

# FDI equity inflow in FY23 contracts 22% to \$46 bn

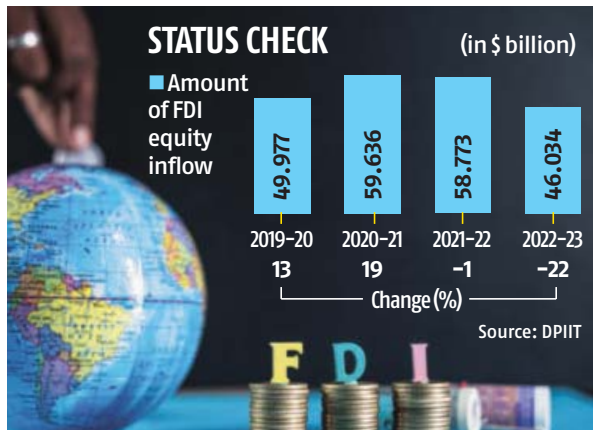
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Foreign direct equity investments declined by over a fifth (22 per cent) to \$46.03 billion in 2022-23 (FY23) amid challenges in the global economy, including factors like high inflation, expansionary monetary policy, and recessionary trends in developed economies.

Total foreign direct investment (FDI), which includes equity capital of unincorporated bodies, reinvested earnings, and other capital, contracted 16 per cent year-on-year (YoY) to \$70.97 billion during FY23, reveals the Department for Promotion of Industry and Internal Trade data. In 2021-22, total FDI inflows were \$84.83 billion.

Among the top 10 investing countries' FDI equity inflows, Singapore emerged as a big investor with \$17.2 billion in FDI in FY23 (April-March). It was followed by investment from Mauritius (\$6.13 billion), the US (\$6 billion), the United Arab Emirates (\$3.35 billion), the Netherlands (\$2.5 billion), Japan (\$1.8 billion), the UK (\$1.73 billion), Cyprus (\$1.27 billion), the Cayman Islands



(\$772 million), and Germany (\$547 million).

As regards sectors, computer software and hardware manufacturing was the highest recipient of FDI at \$9.39 billion, down 35 per cent YoY.

The services sector — including financial, banking, insurance, research and development, and courier services — mopped up \$8.71 billion worth of FDI but contracted 41 per cent on-year.

The trading sector amassed \$4.79 billion in FDI but contracted YoY.

FDI in the automotive industry contracted 72 per cent to \$1.9 billion in FY23.

However, drugs and phar-

maceutical, chemical, telecommunications, and construction sectors witnessed a jump in FDI inflows, compared to last year, to \$2.06 billion, \$1.85 billion, \$713 million, and \$146 million, respectively.

Maharashtra continued to be the most favoured destination for investors, receiving \$14.8 billion worth of investments, although inflows declined 4 per cent.

Karnataka came a close second with \$10.43 billion in FY23, up from \$22.01 billion a year ago. Delhi was a distant third. Its FDI inflows declined to \$7.53 billion, from \$8.18 billion a year ago.

## India emerges as key for FDI into Dubai

India has emerged as a key source country for Foreign Direct Investment (FDI) in Dubai, one of the wealthiest of the seven emirates in the United Arab Emirates, according to a report.

It ranked among the top five source countries for announced FDI projects and estimated FDI capital. With 77.5 per cent of greenfield projects, the top sectors by FDI projects from India into Dubai in 2022 were software & IT services (32 per cent), business services (19 per cent), consumer products (9 per cent), real estate (6 per cent), and financial services (5 per cent).

The top sectors by FDI capital from India into Dubai were consumer products (28 per cent), software & IT services (20 per cent), communications (19 per cent), pharma (8 per cent), among others. **PTI**