

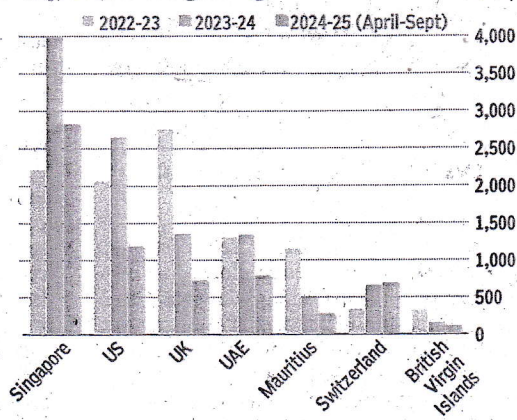
Overseas investments by Indians up 58% in H1 amid slowdown in Sept

Investment insights (Figures in \$ million)

Month-wise outflow of ODI

	2022-23	2023-24	2024-25
April	812	1,114	952
May	633	779	1,473
June	896	623	814
July	656	1,054	2,472
August	1,234	1,052	1,798
September	998	1,048	1,454

Top countries getting ODI from India



Source: DEA, Finance Ministry

Shishir Sinha
New Delhi

Overseas investments by Indians rose 58 per cent in the first six months of the current fiscal, data from Finance Ministry showed. However, outflow in September declined to a three-month-low. Experts feel that despite decline, on sequential basis, there is no let down in momentum.

Overseas Direct Investment (ODI) data, tabulated by the Economic Affairs Department of Finance Ministry, showed that the six months (April-September) number rose to over \$8,900 million as against over \$5,600 million during corresponding period of last fiscal. However, September saw an outflow of \$1,454 million compared to \$1,798 million in August, and \$2,472 in July this year. Of the 155 countries that got the outflow from India, Singapore tops the destination by getting 1/4th of the total. Singapore, along with the US, UK, Netherlands and Mauritius contributed more than 2/3rd of

total outflow. Among the sectors, financial, insurance and business services alone got 41 per cent of the total outflow.

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Raju Kumar, Tax Partner at EY India, said Indian companies invest abroad to access new markets, pursue strategic acquisitions, benefit from cost arbitrage, access advanced technology and build global brands. However, "in September 2024, ODI faced challenges, which could possibly be due to rising global interest rates, exchange rate volatility and geopolitical tensions, leading to a cautious investment approach," he said. However, he does not see this as a trend. He said that despite these short-term issues, the year-on-year growth in ODI reflects a positive trend, indicating that Indian firms remain focused on long-term international expansion.

Agreeing to this, Rumki Majumdar, Economist at Deloitte India, said the April to September ODI has been 58 per cent higher than the last year, despite the moderation

in investment abroad over the past two months. The monthly numbers are still historically strong. "We notice guarantees issued going up strongly. It is 106 per cent higher than last year. This points to increased confidence in the ability of domestic companies to invest abroad successfully and a favourable global economic outlook," she said.

Further, Majumdar said that there is a strategic push among Indian companies to invest abroad despite geopolitical uncertainties. "Investors are becoming more resilient to shocks, factoring in geopolitical risks while making investments abroad. India's proactive trade and investment ties (via FTAs and partnership) is also aiding this confidence," she said.

Under the ODI mechanism, a company, body corporate, LLP, partnership firms or individuals can invest abroad. Financial commitment (equity, loan and guarantees issued) shall not exceed 400 per cent of the net worth or \$1 billion in a financial year, whichever is lower.

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