**GOVERNMENT OF INDIA**
**MINISTRY OF FINANCE**
**DEPARTMENT OF ECONOMIC AFFAIRS**
**LOK SABHA**
**UNSTARRED QUESTION NO. 10**
**TO BE ANSWERED ON MONDAY, THE 20th JULY, 2026**

## Decline in India's Net Foreign Direct Investment

**10. Shri Manish Tewari:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken note of the recent decline in India's net Foreign Direct Investment (FDI) despite sustained growth in gross FDI inflows, if so, the details thereof;
(b) the reasons for the decline in net FDI during the last five years, including the contribution of capital repatriation, foreign investor exits and outward FDI by Indian companies;
(c) whether the Government has conducted any assessment of the sector-wise composition and quality of FDI, particularly the share of long-term manufacturing investments vis-à-vis financial investments and Special Purpose Vehicles (SPVs), if so, the details thereof;
(d) whether the Government proposes to introduce policy measures to promote long-term productive investments, especially in manufacturing and high-technology sectors, while reducing excessive capital outflows, if so, the details thereof; and
(e) the steps being taken by the Government to strengthen India's investment climate and ensure that foreign investment contributes to sustained industrial growth, technology transfer, employment generation, and external sector stability?

**ANSWER**

**MINISTER OF STATE (FINANCE)**
**(SHRI PANKAJ CHAUDHARY)**

(a) & (b). India registered a record gross FDI inflow of USD 94.84 billion in FY 2025-26 as compared to USD 80.61 billion in FY 2024-25. The decline in net FDI in recent years recovered to USD 6.95 billion in FY 2025–26 from USD 0.96 billion in FY 2024–25.

The recent trend in net FDI inflows is associated with increased repatriation and rising Overseas Direct Investment (ODI) outflows. The ODI outflow on account of liberalized ODI rules notified in 2022 is helping Indian entities to enhance their business footprints abroad enabling them to compete in the global market, adding to the strength of Indian economy in long run. The increasing trend of repatriation indicates that India is not only attracting foreign capital but also delivering strong returns, which enhances its reputation as a reliable investment destination.

(c) Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, publishes the FDI fact sheet on quarterly basis. The FDI equity inflow for top 10 sectors for last 3 years and cumulative FDI equity inflow from April 2000 to March 2026 may be seen as under;

(figures in USD Million)

| S.No. | Sector(s) | 2023-24 | 2024-25 | 2025-26 | Cumulative (From April 2000 to March 2026) |
|---|---|---|---|---|---|
| 1 | Services Sector * | 6640 | 9347 | 10010 | 128853 |
| 2 | Computer Software & Hardware | 7973 | 7814 | 13946 | 124644 |
| 3 | Trading | 3865 | 4176 | 4011 | 51586 |
| 4 | Automobile Industry | 1524 | 1586 | 2459 | 40314 |
| 5 | Telecommunications | 282 | 746 | 118 | 40190 |
| 6 | Construction (Infrastructure) Activities | 4232 | 2245 | 2574 | 38737 |
| 7 | Construction Development: Townships, Housing, Built-Up Infrastructure and Construction | 255 | 529 | 414 | 27553 |
| 8 | Drugs & Pharmaceuticals | 1064 | 891 | 1912 | 25331 |
| 9 | Non-Conventional Energy | 3764 | 4012 | 3019 | 24918 |
| 10 | Chemicals (Other Than Fertilizers) | 844 | 1061 | 853 | 24112 |

*Services sector includes Financial, Banking, Insurance, Non-Financial/ Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other
Source: DPIIT- FDI Factsheet March 2026

(d) &(e). FDI policy has been liberalized progressively, through review on an ongoing basis in consultations with private and public stakeholders. Several radical and transformative FDI reforms have been done across sectors including Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting, Pharmaceuticals, Single Brand Retail Trading, Construction & Development, Power Exchanges, e-commerce activities, Coal Mining, Contract Manufacturing, Digital Media, Civil Aviation etc. In the recent past, reforms in the FDI Policy have been undertaken in sectors such as Defence, Insurance, Petroleum & Natural Gas, Telecom and Space. As a result, most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route and now more than 90% of the FDI inflow is received under the automatic route.

Recognizing the importance and long-term impact of the Foreign Direct Investment, Government is continuously working to facilitate foreign investment. The key measures taken by Government include Make in India, Ease of Doing Business and reducing compliance burden, Startup India, Production Linked Incentives (PLI) Schemes for various sectors, India Industrial Land Bank, Project Monitoring Group (PMG), PM GatiShakti, Indian Footwear and Leather Development Programme (IFLDP scheme), National Single Window System (NSWS) etc.

****