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## TODAY'S IMPORTANT CURRENT AFFAIRS

### UPSC PRELIMS

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#### TODAY'S DROPS OF NEWS:

<u>SUBJECT</u>	<u>IN NEWS</u>
<b>POLITY</b>	---
<b>ECONOMY</b>	<b>Grose FDI up 23% in April, shows RBI data.</b>
<b>GEOGRAPHY</b>	---
<b>HISTORY AND ART &amp; CULTURE</b>	---
<b>ENVIRONMENT</b>	---
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<b>MISCELLANEOUS</b>	---

#### ECONOMY

**In news:** Grose FDI up 23% in April, shows RBI data.

**FDI:** Foreign Direct Investment (FDI) refers to the investment made by a company or individual of one country into business interests located in another country. This investment typically involves acquiring a significant stake in a company or setting

up new business operations such as subsidiaries, joint ventures, or branches. FDI is different from foreign portfolio investment (FPI) because it involves a long-term interest in the company's management and operations, rather than just trading shares or securities.

### **It's types:**

**Horizontal FDI:** In horizontal FDI, a company establishes the same type of business operation in a foreign country that it runs in its home country.

**Vertical FDI:** Vertical FDI involves a company acquiring a complementary business in another country. This often happens when a company invests in a foreign company that provides essential raw materials or components.

**Conglomerate FDI:** Conglomerate FDI occurs when a company invests in a foreign business that is unrelated to its core operations. This type of investment often takes the form of a joint venture, as the investing company typically lacks experience in the new business area.

### **Routes of FDI :**

**Automatic Route:** Under the automatic route, an overseas investor is only required to inform the Reserve Bank of India (RBI) after the investment is made.

**Government Approval Route:** Under the government approval route, a foreign investor has to get a prior nod from the Ministry or department concerned.

### **Regulation :**

- Currently, FDI in India is governed by FDI Policy 2020 and FEMA (Non-debt Instrument) Rules, 2019.
- DPIIT is the primary regulator of FDI in India.
- The RBI, which has the authority to implement the FDI Rules, is the other major regulator.

**MENTOR**

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**DAILY CURRENT AFFAIRS**