

SiliconIndia

India beats China as top investment destination for first time: UN

By IANS

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New Delhi: Eighteen years after it started opening up its economy, India, for the first time, has replaced China as the most promising destination for foreign direct investment in the medium-to-long term, says a UN agency.

The World Investment Report (WIR) prepared by the United Nations Conference on Trade and Development (Unctad) released here Wednesday said that in the short term, however, China again ranked at the top, followed by India.

The report quoted a survey by the Japan Bank of International Cooperation (JBIC) for its remarks.

"The JBIC survey of Japanese manufacturing TNCs (transnational corporations) found that China again ranked at the top although the number of firms planning to expand production in the country continued to decline," said the this year's report. "As for long-term prospects, the survey showed for the first time India replacing China as the most promising country for business operations of Japanese TNCs," the Unctad report added.

"The figures clearly show that India is fast emerging as a major player in both inward and outward FDI," said independent consultant and research contributor to the Unctad report Premila Nazareth Satyanand, while releasing it here Wednesday.

In terms of regions and country groups for FDI, East, South and South-East Asia remains the most preferred regions for FDI, the report said that, quoting an Unctad survey.

These regions were followed by the original 15 countries in the European Union (EU-15), North America, and the new EU-12 (countries that joined the EU in 2004 and 2007), the report said quoting the Unctad survey.

China is the most preferred investment location, according to the survey, followed by India, the United States, the Russian Federation and Brazil.

Global consultancy major A.T. Kearney's 2007 FDI Confidence Index, also quoted in the report, shows the same countries in the top three positions.

The report said that in Europe taken alone, the United Kingdom is the most attractive location, followed by France, according to a survey by another global consultancy major Ernst and Young. The report showed that in case of India there has been a sharp rise in FDI inflows and outflows for the years 2004-2007 as compared to the period 1990-2000. The average annual inflow for the period 1990-2000 was only \$1,705 billion which climbed to \$5,771 billion in 2004, \$7,606 billion in 2005, a whopping \$19,662 billion in 2006 and \$22,950 billion in 2007.

FDI stocks in India as a percentage of gross domestic product had also gone up from 0.5 percent in 1990 to 3.7 percent in 2000, 5.7 percent in 2006 and 6.7 percent in 2007.

Outward flow of FDI from India had also increased from a measly \$121 billion annual average for 1990-2000 to \$2,179 billion in 2004, \$2,978 billion in 2005, as much as \$12,842 billion in 2006 and \$13,649 in 2007.