



India's Investment and External Commercial Borrowings (ECB) Landscape

SBI Report

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India's **investment ecosystem** and **external commercial borrowings (ECBs)** have witnessed significant developments over the past few years. The recent report by the **State Bank of India (SBI)** has highlighted trends in investment announcements, private sector's contribution, and role of ECBs in corporate financing.

Investment Announcements (9MFY25)

Investment activity in India continues to grow at a **rapid pace**, with significant contributions from **the private sector**.

New Investment Announcements					
Year	Amount Rs lakh crore			Share (%)	
	Govt.	Private	Total	Govt.	Private
FY17	10.17	4.08	14.25	71.36	28.64
FY18	8.23	3.92	12.16	67.72	32.28
FY19	10.24	7.01	17.25	59.37	40.63
FY20	5.57	5.28	10.85	51.34	48.66
FY21	5.28	5.43	10.71	49.30	50.70
FY22	6.26	13.75	20.01	31.28	68.72
FY23	11.61	25.45	37.06	31.33	68.67
FY24	15.61	23.00	38.61	40.43	59.57
FY24 (9M)	10.14	13.09	23.23	43.65	56.35
FY25 (9M)	9.70	22.31	32.01	30.30	69.70

- In 9MFY25 i.e., the nine months of FY25 (April-December 2024), total investment announcements stood at **₹32.01 lakh crore**.
- This marks a **39% increase** from ₹23 lakh crore in 9MFY24, reflecting a positive investment outlook.
- The private sector accounted for nearly **56% (FY24)** and nearly **70% (9MFY25)** of these announcements, signaling strong corporate confidence.

Gross Block of Indian Corporates

Fixed Assets (Rs lakh crore)					
Description	2020	2021	2022	2023	2024
Gross Block	73.94	79.62	87.08	96.80	106.50
Addition in gross block	9.13	5.68	7.46	9.72	9.70
Net Block	51.15	52.86	56.78	61.88	67.19
Capital Work in Progress	8.05	8.60	9.30	12.33	13.63

- As of March 2024, the gross block of Indian corporates reached **₹106.50 lakh crore**, compared to ₹73.94 lakh crore in March 2020.
- Over the last five years, an average of more than **₹8 lakh crore** has been added annually to the corporate gross block.
- Additionally, capital work in progress stood at **₹13.63 lakh crore** in March 2024, indicating strong ongoing project development.

Household Net Financial Savings

Household Net Financial Savings (HNFS) in India improved to **5.3%** of GDP in FY24 from 5.0% in FY23. Additionally, savings in physical assets increased from 12.9% of GDP in FY23 to **13.5%** in FY24.

Investment as a Percentage of GDP

Investment as a share of GDP has improved in recent years, led by both government and private sector contributions.

Gross Capital Formation at current prices (% GDP)-Institutions								
Year	GCF	Consolidated Public sector	of which, Public Sector	General Government	Consolidated Private Sector	of which Household Sector	Private Corporations	valuables and adjustment factor from flow of funds
	A (B+C+D)	B (B1+B2)	B1	B2	C (C1+C2)	C1	C2	D
2011-12	39.0	7.5	4.0	3.5	29.2	15.9	13.3	2.3
2012-13	38.7	7.2	3.8	3.4	28.4	14.7	13.6	3.1
2013-14	33.8	7.1	3.5	3.5	25.5	12.6	12.9	1.2
2014-15	33.5	7.1	3.6	3.5	25.5	12.1	13.4	0.9
2015-16	32.1	7.6	3.9	3.6	23.1	9.6	13.5	1.5
2016-17	32.0	7.2	3.4	3.8	21.9	10.4	11.6	2.9
2017-18	33.9	6.8	3.2	3.6	22.7	11.4	11.3	4.3
2018-19	33.8	7.3	3.7	3.6	23.9	12.2	11.6	2.7
2019-20	30.4	6.9	3.3	3.6	22.2	11.2	11.0	1.2
2020-21	28.2	6.7	2.9	3.9	20.8	10.8	10.0	0.7
2021-22	32.4	6.5	2.8	3.8	23.9	12.6	11.4	1.9
2022-23	32.2	7.0	2.9	4.1	24.8	12.9	11.9	0.4

- In FY23, government investment reached **4.1% of GDP**, the **highest since FY12**.
- Private corporate investment rose to **11.9% of GDP** in FY23, its **highest level since FY16**.
- The share of private investment is projected to further increase to around **12.5%** in FY24, reflecting improved business sentiment.

External Commercial Borrowings (ECBs) (as of September 2024)

ECBs have emerged as a key source of funding for Indian corporates, enabling capital expansion and modernization.

Hedging Status of ECB Loans -Sep-22 vis-à-vis Sep-24 (US\$ bn)		
Description	Sep-22	Sep-24
A. ECB – Total outstanding	173.5	190.4
B. ECB – INR denominated	15.1	15.3
C. ECB – FDI Companies' borrowings from foreign parent	28.4	32.5
<i>of which , (a) INR denominated</i>	10.8	12.4
<i>(b) FCY denominated</i>	17.6	20.1
D. ECB – Non-Rupee and non-FDI [= A-B-C(b)]	140.7	154.9
E. Hedged non-Rupee non-FDI ECBs (i.e., D above)	61.6	89.5
F. ECB – unhedged {D-E}	78.9	65.5
G. Percentage share of unhedged ECB {(F)/(A)*100}	45.5	34.4

- The total outstanding ECBs stood at **\$190.4 billion** as of September 2024.
- Of this, the non-Rupee and non-FDI components accounted for approximately **\$154.9 billion**.
- The private sector held **63% (\$97.58 billion)**, while the public sector accounted for **37% (\$55.5 billion)**.
- Hedging remains a critical aspect, with private companies hedging approximately **74%** of the total hedged corpus.

ECBs in FY25 (Up to November 2024)

The ECB pipeline remains strong, reflecting sustained demand for overseas funding.

- By November 2024, total ECB registrations stood at **\$33.8 billion**.
- Nearly **half** of the registration, in FY24, are for the import of capital goods, modernization, local capital expenditure, and new projects.
- ECB registration as a percentage of GDP, declined from 1.9% in FY20 to **1.2%** in FY24, suggesting **improved domestic financing options**.

ECB Cost Trends (April-November 2024)

Interest rates on ECBs have shown a declining trend, reducing borrowing costs for Indian companies.

- The overall cost of ECBs fell by **12 basis points** year-over-year to **6.6%** during April-November 2024.
- In November 2024, the overall cost of ECBs further declined to **5.8%**, a reduction of **71 basis points** from the previous month.

Clarification on ECB Data

Recent reports have misrepresented India's ECB liabilities, leading to confusion.

- Some media sources incorrectly reported that India's ECB stock reached **\$273 billion** by early 2025.
- However, the actual outstanding ECB, as per RBI data (September 2024), is **\$190.4 billion**.
- The discrepancy arises from the inclusion of **\$72.057 billion** in Foreign Portfolio Investments (FPIs) - Debt investments in long-term corporate and government securities, which should not be classified as corporate ECB liabilities.

References

https://sbi.co.in/documents/13958/43951007/ECB+and+investment_SBI+Report.pdf/6e3f0c0c-b4e2-8482-3123-5b93da8585ae?t=1737530427571

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