SINGAPORE TOP INVESTMENT SOURCE

FDI inflows dip 34% to $10.9 bn in Q1

Figure slightly higher than $9.2 bn in Q4FY23

FE BUREAU
New Delhi, August 27

FOREIGN DIRECT INVESTMENT (FDI) inflows plunged 34% on year to $10.9 billion in the first quarter of FY24 as overseas investments in the services sector, computer software fell sharply, according to government data.

Total FDI, which includes reinvested earnings and other capital in the June quarter, was down 21.3% on year to $17.5 billion.

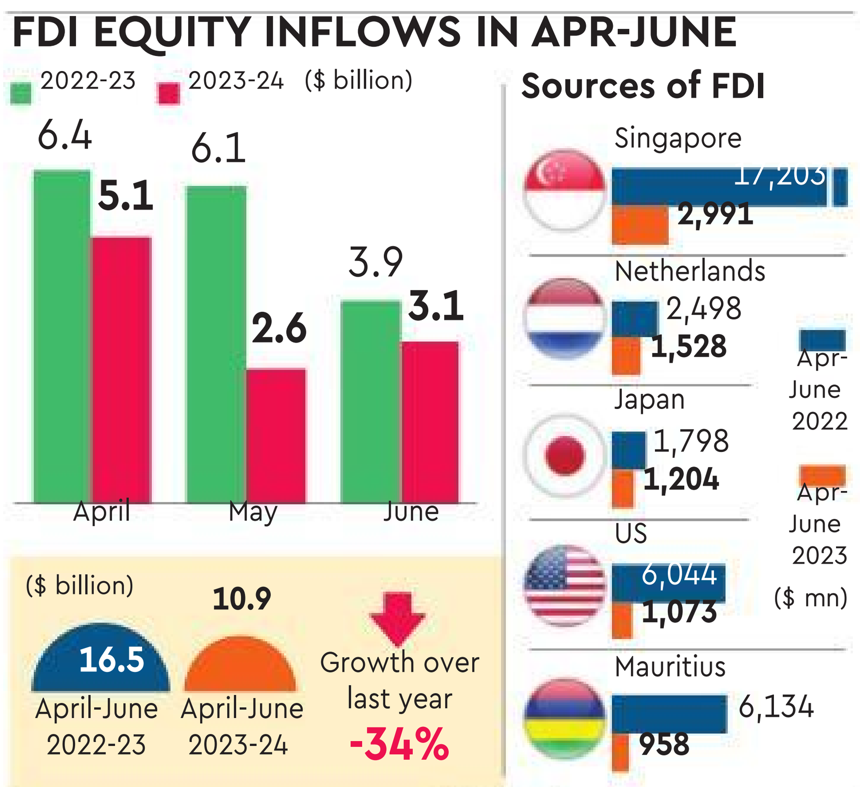
The inflows are slightly higher than $9.2 billion received in the January-March quarter of the previous fiscal year. In Apr-June period of last year, it stood at $16.6 billion. The year-on year (y-o-y) decline in the monthly inflows has been visible since July 2022 and it was in this period that funding to start-ups registered a sharp drop. Funding winter — as the industry calls it — saw funds raised by start-ups decline to $25 billion in calendar year 2022 from $42 billion in 2021.

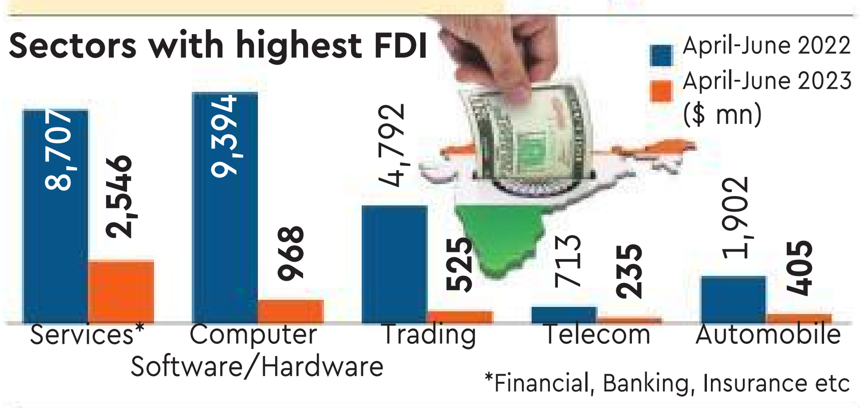
Services, computer software and hardware, and trading are the biggest recipients of FDI in India and a sharp drop was seen in these categories. Service sector, which includes financial, banking, and business outsourcing, and trading saw FDI decline to $ 2.5 billion in Apr-June this year from $ 8.7 billion in the same period last year.

In computer software and hardware sector, the inflows slumped to $968 million from $ 9.3 billion last year. In trading, the FDI declined to $525 million from $4.7 billion.

FDI equity inflows saw a big jump in volumes in FY21 and FY22, when it touched $58 billion per year. In FY23, however, the overseas equity investments dropped to $46 billion, the levels seen before FY21.

Most of the FDI of around $2.9 billion was routed through Singapore in the reported period. The Netherlands was the second biggest source of FDI with inflows of $1.5 billion, followed by Japan at $1.2 billion and the US at $1 billion.





Nine years after launch, zero-balance Jan Dhan accounts decline to 8%

PRASANTA SAHU
New Delhi, August 27

ZERO-BALANCE BANK accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY) have declined to just 8% of the total as on August 16, compared to 58% nine years ago, when the scheme was rolled out to provide basic banking facilities to the large unbanked population of the country.

In the first year of the mission, after Prime Minister Narendra Modi unveiled the financial inclusion drive on August 28, 2014, roughly 85.37 million (or 58%) were zero-balance accounts out of a total of 147.2 million in FY15.

Such zero-balance accounts have declined to 40 million or just 8% of the total 500.9 million. There is no requirement to maintain any minimum balance in PMJDY accounts, while deposits in such accounts earn interest of 3-4%.

Basic banking facilities and assorted benefits have turned the no-frills accounts into a massive source of low-cost pool of funds for banks with a corpus of ₹2.03 trillion as of August 16, 2023, compared with ₹15.6 billion in FY15, an increase of over 1200% in nine years. Gradually, over the years, many add-on services were made available to the PMJDY beneficiaries such as a Rupay Debit card (339.8 million issued so far), accident insurance cover of ₹100,000 (enhanced to ₹200,000 to PMJDY accounts opened after August 28, 2018), and an overdraft (OD) facility up to ₹10,000 for eligible account holders.

About 62.6 million PMJDY account holders receive direct benefit transfer (DBT) from the government under various schemes.

Annually 20-25 million new account holders are added, taking the total to 500.9 million from about 147.2 million in FY15 under PMJDY. With the saturation of the scheme, the new additions to the scheme will gradually slow down in coming years.

However, banks would continue to provide add-on services to this large block of the population whose banking services requirement would increase as they transition into higher income brackets.

PMJDY accounts are eligible for Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Atal Pension Yojana, and Micro Units Development and Refinance Agency Bank scheme.

FINANCIAL INCLUSION

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- About **62.6 million** PMJDY account holders receive DBT under various govt schemes
- Basic banking facilities and assorted benefits have turned the no-frills accounts into a massive source of low-cost pool of funds for banks with a corpus of ₹2.03 trn

Kshema to launch crop protection products

SANDIP DAS
New Delhi, August 27

HYDERABAD-BASED KSHEMA General Insurance, the first company to receive a licence from Insurance Regulatory and Development Authority of India (Irdai) after a gap of five years in May this year, will be introducing products for farmers that protect them from losses caused by pest attacks. A company official said that erratic and unpredictable climate conditions have led to pest attacks that hurt farmers' income because of lower yield. Currently, the product is at the development stage and likely to be introduced next year after the approval from Irdai. It also aims to achieve a premium income of ₹1,000 crore by the end of FY24, its very first year of operation.

Oil export uptick helps refiners maintain high run rates

SUKALP SHARMA
New Delhi, August 27

WITH DOMESTIC DEMAND for fuels and other petroleum products witnessing a slump due to the monsoon rains, India's refined products exports has witnessed an uptick, helping the country's refiners keep refinery runs high at a time when refining margins are robust globally, shows an analysis of data shared by commodity market analytics and intelligence firm Kpler.

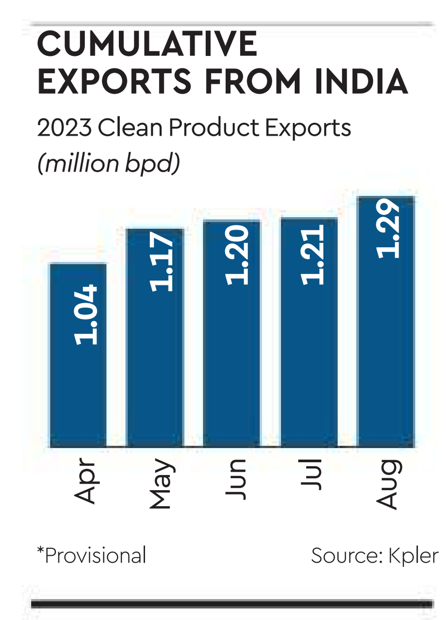
The cumulative clean product exports from India in August have so far been the highest since May 2022, with jet fuel exports at a historic high. In oil industry parlance, clean products refer to the class of petroleum products that are uncontaminated and not previously used in any application. Most major crude oil-based fuels like diesel, petrol, jet fuel, kerosene, and naphtha are categorised as clean products. Dirty refined products refer to the likes of fuel oil, low sulphur waxy residue, and carbon black feedstock.

So far in August, India's jet fuel exports have averaged at a record high of 242,382 barrels per day (bpd), Kpler data shows. The previous peak of 206,871 bpd was in June 2018. Last month, India's jet fuel exports were 198,968 bpd.

In June, which marked the onset of the southwest monsoon, jet fuel exports stood at a robust 183,661 bpd. As for cumulative clean products, India exported 1.29 million bpd in August, the highest since May last year when the export volumes stood at 1.32 million bpd, as per Kpler. In July and June, India's clean product exports were also strong at 1.21 million bpd and 1.20 million bpd, respectively.

"Jet fuel exports out of India are hitting an all-time high in August and in general, clean product exports out of India are the highest since May 2022. So, even though domestic demand is shaky because of the monsoon season impact, Indian refiners seem to be running quite high, availing themselves of refinery margins being well in the double digits," Kpler's Lead Crude Analyst Viktor Katona told *The Indian Express*.

Demand for fuels and other petroleum products usually tempers during the monsoon in India due to lower demand for transportation fuels and refined products used in some industries where work slows down because of the rains.



States and bankers to discuss 'PM Vishwakarma' scheme today

PRESS TRUST OF INDIA
New Delhi, August 27

THE GOVERNMENT HAS called a meeting of senior officials from states, public sector banks and State Level Bankers Committee (SLBC) on Monday, to discuss the implementation of the ₹13,000 crore 'PM Vishwakarma' scheme, which seeks to support traditional artisans and craftsman.

The scheme, which would be launched on September 17, would be implemented by three ministries — MSME, Skill Development and Finance. The target is to enrol as many as 3 lakh beneficiaries in the current fiscal, an official said.

"The Skill Ministry has called a meeting on August 28, in which principal secretaries of states, managing directors of banks, and SLBC representatives have been invited. "The meeting will discuss the roadmap for implementation of the scheme and process of identification of beneficiaries of PM Vishwakarma scheme," the official said.