

Net FDI slumps 98% in May

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Mumbai, 23 July

The net foreign direct investment (FDI) in India -- which is the difference between gross inflows and outflows-- declined sharply by 98.2 per cent to \$ 40 million in May 2025 from \$ 2.2 billion in May 2024, on higher repatriation/divestment and outward investments from the country, Reserve Bank of India (RBI) data showed.

For May 2025, repatriation\divestment stood at \$5.0 billion, up from \$ 4.1 billion in May 2024. In May 2025, outward FDI was \$ 2.1 billion, higher than \$ 1.8 billion in May 2024.

As for May 2025, gross FDI was \$ 7.2 billion, lower than \$ 8.1 billion in May 2024.

According to the State of the Economy article in the RBI bulletin (July 2025), Singapore, Mauritius, the UAE and the US together accounted for more than three-fourths of total FDI inflows in May 2025, with manufacturing, financial and computer services being the top recipient sectors.

The central bank has maintained high gross FDI, which indicates that India continues to remain an



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attractive investment destination.

Cumulative net FDI in the first two months of the current financial year (FY26), was flat at \$3.9 billion in April-May 2025 as compared to \$4.0 billion in April-May 2024. The gross inward FDI increased to \$ 15.91 billion in April-May 2025, from \$15.2 billion in April-May 2024.

The scale of capital repatriation/divestment moderated to \$ 6.7 billion in April-May 2025 from \$ 8.1 billion in the same period last year. The RBI has argued that the rise in repatriation is a sign of a

FDI snapshot

- FDI declined on higher repatriation and outward investments
- Repatriation\divestment stood at **\$5 bn**
- Outward FDI was **\$2.1 bn**, up from **\$1.8 bn** in May 2024
- Singapore, Mauritius, UAE and US accounted for over three-fourth of total FDI inflows
- Manufacturing, financial, and computer services the top recipient sectors

mature market where foreign investors can enter and exit smoothly.

The outward FDI from India moved up sharply to \$5.3 billion in April-May 2025 from \$3.1 billion in April-May 2024.

Top sectors for outward FDI included transport, storage and communication services, manufacturing, and financial, insurance and business services, and the major destinations included Mauritius, the US and the UAE, RBI said.