

India Inc's investments rise 39% in 9 months of FY25: SBI report

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Indian companies announced investments of over ₹32 trillion in the first nine months of the current financial year, a 39 per cent increase compared to ₹23 trillion in the same period of the previous financial year, with private sector contributions rising to 70 per cent, according to a State Bank of India (SBI) report.

A strong pipeline of ₹13.63 trillion in work-in-progress capital (as of March 2024) highlights significant growth momentum during the coming years.

Government investment reached 4.1 per cent of gross domestic product (GDP) in FY23, the highest since FY12. Private sector investment as a share of GDP hit 11.9 per cent, the highest since FY16. Preliminary FY24 data, expected by end-February, is likely to show private



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investment nearing 12.5 per cent of GDP.

Meanwhile, external commercial borrowings (ECBs) remain a key funding source for India Inc, with outstanding ECBs at \$190.4 billion as of

September 2024, a slight increase from the previous quarters.

Non-rupee and non-FDI components account for \$155 billion, offering stability due to lower volatility from hedging.

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Private companies held around 63 per cent (\$97.58 billion) of these borrowings, while public sector companies accounted for the remaining 37 per cent (\$55.5 billion). Private firms demonstrated stronger hedging practices, covering about 74 per cent of their exposure. They brought the overall hedging ratio for non-rupee-non-FDI ECBs to approximately 68 per cent.

Notably, two-thirds of the total ECBs were hedged as of September 2024, up from 55 per cent two years ago.

Among the unhedged portion, some are backed by government guarantees, while others benefit from natural hedges, where borrowers earn in foreign currency. As of September 2024, natural hedges accounted for around 1.5 per cent of unhedged ECBs.