

Investments by overseas Indians increased to \$2,112 million in July

DOUBLING DOWN. Experts attribute easing of norms by RBI and efforts to stabilise raw material supply as key reasons for the surge

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Amid a rise in foreign direct investment inflow, investment by Indians abroad has doubled in July compared to last year, data by Finance Ministry showed. Experts attributed ease of norms by the RBI and efforts to ensure stability in raw material supply as key reasons for this rise.

Overseas Direct Investment (ODI) data, tabulated by Economic Affairs Department of Finance Ministry, showed that July alone saw an outflow of \$2,112 million compared to \$1,054 million in July last year. This is a combination of equity as well as loans.

Of the total 155 countries that got outflow from India, Singapore tops the destination by getting 1/4th of the total. Singapore, along with Mauritius, the US, Nether-

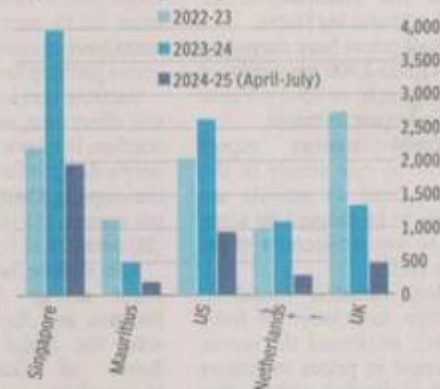
Outbound investments surge

(Figures in \$ million)

Month-wise ODI outflow



Top countries getting ODI from India



Source: DEA, Finance Ministry

lands and the UK got a total of 68 per cent. Among the sectors, financial, insurance and business services alone got 42 per cent of the total outflow.

PROACTIVE APPROACH

According to Vaibhav

Kakkar, Senior Partner at Saraf and Partner, overhaul of the overseas investment framework in 2022 played a key role in this surge.

Some of the key changes introduced through the revamped framework include the liberalisation of ODI in

financial services, express provisions to regulate overseas portfolio investment, promoting investments into GIFT IFSC, among other key aspects.

Following this overhaul, "the Indian regulator has also been proactive in enga-

ging with all stakeholders, obtaining feedback, and promptly clarifying any ambiguities in the regulations. The recent clarification ... is a testament to this forward-looking approach adopted by the RBI and to further simplify the overseas investment regime in the country," he said.

CHANGING NORMS

Rumki Majumdar, Economist at Deloitte India, feels pursuing investments in essential resources where India has heavy import dependence, especially in sectors such as energy and technology, could be a big reason why companies are looking at diverse regions worldwide to secure raw materials and ensure supply chain stability.

Besides, "large, cash-rich Indian MNCs are increasingly looking to expand their market reach beyond domestic borders, trying to tap

into new customers and new geographies to diversify their revenue," she said.

Sandeep Jhunjhunwala, Partner at Nangia Andersen LLP, said that the potential for increased outbound investments from India is intricately linked to a supportive regulatory framework, both domestically and in target countries, as well as the state of global economic conditions and the growth prospects in these markets.

While inward FDI highlights India's appeal as a lucrative investment destination, the rise in outward FDI reflects the country's ambition and capacity to venture beyond its borders.

"This dual focus is especially beneficial for a developing economy like India, which is not only drawing foreign investors but also seeking to establish a formidable global presence through strategic overseas investments," he said.