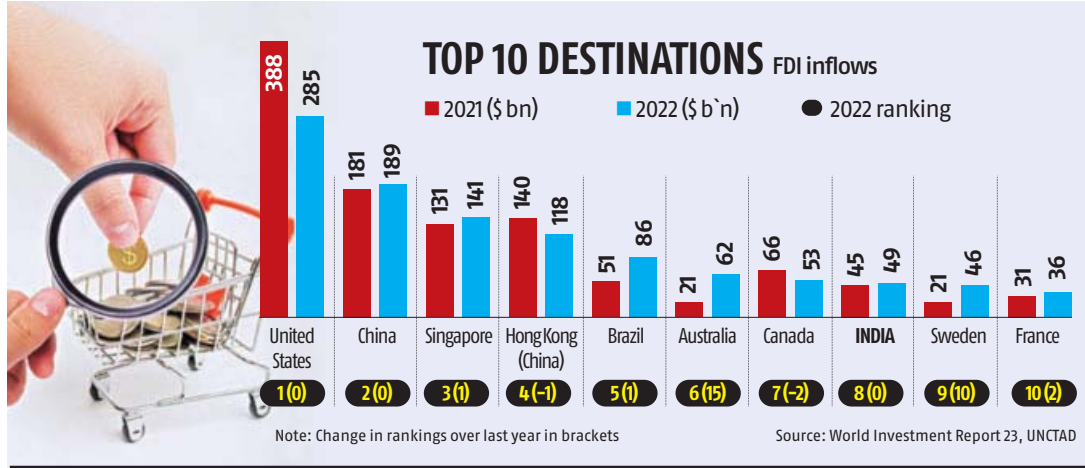
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Foreign Direct Investment (FDI) flows into India rose by 10 per cent to \$49 billion in 2022, making it the third largest host country for announced greenfield projects and the second largest for international project finance deals, according to a report released by United Nations Conference on Trade and Development (Unctad) on Wednesday.

Amid declining trends in global FDI, India stayed at eighth position in terms of FDI inflows, the latest World Investment Report by the Unctad said.

The report said that outward investment by Indian multinational enterprises (MNEs) fell by 16 per cent to \$15 billion in 2022. "However, greenfield project announcements by Indian MNEs 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," it added.

Unctad said that after a steep

drop in 2020 and a strong rebound in 2021, global FDI declined by 12 per cent in 2022 to \$1.3 trillion. "The slowdown was driven by the global polycrisis: the war in Ukraine, high food and energy prices, and debt pressures. International project finance and cross-border mergers

and acquisitions (M&As) were especially affected by tighter financing conditions, rising interest rates, and uncertainty in capital markets," the report said.

The share of developing countries in global FDI was more than 70 per cent—a record high. It increased by

4 per cent to \$916 billion. "The FDI increase in developing countries was unevenly shared. Much of the growth was concentrated in a few large emerging economies," the report said.

The number of greenfield investment projects announced in developing countries increased by 37 per cent, and international project finance deals by 5 per cent. "This is a positive sign for investment prospects in industry and in infrastructure."

Unctad said among the largest announced greenfield projects in India 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 of France and the Adani group. Steelmaker Posco and the Adani group sponsored the construction of a steel mill for \$5 billion in Gujarat, which contributed to the 64 per cent increase in project finance deals.