

Government measures increase FDI investment in India, attracts an inflow of USD 72.12B from April 2020 - January 2021

India's Ministry of Commerce & Industry has stated on April 5, 2021, that the measures that are taken by the Government on the aspects of FDI policy reforms, investment facilitation, and ease of doing business have resulted in increased FDI inflows into the country as India has attracted a total FDI inflow of USD 72.12 billion during April to January 2021. The Ministry said that it is the highest ever for the first ten months of a financial year and 15% higher as compared to the first ten months of 2019-20 (\$62.72 billion).

Japan has been the leading investor in India, with 29.09% of the total FDI equity inflows during January 2021, followed by Singapore, (25.46%) and the U.S.A. (12.06%). On segment-wise performance, the Computer Software & Hardware sector has emerged as the top sector during the first ten months of F.Y. 2020-21 with 45.81% of the total FDI Equity inflow, followed by the Construction (Infrastructure) sector with 13.37%, and the Services sector with 7.80% respectively.

A major development in the Indian FinTech sector

Two Indian Financial Technology (FinTech) start-ups, Cred, and Groww have attained the 'Unicorn' status (achieved when a private company reaches a valuation of over USD 1 billion), thereby complementing the development of this sector in India. Bangalore-based Cred raised USD 215 million in a new funding round that valued the start-up at USD 2.2 billion, up from about USD 800 million in January this year. Groww, on the other hand, raised USD 83 million in a Series D funding round, making the online investment platform a Unicorn start-up.

India's FinTech companies are poised to become three times as valuable in the next five years, reaching a valuation of USD 150-160 billion by 2025, according to a report by the Boston Consulting Group and the Federation of Indian Chambers of Commerce & Industry (FICCI). The report states, in relevant part: "India is strongly poised to realize a FinTech sector valuation of USD 150-160 billion by 2025, translating to an incremental value-

creation potential of approximately \$100 billion. It is estimated that to meet this ambition, India's FinTech sector will need investments of USD 20-25 billion over the next five years."

Foreign investors make USD 15 billion out of their Indian investments in Q3-2020.

Even as the Indian economy slowed down following the nationwide lockdown to combat the spread of the COVID-19 virus, foreign investors made 30% higher returns from their investments in India in the third Fiscal Quarter of 2020. Foreign investors made an aggregate of USD 15.07 billion as investment income during October-December 2020 compared to USD 12.2 billion in the same period a year ago, according to the latest balance of payments data released by the Reserve Bank of India (RBI) on March 31, 2021.

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