

Foreign direct investment (FDI)

6.56 FDI inflows (net), which had declined from US\$ 4.7 billion in 2001-02 to US\$ 2.4 billion in 2003-04, continued its growth for the second consecutive year in 2005-06 to climb back to US\$ 4.7 billion again. The overall FDI reported is inward FDI netted for outward FDI. FDI on a comparative net basis, year-on-year, exhibited a growth of 27.4 per cent in 2005-06 reflecting the improved investment climate. Outward investment also simultaneously showed signs of a pick up with domestic companies making deeper forays for acquisitions abroad. FDI inflows were mainly

in the form of equity accounting for about 75.2 per cent of the total FDI into India during 2005-06. FDI abroad (outward investment) grew sharply to reach US\$3.2 billion in 2005-06.

6.57 The rising trend in FDI observed in 2005-06 accelerated further in 2006-07. As per provisional data available, FDI (net) in April-September 2006 at US\$4.2 billion was almost twice its level in April-September 2005. As per the latest data on foreign direct investment inflows, there has been a 98.4 per cent jump in the equity investment into India in April-September 2006-07 over April-September 2005-06 levels.