India's FDI inflows fell by 4 billion in 2017: UNCTAD's World Investment Report

According to the UNCTAD's World Investment Report 2018: Investment and New Industrial Policies, global foreign direct investment (FDI) flows fell by 23 per cent to $1.43 trillion. This is in stark contrast to the accelerated growth in GDP and trade. The fall was caused in part by a 22 per cent decrease in the value of crossborder mergers and acquisitions (M&As). But even discounting the large one-off deals and corporate restructurings that inflated FDI numbers in 2016, the 2017 decline remained significant. The value of announced greenfield investment – an indicator of future trends – also decreased by 14 per cent.

FDI flows to developing economies remained stable at $671 billion, seeing no recovery following the 10 per cent drop in 2016.

- FDI flows to Africa continued to slide, reaching $42 billion, down 21 per cent from 2016. The decline was concentrated in the larger commodity exporters.
- Flows to developing Asia remained stable, at $476 billion. The region regained its position as the largest FDI recipient in the world.
- FDI to Latin America and the Caribbean rose 8 per cent to reach $151 billion, lifted by that region's economic recovery. This was the first rise in six years, but inflows remain well below the 2011 peak during the commodities boom.
- FDI in structurally weak and vulnerable economies remained fragile. Flows to the least developed countries fell by 17 per cent, to $26 billion. Those to landlocked developing countries increased moderately, by 3 per cent, to $23 billion. Small island developing States saw their inflows increase by 4 per cent, to $4.1 billion.

Inward FDI flows to developed economies fell sharply, by 37 per cent, to $712 billion. Cross-border M&As registered a 29 per cent decrease, with fewer of the megadeals and corporate restructurings that shaped global investment. patterns in 2016. The strong decrease in inflows was in large part the effect of a return to prior levels in the United Kingdom and the United States, after spikes in 2016.

FDI inflows in India

As per the UNCTAD, FDI inflows to South Asia contracted by 4 per cent to $52 billion, owing to a drop in inflows to India. FDI to India decreased from $44 billion in 2016 to $40 billion in 2017. Cross-border M&A sales, however, rose from $8 billion to $23 billion driven by a few large deals in extractive and technology related industries. Petrol Complex Pte Ltd (Singapore), owned by Rosneftegaz (Russian Federation) acquired a 49 per cent stake of Essar Oil Ltd, the second largest privately owned Indian oil company, for $13 billion. An investor group including eBay (United States), Microsoft Corporation

(United States) and Tencent Holdings (China) acquired a stake in Flipkart Internet for $1.4 billion, and Soft Bank (Japan) acquired a 20 per cent stake in One97 Communications also for $1.4 billion.

Outflows from India, the main source of FDI in South Asia, more than doubled to $11 billion. India's State-owned oil and gas company ONGC has been actively investing in foreign assets in recent years. After acquiring a 26 per cent stake in Vankorneft (Russian Federation) in 2016, it bought a 15 per cent stake in an offshore field in Namibia from Tullow Oil (founded in Ireland and headquartered in the United Kingdom) in 2017. By the end of 2017, ONGC had 39 projects in 18 countries, producing 285,000 barrels of oil and oil-equivalent gas per day.

The UNCTAD's World Investment Report 2018 is attached for your reference.

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