

Net FDI hits 21-month high in Oct at \$5.9 bn

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Mumbai, 20 December

The net foreign direct investment (FDI) into the country at \$5.9 billion rose to a 21-month high in October 2023, primarily due to strong gross inflows and lower repatriation. Sequentially, net FDI rose from \$1.54 billion in September 2023 and \$1.16 billion in October 2022, according to Reserve Bank of India data.

The repatriation, money taken out from the direct investments made in India, declined to \$1.10 billion in October 2023 from \$3.43 billion in September 2023 and \$2.93 billion in October 2022.

The major source countries were Mauritius, Singapore, Cyprus and Japan, contributing more than four-fifths of the total FDI inflows in October 2023. Around four-fifths of the gross inward FDI equity flows were received in man-

ufacturing, retail and wholesale trade, electricity and other energy sector, and financial services sector.

“Amidst global de-risking efforts, emerging economies like India remain attractive investment destinations,” according to the ‘State of Economy’ article in RBI’s monthly bulletin for November 2023.

However, cumulatively net FDI in April-October 2023 nosedived by half to \$10.43 billion from \$20.76 billion in April-October 2022, RBI data showed.

A slowdown in economic and business activities worldwide has impacted direct investment flows, both inbound and outbound. Most investments (outward FDI) are in subsidiaries or stakes in foreign companies. A slowdown in the developed markets means fewer opportunities, according to bankers.

India’s outward FDI commitments fell by 19.6 per cent sequentially to \$1.55 billion in November 2023, compared to over \$1.93 billion in October 2023.

Outward remittances under LRS plunge 60%



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Mumbai, 20 December

Outward remittances under the Liberalised Remittance Scheme (LRS) of the Reserve Bank of India (RBI) fell 60.45 per cent month-on-month (M-o-M) in October to \$2.17 billion from \$3.50 billion in September, according to RBI’s latest data. October is generally considered as the festival month.

During the August-October quarter of financial year 2024, Indians remitted \$9.05 billion overseas, as compared to \$7.26 billion in the second quarter of FY24.

According to the RBI monthly bulletin for October, the remittances were 13.14 per cent higher year-on-year (Y-o-Y) in comparison to \$1.92 billion in the year-ago period.

According to the monthly data, international travel, which accounted for over 60 per cent of the entire outward remittance by Indians, rose by 40.62 per cent Y-o-Y to \$1.37 billion.

It was \$0.97 billion in the same period of FY23.

Remittances for the purchase of immovable property dropped by nearly 27.88 per cent to \$11.02 million in the period under review, from \$15.28 million in the year-ago period.

At the same time, investments in the equity and debt markets saw a 24.73 per cent Y-o-Y fall to \$83.86 million from \$111.41 million.

Remittances for deposits declined to \$26.28 million from \$64.28 million in the year-ago period.

During the month under review, outward remittances by Indians under

FOR THE RECORD

Outward remittances under LRS for resident individuals

	Oct '23 (\$ mn)	% change Y-o-Y
Deposit	26.28	-59.12
Purchase of immovable property	11.02	-27.88
Investment in equity/debt	83.86	-24.73
Gift	184.79	-11.21
Donations	0.96	-42.86
Travel	1,368.98	40.62
Maintenance of close relatives	206.16	-26.55
Medical treatment	8.53	112.19
Studies abroad	269.19	23.56
Others	17.22	-63.57
Total	2,176.98	13.14

Source: RBI Bulletin

maintenance of close relatives also declined by 26.55 per cent to \$206.16 million from \$280.67 million. Gifts slipped to \$184.79 million from \$208.11 million. Similarly, the amount for medical treatment rose to \$8.53 million and studies abroad inched up to \$269.11 million during the time period under consideration. On the other hand, during September-October 2023, the outward remittances for travel declined by 28.93 per cent to \$1.37 billion.

Deposits saw a steep decline of nearly 351 per cent to \$26.28 million from \$118.56 million in September.



The major source countries were Mauritius, Singapore, Cyprus and Japan, contributing more than four-fifths of the total FDI inflows in October