

## UPSC Preparation

### World Investment Report 2020

The United National Conference on Trade and Development (UNCTAD) brings out the World Investment Report annually. The focus of the report is on the assessment of foreign direct investment (FDIs) trends worldwide. World Investment Report 2020 is the 30th-anniversary edition and was released on 30th May 2020. Read about the relevant facts presented by the report for the [IAS Exam](#) preparation.

The 'World Investment Report' is one of the [important international organizations' reports](#). It will be helpful for candidates in UPSC preparation.

To complement your civil services preparation, you can take help from the following articles:

1. [NCERT Notes for UPSC](#)
2. [100 Difference Between Articles for UPSC](#)
3. [UPSC Mains GS 1 Strategy](#)
4. [UPSC Mains GS 2 Strategy](#)
5. [UPSC Mains GS 3 Strategy](#)
6. [UPSC Mains GS 4 Strategy](#)
7. [International Relations Questions from UPSC Mains GS 2](#)

### Key Findings of the WIR 2020

1. On account of coronavirus-led economic slowdown, there will be severe pressure on the global flow of [Foreign Direct Investment \(FDI\)](#).
2. FDIs are expected to fall sharply from 2019 levels of \$1.5 trillion.
3. The types of investments that are severely affected are the export-oriented and commodity-linked investments which will affect the FDI flows to developing countries.
4. The FDI flows to four out of 10 key areas of [Sustainable Development Goals \(SDGs\)](#) by the international private sector have failed to increase substantially.

### World Investment Report – Global Scenario

The important findings under the following broad headings mentioned in the official report are:

1. Bleak FDI prospects for 2020-21
  - Due to covid-19 crisis, the report mentioned the dramatic fall in the FDI.
  - Since 2005, it will be the first time for FDI to fall below \$ 1 trillion mark.
  - In 2021, FDI is projected to decrease by 5-10 percent (From \$2 trillion in 2015 to less than \$ 900 billion.)
  - A recovery in FDI is projected in 2022.
  - Possibly, FDI will rebound to pre-covid levels in 2022.
  - Both new greenfield investment project announcements and cross-border mergers and acquisitions (M&As) have dropped by more than 50 per cent in the first months of 2020.

- In manufacturing, some global value chain (GVC) intensive industries, such as automotive and textiles, were hit hard by supply chain disruptions (Learn what are GVC from [World Development Report](#) article.)
- 2. Marginal Increase in FDI in 2019
- 3. In 2019, FDI inflows of \$246 billion were the highest in the USA. In India, FDI inflows in 2019 stood at \$ 51 billion.
- 4. In 2019, FDI outflows were the highest in Japan at \$ 227 billion.
- 5. FDI inflows to Asia expected to fall by 30 to 45 per cent.
- 6. The report mentions the transition economies that are hard hit by the pandemic.

## World Investment Report – Investment Policy Developments

The important findings under the following broad headings mentioned in the official report are:

1. Report mentions that more than 70 countries have taken measures to mitigate the negative effects brought amid the COVID-19 pandemic.
2. Some of the steps being taken by the countries to shield domestic industries from foreign takeovers are:
  - Inclusion of incentives for vaccines and medication development.
  - Facilitation, retention and promotion of investment.
  - Alleviation of administrative burdens.

## World Investment Report & India

A few important facts related to India that are mentioned in the WIR 2020 are:

1. India is among the five largest recipients of FDI.
2. India is among the top 5 host economies in 2019; also FDI inflow grew by 20 percent.
3. India is the biggest FDI host in South Asia, however, the country saw a 4 percent decline in the announcements of greenfield projects in 2020.
4. The report states, “FDI to India has been on a long-term growth trend. Positive, albeit lower, economic growth in the post-pandemic period and India’s large market will continue to attract market-seeking investments to the country.”
5. Most of the investments in India were made in the information and communication technology (ICT) and the construction industry.
6. Singapore remains the major investor in India.
7. Mentioning the efforts taken up by the investment promotion agencies (IPAs) and government entities, the report mentions the Invest India’s Business Immunity Platform (comprehensive portal devoted to pandemic-related news and tools targeted at the investment community.)
8. Investors concluded deals worth over \$650 million in the first quarter of 2020, mostly in the digital sector.
9. Among investment regulations, India has introduced several restrictive changes in its FDI policy in relation to e-commerce; and also eased administrative procedures for foreign investors in certain industries.

Aspirants should know important facts about who brings the world investment report for UPSC Prelims. While major findings of the report can be used in UPSC mains answer writings as per the need. Also, the facts can be used in the essay paper of the civil services mains examination. (Aspirants can read on [how to write an essay in the UPSC exam](#) at the linked article.)

Related Links:

<a href="#"><u>Living Planet Report</u></a>	<a href="#"><u>World Economic Outlook</u></a>
<a href="#"><u>Global Environment Outlook</u></a>	<a href="#"><u>Global Financial Stability Report</u></a>
<a href="#"><u>Global Wage Report</u></a>	<a href="#"><u>World Development Report</u></a>
<a href="#"><u>World Investment Report</u></a>	<a href="#"><u>Global Competitiveness Report</u></a>
<a href="#"><u>World Employment &amp; Social Outlook Report</u></a>	<a href="#"><u>UPSC Calendar 2021</u></a>

