Investment funds for India

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Singapore as the leading source of FDI

Between April 2000 and March 2026 India recorded equity FDI inflows of 787.72 billion US dollars. Singapore accounted for 24.72 per cent of this total, ahead of Mauritius with 23.71 per cent, the United States with 10.39 per cent, the Netherlands with 7.19 per cent and Japan with 6.11 per cent.[1] The sources diverge on the cumulative amount from Singapore: one page of the India Brand Equity Foundation, a trust of the Indian Ministry of Commerce, gives 192.68 billion US dollars, while another gives 194.68 billion.[2] The gap is small and probably reflects a typing error. A share of 24.72 per cent of 787.72 billion corresponds to about 194.7 billion, which suggests that the higher figure is correct, although the official factsheet of the Department for Promotion of Industry and Internal Trade should be consulted.

The ranking has changed over time. For the period from April 2000 to September 2016, Mauritius accounted for 32.81 per cent of inflows and Singapore for 16.30 per cent.[3] Singapore overtook Mauritius during the following decade, as fund managers moved their platforms to a jurisdiction offering more substance, a deeper financial services sector and the treaty position described above. The annual figures show the

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scale of the current flows. In the financial year 2025–26 India received equity FDI of 58.84 billion US dollars, of which 19.80 billion came from Singapore, about one third.[4]

Bilateral trade is smaller in relation. In the financial year 2025–26 it amounted to 36.1 billion US dollars, with Indian exports of 11.86 billion and imports from Singapore of 24.24 billion.[5] The relationship between the two states is therefore primarily financial. Goods move between India and the world through many routes, while capital for India moves predominantly through one.

Why fund managers choose Singapore

The choice of Singapore as a platform for India rests on several elements, few of which are specific to India. The first is the treaty, whose limitation of benefits rewards real expenditure and whose grandfathering protects older holdings. The second is the regulatory framework for fund management, which Chapter V of Part E describes: licensing by MAS, a deep pool of fund administrators, custodians, auditors and lawyers, and the variable capital company, which Chapter IV of Part E examines as a vehicle for umbrella funds. The third is the tax regime for funds under sections 13O and 13U of the Income Tax Act 1947, which Chapter III of Part E analyses. The fourth is time zone and proximity. A portfolio manager in Singapore works two and a half hours ahead of Mumbai and is a short flight from Mumbai or Bengaluru.

The fifth element is legal. Shareholders' agreements for Indian investments are frequently governed by the law of Singapore or of England and refer disputes to arbitration seated in Singapore. Indian parties have for years been among the largest foreign users of the Singapore International Arbitration Centre, as Chapter II of Part F shows. A fund that holds Indian assets through a Singapore company can thus combine Singapore governance, Singapore dispute resolution and Indian operations. The arrangement reduces the risk that investors associate with the slowness of Indian courts.

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Portfolio capital follows the same route. Foreign portfolio investors registered with the Securities and Exchange Board of India in Singapore form one of the largest national groups in the Indian equity and bond markets. Singapore is also among the largest sources of external commercial borrowings by Indian companies.[6] Much of the Asian dollar lending to Indian companies, a market whose origins Chapter IV of Part C traces to 1968, is booked in Singapore.

State capital: Temasek and GIC

The two state investors of Singapore are among the largest investors in India in their own right. Temasek reported an underlying exposure to India of 7 per cent of its portfolio as at 31 March 2026. Its Indian history began with financial services. In December 2003 it acquired 5.2 per cent of ICICI Bank and raised the stake to 8.3 per cent by 2007. More recently it acquired a majority of Manipal Health Enterprises in 2023 and a 10 per cent stake in the snack maker Haldiram's for about 1 billion US dollars in March 2025.[7] The Fullerton case discussed above concerned a Temasek holding company. GIC invests in Indian listed equities, infrastructure, real estate and private companies, although it publishes no country allocation in comparable detail. Chapter I of Part D describes the two institutions.

State capital lends credibility to the corridor. When Temasek and GIC invest through Singapore companies with real staff and real decisions, they demonstrate that the Singapore route serves genuine investment.

Private equity, venture capital and Indian founders

The private equity and venture capital industry for India is to a large extent managed from Singapore. International houses run their Indian strategies from Singapore offices, while Indian managers raise offshore funds domiciled in Singapore alongside domestic alternative investment funds registered in India. Funds typically invest through a Singapore holding company or directly from a Singapore fund vehicle, with an investment adviser in Mumbai or Bengaluru providing research under an advisory agreement.

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Indian founders have used the same channel in the other direction. In the 2010s many Indian start-ups placed their parent companies in Singapore, because foreign venture investors preferred a familiar jurisdiction, because employee share plans and preferred share structures were easier to implement there and because a later listing abroad seemed more likely. Since the early 2020s a reverse movement has set in. Companies preparing for listings on Indian exchanges, where valuations of technology companies have risen, have moved their domicile back to India, often at a considerable tax cost.[8] The movement shows that the Singapore channel has never been a one-way street. It survives because it offers investors something that Indian structures do not yet offer, and it contracts where that advantage disappears.

Constraints: indirect transfers and beneficial ownership

The corridor operates under constraints imposed by Indian law. Since 2012 India has taxed indirect transfers of Indian assets, including the sale of a foreign company whose value derives substantially from Indian assets. The retrospective application of that rule, which followed the Supreme Court's decision in the Vodafone case, damaged India's reputation with foreign investors until Parliament withdrew the retrospective effect in 2021.[9] Singapore holding companies are directly affected by these rules, because investors frequently exit by selling the Singapore company itself.

A second constraint concerns the origin of the money. In April 2020 India subjected investment from countries sharing a land border with India to prior government approval.[10] The rule also applies where the beneficial owner of an investment is situated in such a country.[11] Singapore funds with Chinese investors must therefore examine their investor base before investing in India. Chapter II of this part describes the flows of Chinese capital through Singapore, which this rule places under particular scrutiny when the destination is India.

Notes

1. India Brand Equity Foundation, "Foreign Direct Investment (FDI)" (ibef.org, accessed November 2026): total FDI equity inflows from April 2000 to March

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2026 of Rs 52,85,866 crore (US$ 787.72 billion); Singapore 24.72 % (US$ 192.68 billion), Mauritius 23.71 % (US$ 186.76 billion), USA 10.39 %, Netherlands 7.19 %, Japan 6.11 %. ↩

2. India Brand Equity Foundation, "India-Singapore Trade" (ibef.org, accessed November 2026): Singapore is the largest investor in India "with a cumulative FDI inflow of US$ 194.68 billion" from April 2000 to March 2026. ↩
3. Wikipedia, "India–Mauritius relations" (accessed November 2026): top FDI sources for India from April 2000 to September 2016: Mauritius about US$ 101.76 billion or 32.81 %, Singapore 16.30 %, United Kingdom 7.76 %, Japan 7.66 %, United States 6.25 %. ↩
4. India Brand Equity Foundation, "Foreign Direct Investment (FDI)" (ibef.org, accessed November 2026): FDI equity inflow in FY26 of US$ 58.84 billion; India Brand Equity Foundation, "India-Singapore Trade" (ibef.org): FDI equity inflows from Singapore of US$ 14.94 billion in FY25 and US$ 19.80 billion in FY26. The share of about one third is the author's calculation. ↩
5. India Brand Equity Foundation, "India-Singapore Trade" (ibef.org, accessed November 2026): bilateral trade of US$ 36.1 billion in FY26; Indian exports to Singapore US$ 11.86 billion; imports US$ 24.24 billion; India is Singapore's 6th largest trade partner with 2.96 % of Singapore's total trade. ↩
6. India Brand Equity Foundation, "India-Singapore Trade" (ibef.org, accessed November 2026): Singapore is among the largest sources of External Commercial Borrowings, and Foreign Portfolio Investment from Singapore has been important for India. ↩
7. Wikipedia, "Temasek Holdings" (accessed November 2026): underlying country exposure "7% India as at 31 March 2026"; 5.2 % of ICICI Bank in December 2003, raised to 8.3 % by 2007; additional 41 % of Manipal Health Enterprises announced in April 2023 for a total of 59 %; 10 % of Haldiram's for US$ 1 billion in March 2025. ↩

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8. On the "reverse flipping" of Indian start-ups from Singapore and the United States to India since about 2021 (examples include PhonePe and Groww), see the reports of the Economic Survey of India 2024–25 and press coverage. ↩
9. Finance Act 2012 (retrospective amendment of section 9(1)(i) of the Income-tax Act 1961 after *Vodafone International Holdings BV v Union of India*, Supreme Court of India, 20 January 2012); Taxation Laws (Amendment) Act 2021. ↩
10. Wikipedia, "Foreign direct investment in India" (accessed November 2026): in April 2020 India changed its FDI policy to scrutinise investment from countries sharing a land border with India. ↩
11. Department for Promotion of Industry and Internal Trade, Press Note 3 (2020 Series) of 17 April 2020, amending paragraph 3.1.1 of the Consolidated FDI Policy (government route for investment from an entity of, or with a beneficial owner situated in or a citizen of, a country sharing a land border with India). ↩

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