

# Inbound FDI rises, so does Indian investment in US

Rising trade and capital flows reflect an increased Indo-US economic entwinement.

Closer economic ties are on the agenda as Prime Minister Narendra Modi makes his first State visit to the US. There is more money coming into India to fund new factories and set up ventures through foreign direct investment (FDI) than before. The average annual US FDI flows in the five years leading up to 2018-19 was \$2.7 billion. This has increased to \$8.7 billion in the four years since then.

A similar outward flow into the US shows up in the overseas direct investment data. This also includes debts, such as loans. The capital outflows averaged \$1.7 billion in the five years leading up to 2018-19. This has increased to an average of \$3.2 billion since 2019-20. The US also tops in terms of foreign portfolio flows. This is money that US mutual funds and other entities invest by buying Indian securities, such as shares on the stock market. The US is the largest FPI investor in India, accounting for around ₹38 of every ₹100 worth of FPI holdings (chart 2).

India also exports more to the US than it imports. The exports in 2022-23 was \$79 billion, compared to imports of \$50 billion. Imports have risen a little faster than exports in the past five years. Imports rose 89 per cent since 2017-18 while exports were up 64 per cent.

India's imports from the US are largely made up of a few categories, including crude, petroleum products, coal and others. The top five accounted for around 49 per cent of imports in 2022-23.

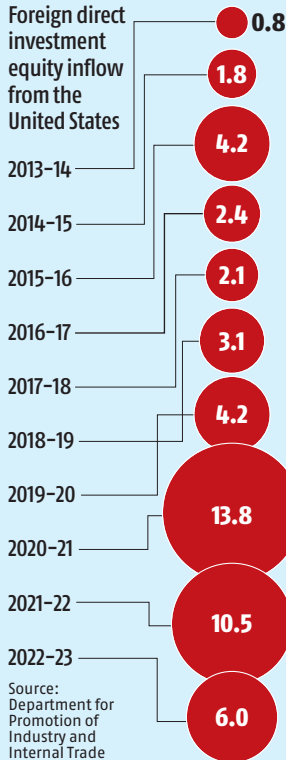
The export basket was similar. Pharmaceutical products and readymade cotton garments and accessories were among the major exports. The top five exports accounted for 36 per cent of the total exports.

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## FDI FLOWS (\$ bn)

Rise in flows after pandemic

Foreign direct investment equity inflow from the United States



Source: Department for Promotion of Industry and Internal Trade



## LARGEST FPI INVESTORS (₹ crore)

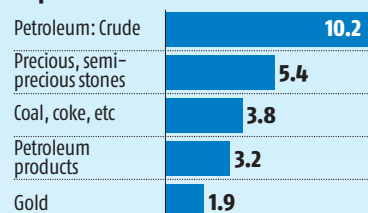
Country	Equity	Debt	DebtVRR	Hybrid
US	1,882,363	27,084	1,092	8,514
Singapore	330,350	50,030	63,908	11,915
Luxembourg	331,647	26,646	4,554	815
Mauritius	267,320	16,361	39,639	1,231
UK	251,251	1,130	2,031	908

Note: Data as of March 2023

Source: NSDL

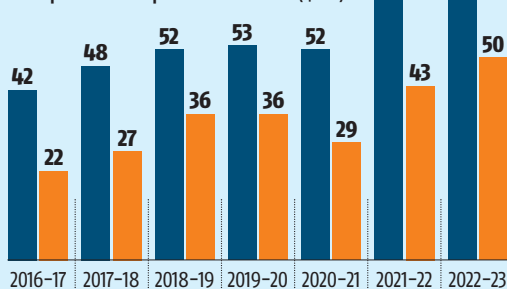
## TOP 5 PRODUCTS (\$ bn)

Account for nearly half of all imports



## TRADE PICTURE

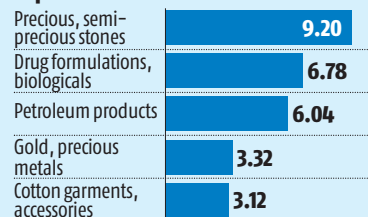
Exports 56% higher than imports



Source: Ministry of Commerce and Industry

## MAJOR EXPORTS (\$ bn)

Exports in 2022-23



Note: Data for top 5 export commodities in 2022-23  
Source: Ministry of Commerce and Industry