

UAE emerges 4th-largest investor in India, FDI jumps over 3x in FY23

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The United Arab Emirates (UAE), with which India implemented a comprehensive free trade agreement in May last year, has emerged as the fourth largest investor in India during 2022-23, according to government data.

In the last fiscal, foreign direct investment (FDI) from the UAE to India jumped over three-fold to \$3.35 billion from \$1.03 billion in 2021-22, the data of the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

The UAE was the fourth largest investor in India in 2022-23 compared to the seventh in 2021-22.

Singapore was the largest investor in India with \$17.2 billion investment in FY23, followed by Mauritius (\$6.1 billion) and the US (\$6 billion).

“The rapidly strengthening of bilateral ties and investment cooperation between India and UAE can be chiefly attributed to the strong bilateral relations



Source: DPIIT

between India and UAE, growth in investment commitments from UAE, and the policy reforms to further ease of doing businesses between the two countries,” Rudra Kumar Pandey, Partner, Shardul Amarchand Mangaldas & Co, said.

UAE’s investments in India are mainly in sectors like serv-

ices, sea transport, power and construction activities. One of the crucial factors for the increase in FDI from UAE is the signing of the Comprehensive Economic Partnership Agreement (CEPA) between India and UAE on February 18, 2022 (effective from May 1, 2022), Pandey added.

“Apart from CEPA, another

growth engine of FDI from UAE in India is the investment commitment from UAE. UAE has committed to invest \$75 billion in the Indian infrastructure sector over a period of time. It has also committed to partner with India in the renewable energy sector,” Pandey noted.

India and the UAE have operationalised a comprehensive free trade agreement since May 1 last year. Under the pact, a number of goods from both countries are getting zero-duty access to each other’s markets, besides eased norms for promoting investments.

The country accounts for about 2.5 per cent of the total FDI India received between April 2000 and March 2023. During this period, India has attracted \$15.6 billion worth of overseas inflows from the UAE, the data showed.

According to experts, the trade agreement has helped to increase the import and export between the countries and consequently increased the investments from UAE in Indian companies.