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# Enhancing the Scope and Quality of Indian FDI Statistics

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# Enhancing the Scope and Quality of Indian FDI Statistics

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**Shekhar Shah**
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# FOREWORD

For much of this past decade, India has ranked as one of the twenty largest FDI recipients globally, rising to ninth spot in 2014. Yet, India's policymakers, elected representatives and FDI researchers still wrestle with the challenge of properly assessing the effects of inward and outward FDI, whether at a local, sector or national level. This is largely because wide-ranging, evidence-based analysis of FDI impact is still limited in India. Consequently, national deliberations on FDI reform continue to polarise along ideological lines, constraining FDI policymaking.

India's emergence as a globally significant FDI player, together with its intensified emphasis on FDI as a major driver for growth, employment and technological competitiveness, now makes it imperative to develop a far deeper understanding of the gains and trade-offs from FDI inflows and outflows. In other words, India needs to accord the same focus to building national capacity to holistically answer the question, "What difference does FDI make to India?" as it has to persuading foreign investors to come to India.

Surprisingly, India cannot yet answer questions about FDI impact with the rigour and detail that is needed, as NCAER discovered way back in 2009. NCAER worked closely with the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, in a pioneering study of the geographic and sector spread of FDI-enabled production facilities in India and their linkages with rural and suburban areas.The objective was to understand foreign firms' impact on output, value-added, capital and employment in the country. But limitations in the sector and geographic detail of data on FDI inflows significantly constrained our ability to tell with certainty how these facilities were contributing to the economic development of the areas in which they were located, as well as to the larger economy.

India still reports its FDI statistics in much the same way it did then, and these limitations continue to impede those seeking detailed insights into FDI activity in the country. For this reason, it is crucial for India to devote the same attention to radically strengthening and modernising its FDI statistical system, as it has been doing for its industrial, price, GDP and other economic data systems. As both a leading global FDI recipient and a G-20 economy, India now needs to approach FDI policymaking and impact assessment with the same rigour as its counterparts in these two largely overlapping groups.

This volume is NCAER's contribution to what it hopes will be an energetic national discussion on the need for, and the contours of, a concerted programme of FDI statistical system strengthening in India. It culminates an 18-month project, Enhancing the Scope and Quality of Indian FDI Statistics, which has sought to ascertain whether and, if so how, India's existing FDI statistical system might be holding back its ability to measure FDI flows and their impact.NCAER held a national workshop on this topic on March 10-11, 2015 in New Delhi to discuss the findings of this study.

This NCAER study is pioneering in that it has audited the strengths and weaknesses of India's FDI statistics against the needs of the country's principal data users: its FDI policymakers, elected representatives and FDI researchers. In doing so, it offers a clear picture of

1. National Council of Applied Economic Research, FDI in India and its Growth Linkages, New Delhi, 2009. This study is available at: www.dipp.nic.in/english/publications/reports/fdi_ncaer.pdf.

the kinds of FDI-related policy questions India is still unable to answer because of the manner in which it collects and reports its FDI data. In contrast, India's other FDI statistics improvement efforts over the years have been driven primarily by its move to comply with the International Monetary Fund's standards on FDI data collection, analysis and reporting. This study also benchmarks India against international best practice to assess the extent to which its global FDI counterparts are able torespond to the kinds of FDI-related of policy questions the country is still struggles with.

Finally, this study examines other Indian government data sets on foreign corporate activity at the national, state and district levels, with a view to recommending how these might be linked to present a more holistic picture of foreign investor activity and impact at the ground level.

Project findings point strongly to the need for India to shift its policy perspective from FDI outputs to FDI outcomes. In other words, India needs to look beyond merely counting the quantum, and broad sector and geographic distribution of incoming or outgoing FDI, to generating the data it needs to properly track foreign direct investor location, activity and contribution to the economy.

This will need significant modifications in the manner in which India collects and publicly reports its FDI statistics. Most essential is that India begin to systematically collect and report operations data for foreign direct investors in the country, as most other G-20 economies and many developing countries now routinely do. In tandem, it needs to report the geographic disaggregation of inflows by state and, if possible, district. This would enable policymakers to track where FDI is actually locating within the country, the first and necessary condition to establish local impact. Together, these two pieces of information are vital to determine FDI's contribution to employment, production, technological development and trade, among other things.

Also important is that India employ its National Industrial Classification system in reporting the sector disaggregation of FDI flows, since this would enable a more detailed understanding of the specific production, service or trading activity being undertaken by foreign firms in India, and facilitate international comparability Equally, it needs to invest in the capability to track FDI back to its real source country.

It is my sincere hope that the findings and recommendations of this study will be of practical value to the government in its current push to strengthen national data on a variety of economic indicators. This is why the study has sought to go beyond merely identifying problems to proposing practical solutions. Fortunately, most of these proposals are quickly and easily actionable. Some would require systematic and ongoing data sharing between the Reserve Bank of India, DIPP and state industry departments, the Ministry of Corporate Affairs, and the Central Statistics Office. At the March 2015 NCAER workshop, there was universal agreement that the time has now come to begin sharing the data.

The study was greatly aided by the members of the project Advisory Committee consisting of Dr Pronab Sen, Chairman, National Statistical Commission, Dr Arvind Mayaram, former Finance Secretary, and Dr K.P. Krishnan, former Additional Secretary, Department of Economic Affairs, Ministry of Finance. I am deeply grateful to Amitabh Kant, former Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, for his generous support and knowledge partnership for NCAER's March 2015 national consultation workshop.I am grateful for the generous grant from the UK Prosperity Fund that made this timely study possible.

Finally, I am deeply grateful to the study's author, NCAER Visiting Senior Fellow Premila Nazareth Satyanand, for this volume for the quality and timeliness of the underlying work. The names of her team members are listed on the following pages, and I am also grateful for their contributions.

Shekhar Shah

New Delhi
March 15, 2016

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NCAER would like to put on record its deep gratitude to the members of the project Advisory Committee: Dr Pronab Sen, Chairman, National Statistical Commission; Dr Arvind Mayaram, former Finance Secretary; and Dr K.P. Krishnan, former Additional Secretary, Department of Economic Affairs, Ministry of Finance. Despite their innumerable pressures, they unstintingly made the time to intellectually engage with the project team and suggest further issues for research.

NCAER would similarly like to put on record its deep gratitude to Shri Amitabh Kant, former Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, for his and his team's generous support to NCAER's national consultation workshop, *Enhancing the Scope and Quality of Indian FDI Statistics* (10–11 March 2015, New Delhi). It is DIPP's 'Knowledge Partnership' that was instrumental in attracting the high level of central and state government participation in this workshop, and in inspiring its frank and constructive two-day dialogue.

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Within NCAER, the project owes an especial debt to Dr Shekhar Shah, Director-General, NCAER. Without his sponsorship, encouragement and immediate response to every email, from various corners of the world, this project could not have come into being, or reached the fruition it did. We also thank Dr Rajesh Chadha and Dr Shashanka Bhide for their wise counsel and direction, and Smt Mythili Bhusnurmath and Dr Indira Iyer for their comments on the first draft of key chapters.

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The project team, however, remains responsible for any errors.

## PROJECT TEAM

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# Executive Summary

India has been amongst the world's twenty largest hosts to foreign direct investment (FDI) for much of the period between 2006 and 2014. In 2014, it became the world's ninth largest FDI recipient, and the Indian government is prioritising FDI as a key driver for economic growth, employment and global competitiveness. It is thus crucial that Indian policymakers have a thorough and holistic view of India's FDI inflows and outflows, and their economic contribution to the Indian economy. Detailed, robust and easily accessible FDI data is fundamental to this insight.

Yet, recent Indian FDI studies and parliamentary committee reports on FDI point to worrying shortfalls in India's FDI statistics. It might thus be timely for India to devote more attention to strengthening its FDI statistical system, as part of its broader effort to enhancing its data bases related to industry, prices, trade, GDP and other major economic indicators.

In this context, NCAER's recently completed project, *Enhancing the Scope and Quality of Indian FDI Statistics*, has sought to set a national agenda for action by locating the principal gaps in Indian FDI statistics and proposing how these might be resolved. This volume contains the findings of the first phase of project research.

## LOCATING THE GAPS IN INDIAN FDI STATISTICS: APPROACH

Chapter 1 outlines why India, now a leading global FDI recipient, must begin to enhance the scope and detail of its FDI statistics. Chapters 2 and 3 give further shape to this idea by exploring the sufficiency of India's FDI statistics from a policymaking perspective. To do so, they examine the data needs of India's principal FDI statistics users (i.e. its Members of Parliament, FDI policymakers and FDI researchers) in an attempt to answer the question: do India's existing FDI statistics enable key stakeholders to adequately answer critical policy-related questions?

Chapter 4 benchmarks India against current international standards and best practice in the public reporting and analysis of FDI statistics. It then draws on this global experience to suggest how India might further boost the scope and policy-relevance of its FDI statistics.

Chapter 5 synthesises the gaps and solutions identified by the preceding chapters to present an action plan for Indian FDI statistics enhancement going forward.

## FINDINGS: THE PRINCIPAL GAPS IN INDIAN FDI STATISTICS

### Chapter 2: What Do India's MPs Want to Know about Foreign Direct Investment in India?

This chapter analyses the 1,210 written FDI-related questions that India's Members of Parliament (MPs) submitted in Parliament between 2 July 2009 and 21 February 2014. Its objective is, firstly, to understand the types of FDI-related information that MPs typically seek when deliberating FDI issues in Parliament and, secondly, to determine if responding Ministries have the necessary data to answer these.

It finds that MPs tend to ask three types of questions: i) 'Policy Questions', in which they ask Ministries to explain FDI rules or particular decisions on FDI-related issues; ii) 'Data Questions', in which they request data about India's FDI inflows and outflows, its inward or outward foreign direct investors, and FDI projects and activities; and iii) 'Impact Questions', in which they seek an explanation of FDI's effects, or likely effects, on particular stakeholders, sectors or issues.

This chapter's most significant finding is that government ministries confront noticeable difficulties in answering Data and Impact Questions. This is largely because they do not have the requisite information, cannot access it in the detail or format being requested, or have not yet begun to study the economic contribution and impact of foreign firms. This is why ministries could completely answer just 58 per cent of the Data Questions and just 39 per cent of the Impact Questions. In contrast, they fully answered 81 per cent of the Policy Questions.

Judging by ministries' responses, the principal data gaps appear to be the lack of information on FDI inflows into individual states, on the universe of foreign firms in particular states and sectors, and their contribution in terms of employment, trade, and overall economic value-addition. Ministries were also unable to answer most of the queries about foreign firms' share of total national investment or sales in particular sectors, and the urban-rural break-up of FDI inflows, saying that government data does not distinguish between foreign and domestic firms, or urban and rural investments.

### Chapter 3: Locating the Principal Gaps in Indian FDI Statistics: User Perspectives

This chapter summarises the findings from semi-structured interviews with 55 leading central and state government officials and FDI researchers about the adequacy of India's FDI statistics in answering important policy questions. Interviewees were also asked to suggest practical steps by which these shortcomings might be remedied, and to point the other data enhancements they considered crucial.

Respondents cited the lack of data on foreign firms' operations in India as the leading gap in Indian FDI statistics. 73 per cent said that the absence of information on the employment, sales, trade and other contributions being made by foreign direct investors in India makes it impossible to assess their economic impact.

The two other dominant gaps – each highlighted by 62 per cent of respondents – is the lack of data on FDI inflows into individual states and the absence of a comprehensive, location or sector based listing of foreign direct investors in India. With no information on the exact location and operational contribution of all foreign firms in the country, it becomes impossible to accurately assess what economic difference they make. Additionally, Government officials find it difficult to ascertain whether foreign direct investors are meeting their commitments on employment, export and other parameters, and whether they, in fact, merit the fiscal and other incentives they receive. Government officials also say that they do not have a comprehensive listing of all foreign firms in their states because their databases do not distinguish between foreign and domestic entities. This problem is compounded by the fact that many foreign firms do not publicly list in India, and consequently there is little public information about them.

For this reason, 51 per cent of respondents called for a district break-up of FDI inflows, and an electronic system to track inflows down from point of domestic entry to their final destination at the plant or unit level. They also pointed out that this might necessitate some kind of electronic data triangulation between the Reserve Bank of India, and central and state government departments.

Another significant limitation is that India's FDI numbers offer limited insights into the nature and developmental quality of its FDI inflow, because they do not detail whether foreign direct investors are engaged in manufacturing, service or trading activity. This is because India does not report the industry disaggregation of its FDI inflow using its National Industrial Classification system, which is based on the United Nations' standard for this purpose. It uses a less detailed system deriving from its Industrial Development and Regulation Act (1951).

In this context, a number of respondents remarked that neither the RBI nor DIPP report the sector break-up of state FDI flows, nor each state's share in the total FDI flow into a sector. Consequently, it is difficult for states to form a detailed picture of the types of FDI they are receiving, what their sector comparative advantage appears to be, and how foreign direct investors in a specific sector contribute to each state's economic development.

Another shortcoming is that India's publicly reported FDI data does not distinguish between 'greenfield' and 'brownfield' investments, or between joint ventures and wholly-owned operations.

One-fourth of respondents pointed to distortions in the country origin of FDI inflows as a problem. Some had additional observations about the government's current reporting on the country origin of inflows. Leading among these is that neither the RBI nor DIPP disaggregate India's FDI inflows bilaterally: i.e., report how much FDI India has received from, or has invested in, a specific partner economy, alongside that country's investments to and from India. There are also notable discrepancies between the FDI inflow figures the Indian government reports for specific source countries and their corresponding FDI outflow figures for India.

In proposing solutions, respondents unanimously agreed that the Indian government already collects most of the data needed to definitively address the gaps they had identified. What is needed, they said, is a system by which relevant central and state government databases can electronically 'talk' to each other, and exchange all their information on foreign direct investors in India. In this context, one-fifth of respondents suggested that this could be done by creating a unique electronic identity (I.D.) for each foreign direct investor, capable of automatically accessing the necessary foreign operations and location data from all relevant government databases.

Respondents also urged the government to modernise the manner in which it reports India's FDI statistics, in particular the use of online interactivity and data visualisation. Many suggested an interactive national portal of FDI statistics, similar to that offered by private corporate databases, or by the Directorate General of Commercial Intelligence and Statistics' Indian trade statistics portal. Academic respondents called for a formal mechanism by which bona fide researchers can access disaggregated and firm-level FDI data from the Reserve Bank of India, to enable detailed research on the motivations, structure and contributions of India's foreign direct investors.

Finally, there was a strong call for the government to set up a specialised and dedicated FDI statistics agency, akin to the Directorate General of Commercial Intelligence and Statistics, which collects and reports Indian trade data. Many respondents feel that the current functional split between the RBI and DIPP in collecting and reporting India's FDI data is responsible for a number of the shortcomings they identified.

### Chapter 4: Situating India in the Context of International Standards and Best Practice

Chapter 4 examines the international community's agreed standards for FDI statistic collection, analysis and reporting. It also surveys the FDI statistics websites of 45 of the world's leading FDI host economies to determine how completely they meet international standards, and how effectively they present their FDI data.

*Inward FDI Statistics:* It finds that India performs well in meeting the international reporting standards for FDI flows and stocks. India disaggregates both inward FDI flows and stocks by source country and industry. It also meets the standards of the IMF's Coordinated Direct Investment Survey, reporting the bilateral break-up of its FDI flows on this organization's website. India goes beyond international standards and prevailing reporting practices in publishing the monthly, quarterly and annual totals for FDI inflows, as well as their domestic geographic break-up. It also appears to be the only country in the sample that publicly releases a listing of individual FDI transactions each month, and its FDI statistics website is immediately accessible in an online search.

However, as mentioned in the previous section, India needs to use its National Industrial Classification system when sectorally classifying inward and outward FDI, since this is harmonised with prevailing international standards. Also, India has not yet begun to trace investments back to real source country. In contrast, many of its G20 counterparts now report the geographic disaggregation of FDI inflows by both immediate and ultimate source countries.

*Outward FDI Statistics:* This chapter finds that India significantly lags international standards and best practice in the reporting of outward FDI data. It does not report the country or industry breakdown of its FDI outflow, though it does report aggregate monthly, quarterly and annual totals.

India goes beyond the sample to publish a monthly listing of all individual outward FDI transactions. However, it uses an industry classification different from that it employs to report inflows. This makes it difficult to compare the nature of India's FDI inflows and outflows.

*Foreign Affiliate Statistics:* India also lags international standards in reporting foreign affiliate statistics (i.e., operations data for foreign direct investors in the country). As yet, DIPP – which is responsible for reporting India's inward FDI statistics – does not report any operational data for foreign firms. While the RBI collects and reports some foreign affiliate statistics, its sample or the number of parameters are limited. A further problem is that this data is not immediately obvious on the RBI's website and, so, can only be found by those already familiar with it.

This chapter's other main finding is that other countries can now routinely answer many of the types of questions that India seems to struggle with. Many countries now report foreign firms' contribution to, or share of, national, sectoral or local employment, sales and trade, among other things. A few go further to discern foreign firms' relative contributions to these parameters over a period of years.

Some countries also report on trends and developments in the overseas operations of their outward foreign direct investors.

By and large, the United States' reporting is the most extensive. However, there are some interesting and pioneering developing country best practice of especial relevance to India. Brazil's report, for example, discusses foreign firms' contribute to individual states' employment, exports, imports and tax collections. Chile reports the sector break-up of state inflows. Thailand lists all approved FDI projects by investor nationality, including name of investor, investment size, employment and factory location. India would do well to draw upon this varied international experience in building its own capacity to undertake similar analyses.

As Chapter 4 makes clear, these countries are able to undertake such analyses because they systematically collect, analyse and report a wide range of operations data for both inward and outward foreign direct investors. As critical, they appear to have invested in specialised and dedicated FDI statistics teams whose only function is to collect, study and publicly share FDI data in the most policy-relevant and accessible manner.

## ENHANCING THE SCOPE AND QUALITY OF INDIAN FDI STATISTICS: A PROPOSED ACTION PLAN

What is most striking is that Chapters 2, 3 and 4 all encounter the same, recurring set of data shortfalls, even though each analysis differs completely in substance and approach. All three chapters point to the same underlying problems: the lack of reliable data on India's universe of inward foreign direct investors, their specific activities and location, and their impacts on local economic development. India's information on the national origin of its inward investors, and the ultimate destination of its outward investors, also continues to have deficiencies. As a result, India's understanding of the true source, nature and contribution of its FDI inflows is somewhat blurred, hindering targeted FDI policymaking and policy-relevant FDI research.

Given India's intensifying emphasis on FDI as a driver for growth and global technological competitiveness, it needs to act quickly to remedy these limitations. Fortunately, it can start immediately, since the government already collects much of the necessary data. Based on the research and findings of this study, we propose that the government begin to take the following steps as quickly as possible:

### Establish a universal electronic registry of foreign direct investors in the country

The simplest and most logical first step would be to establish a universal registry of foreign direct investors in the country, which could be disaggregated by location, sector, investment size, and other policy-relevant parameters. This is now standard practice in other leading FDI host economies, which maintain this kind of

FDI inventory as an essential sub-component of their national business registers.

Since the RBI already holds most of the information required, such a register could be compiled fairly easily. This is because every inward and outward investor must mandatorily file two key returns with the RBI (i) a Foreign Collaborations – General Permissions Route (FC-GPR), or Overseas Direct Investment (ODI), form and (ii) an Annual Return on Foreign Liabilities and Assets. Since all respondents must now file these returns electronically, the RBI could quickly generate a complete listing of all India's inward and outward foreign direct investors. These returns also contain information on the location of each firm's foreign and local headquarters, and that of its principal operating units in India.

However, a complete, location-wise map of all inward foreign direct investors and their operations in India would require that this RBI inventory be electronically 'triangulated' with the corresponding ground-level data in state business registers. This can be done by creating a unique electronic I.D. for each foreign direct investor by combining its unique RBI registration number with its Permanent Account Number (PAN) and Registrar of Companies (RoC) numbers. This would enable all foreign direct investments to be tracked from domestic entry to final destination in India, further facilitating the state and district disaggregation of inflows proposed below.

Since a key challenge would be that many foreign direct investors would have subsidiaries with their own PAN and RoC numbers, it would also be necessary to create an electronic relationship between corporate enterprise PANs and corporate establishment PANs. In fact, the European Union is currently using just such a process to establish an EU-wide inventory of all multinational enterprise groups and their establishments.

### Collect and report foreign affiliate statistics

Also a priority is to start collecting, analysing and reporting foreign affiliate statistics in a systematic and comprehensive manner. As emphasised earlier, this will revolutionise India's ability to holistically assess the contribution of FDI firms, at both a local and national level.

Here, there are two options. The simplest would be to build on the RBI's mandatory Annual Return on Foreign Liabilities and Assets (FLA). This return already collects and analyses data on the domestic sales/purchases and exports/imports of all inward and outward foreign direct investors in the country. The RBI could scale up the content of this return to require reporting on all – or at least most – of the internationally-recommended foreign affiliate statistics parameters listed in Chapter 4, leading amongst which would be employment, wages, output, value-added, income, R&D, intra-firm trade, and taxes paid. Most other countries collect FATS through similar mandatory foreign direct investor surveys.

However, doing this would add immensely to the 'respondent burden' on foreign investors, just when India is trying to enhance its ease of doing business. Thus, India might wish to consider using a more circuitous route: using the unique electronic I.D. allocated to each foreign direct investor to retrieve all relevant operations data from the government's administrative databases at central and state levels. Since all firms – foreign and domestic – must annually report to a variety of regulators, including the Inspectorate of Factories, Department of Labour, and Commissioner of Commercial Taxes, these databases are indeed potentially rich sources of firm-level operations data. Another rich data source is the Central Statistics Office's Annual Survey of Industries, a yearly assessment of the performance of all major manufacturing operations in the country.

This more circuitous approach would be in keeping with the international push to move away from a complete reliance on laborious firm-level surveys and to electronically collect FDI operations data from administrative sources. Not only does the use of administrative sources minimise 'respondent burden', it also enables data collection from the entire universe of foreign direct investors in a country.

### Report the state and district break-up of FDI inflows

The FC-GPR form also contains enough information for the RBI to report the geographic break-up of inflows by state and district. This form, which respondents now complete electronically (as mentioned earlier), requires them to list the state, district and city location of their registered office and the project for which they are bringing in the investment.

Since the FC-GPR also contains information on the sector focus of each investment, this data could be used to report the sector break-up of inflows into individual states and districts, as well as individual states' and districts' share of total sector inflows into the country. Further, using the data in the FC-GPR and the Annual Return on Foreign Liabilities and Assets, the RBI could also report the relative share of greenfield versus brownfield investments, and joint ventures versus wholly owned subsidiaries in national, state and district FDI inflows.

However, a major limitation is that the RBI does not capture data on foreign direct investors' reinvested Indian earnings, or domestic investments by a foreign firm in a downstream subsidiary in India. It only records financial transactions crossing India's border. To close this data gap, it would be necessary to integrally involve the Ministry of Corporate Affairs, to which all foreign direct investors must mandatorily report all locally-reinvested earnings and other investments.

### Trace FDI back to its real source country

Considerably more effort will be required to track each foreign direct investment transaction back to its real source, but it is vital that India begin to act on this front. Firstly, nearly 50 per cent of its FDI inflow is currently routed through tax-saving locations, such as Mauritius and Singapore. Secondly, as mentioned earlier, tracing investments back to their real source – or 'ultimate beneficial owner' – is a major new international FDI statistics standard: one that India, as a globally significant FDI player, should strive to implement. Third, such a move would strongly support the government's push to minimise Indian black money flows.

In this context, India might follow the example of countries such as the United States, Finland and Hungary, which now report the geographic disaggregation of FDI inflows by both immediate and ultimate source country. To collect the necessary data, the United States, for example, requires all foreign direct investors to report the ultimate source of each inward investment, after which a specialised team in its FDI statistics division double-checks this information by trawling international corporate databases.

### Reporting the country and industry break-up of India's outward FDI

Finally, India must report the country and industry break-up of its outward FDI. This is a minimum international standard, which India is not meeting. More important, India's policymakers need this data to study the spread and contribution of Indian outward investors. Such reporting could start immediately, since the RBI already has all the information necessary to do so. The RBI also has enough data to begin to systematically publish and analyse basic outward foreign affiliate statistics for India, though it will need to make a special effort to capture and include overseas asset and employment data.

### Enhancing data presentation and access

India also needs to invest in modernising its data reporting and visualisation practices, so that its publicly reported FDI data is easy to comprehend and smoothly lends itself to further research and analysis.

To start with, all statistics on India's inward and outward FDI, including operations data for foreign direct investors in India, should be available in one place, on a single website and not, as currently happens, split across the DIPP and RBI websites. If it is politically infeasible for one of these agencies to report both sets of data, then these should be electronically linked, a technique used by Germany.

Other priorities are to ensure: i) the types of state, sector and country disaggregations discussed earlier; ii) a historical time series for each disaggregation dating back to at least 1991; iii) data should be easily downloadable in an Excel or similar format; and iv) analytical graphs, charts and online data interactivity be employed to enhance policy insight and accessibility. Ideally, all this data should be publicly accessible in an online FDI statistics portal.

Also critical is to institute a routine mechanism by which the average FDI researcher can seek and obtain firm-level FDI microdata from the government. Many of the academic respondents in Chapter 3 spoke of the extreme difficulty in accessing such data from the RBI and DIPP, even though both agencies generally have the data being sought. As a result, many pioneering Indian FDI researchers say they had to abandon policy-relevant FDI research, or have academically lost out to foreign competitors who have secured this data through informal contacts and thus succeeded in publishing their research in reputed international journals.

## CONCLUDING THOUGHTS

Despite this volume's wide-ranging probe into the problems with India's FDI statistics, it must be pointed out that radically enhanced FDI data is not the end in itself. Rather, it is that India's FDI statistics be continually improved to advance the frontier of Indian policy insight on FDI, by facilitating superior answers to existing questions and throwing up entirely new ones.

For this reason, India needs to invest in building not just a specialised and dedicated team of FDI statisticians but – alongside it – of FDI data analysts and reporters. Only by strengthening its FDI analytics and reporting capacity can India smoothly and holistically answer those more complex FDI questions at which it draws a blank today. This study's survey of FDI statistics websites finds the world's other leading FDI economies routinely reporting on such issues, as much because their databases contain the types of information supporting such insights, as because they have invested in the specialised manpower needed to analyse it.

Thus, for India – now the world's ninth largest FDI recipient – strengthening its FDI statistical system should be as much of a priority as strengthening its FDI data. This would require, firstly, that it radically expand and better resource its small team of RBI and DIPP statisticians and analysts charged with FDI data. A dedicated team of specialised FDI statisticians and analysts would considerably alleviate many of the data disaggregation and access issues identified in this study. The United States leads international FDI statistics best practice because it has over a 100 officials working solely on FDI data collection, analysis and reporting. Similarly, India's trade data is near international standard, because the Directorate General of Commercial Intelligence and Statistics (DGCI&S) has a staff of 400 spread across the country and linked to India's customs administration by a unified electronic database.

For this reason, there is a compelling logic for India to set up a specialised FDI statistics agency, and it might be time for the government to deliberate on this issue. Given the richness, quality and easy accessibility of the trade data produced by the DGCI&S, it might make sense to set up an FDI statistics agency as its 'FDI twin' under the auspices of the Ministry for Commerce and Industry. But even a specialized FDI agency, wherever it is housed, would need to work in close partnership with the RBI, the Ministry of Corporate Affairs, the Central Statistics Office and state governments, as emphasized earlier. It would also have to work closely with the DGCI&S itself, given the growing interrelationship between trade and FDI.

Finally, India's FDI data and FDI statistical system – even if enormously strengthened – would have limited policy value if data continues to be collected, maintained and reported in isolation from the country's other business and economic data sets. In other words, to comprehensively assess India's gains from FDI, policymakers need not only a clear understanding of what foreign firms are doing, but also a complementary view of their Indian counterparts' and competitors' performance and activities. Thus, the integrated national FDI registry and database proposed by this report must, from inception, be an integral element of the country's wider macroeconomic and business databases, as happens internationally.

Without this integration, India could have the most precise picture of where its FDI comes from, who its foreign direct investors are and what activities they undertake, but policymakers would still have only a vague understanding of whether their economic value-add is more or less than that of domestic firms. Generating this insight should not be too complex if India uses the same data parameters and formats to capture equivalent information about foreign and domestic investors. This already happens in government administrative databases, business registers and statistical surveys. The prime drawback, as emphasised earlier, is that these databases make no distinction between foreign and domestic firms, a limitation which can easily be rectified by employing the unique electronic I.D. silhouetted earlier.

Should India strengthen its FDI statistical system on the lines envisaged above, it is likely to be in a far stronger position to respond more precisely to the varied FDI-related queries being posed by its elected representatives, government officials, foreign direct investors, bilateral economic partners, FDI researchers and journalists. Most crucially, by properly answering these questions, India can further enhance the economic development and well-being of its citizens.

CHAPTER ONE

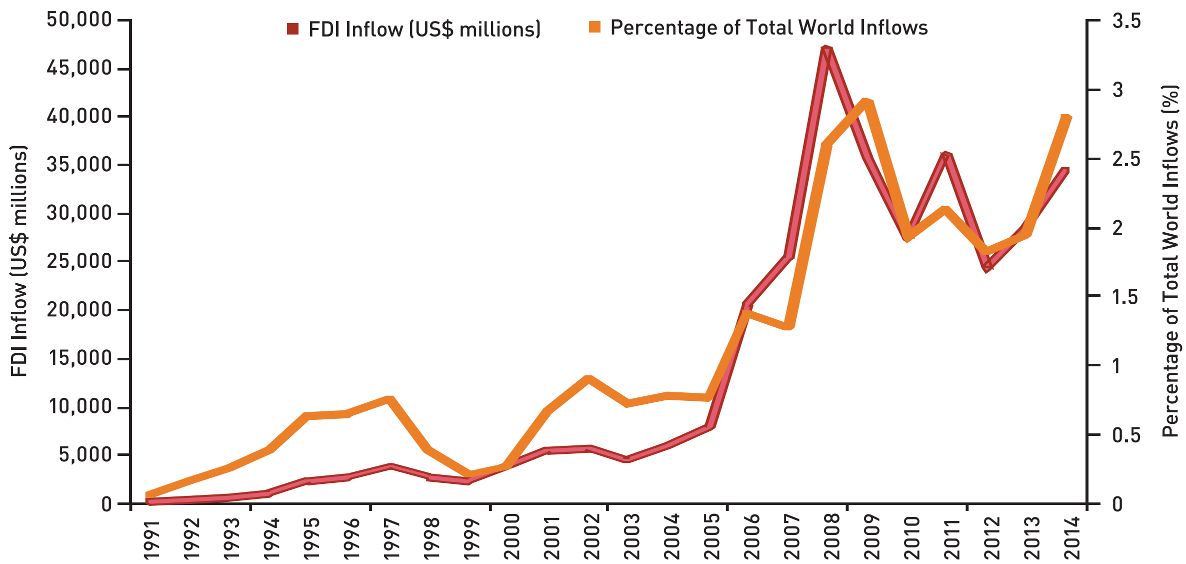
# Introduction

*Premila Nazareth Satyanand*

## 1.1 INDIA IS NOW THE WORLD'S NINTH LARGEST FDI RECIPIENT[1]

In 2014, India became the world's ninth largest FDI recipient – having ranked amongst its top twenty FDI hosts for much the period between 2006 and 2014 (Annexure 1.1). Since 1991, when India first embarked on its current course of progressive FDI liberalisation, its annual FDI inflow has soared from US$75 million to a historic high of US$47 billion in 2008 (Figure 1.1), and a somewhat lower average of US$31 billion between 2009 and 2014, as a result of the global financial crisis. In tandem, India's share of global annual FDI inflows has jumped from 0.05 per cent in 1991 to an average of 2.1 per cent from 2010 to 2014, with a historic high of 2.9 per cent in 2009.

**Figure 1.1: India's Annual FDI Inflow as a Percentage of Total World Inflows, 1991 to 2014** (US$million and per cent)




***Source***: NCAER, using UNCTAD data.

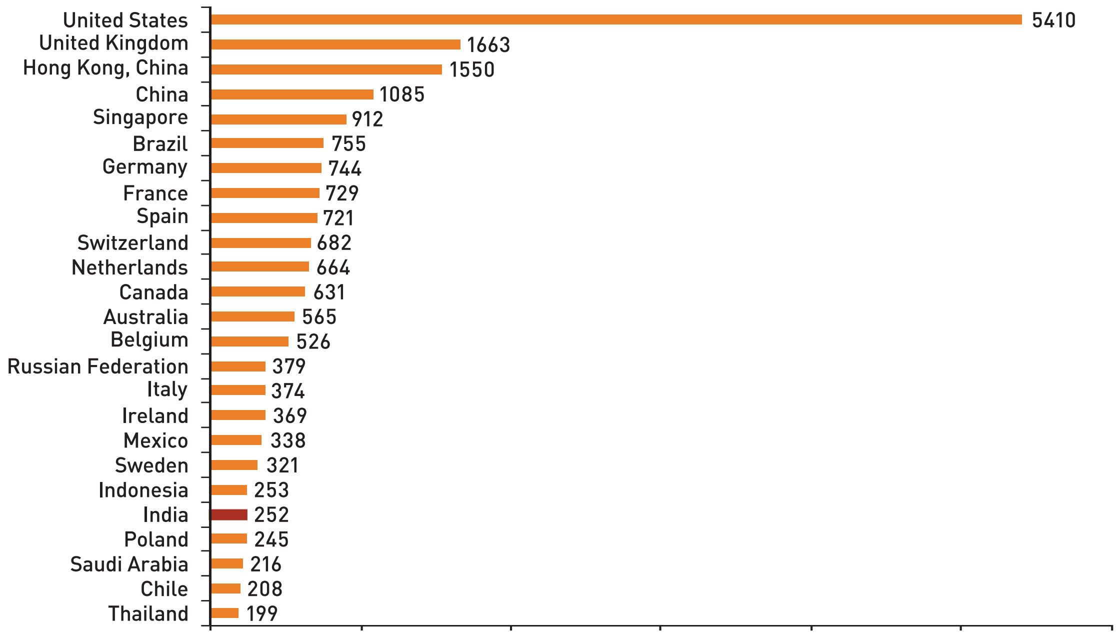
Not surprisingly, FDI is now playing a significantly larger role in the Indian economy. Since 2006, when India's FDI inflow suddenly shifted upward – into a significantly higher trajectory (Figure 1.1) – annual inflows have accounted for an average of 2.1 per cent of GDP, up from 0.3 per cent in 1991. This ratio even reached a historic high of 3.65 per cent in 2008. Similarly, FDI as a percentage of gross fixed capital formation rose from 0.1 per cent in 1991 to 12.3 per cent in 2008, and has averaged 5.7 per cent between 2009 and 2014.

1. All data in this section is from UNCTAD's *World Investment Report 2015* tables, available at http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex–Tables.aspx.

Most dramatic has been the jump in the share of India's inward FDI stock as a percentage of GDP. This has soared over 20 times since 1991, from 0.6 per cent to over 12 per cent in 2014. Since FDI stock measures the cumulative assets and investments of a country's inward foreign direct investors over the years, FDI experts consider FDI stock to be a better indicator of FDI intensity and impact than FDI inflows (Wacker, 2013)[2]. In other words, FDI stock presents a more holistic picture of foreign direct investors' expanding local economic linkages and value-added, including technology spillovers to domestic firms.

Viewed in global perspective, India's FDI stock – totalling US$252 billion in 2014 – is now the world's twenty-first largest (Figure 1.2). Resultantly, India's share in global inward FDI stock is now one per cent, 13 times higher than it was in 1990 and four times that in 2000.[3]

**Figure 1.2: The World's 25 Largest FDI Recipients by FDI Stock** (FDI Stock in 2014, US$ billion)




***Source***: NCAER, using UNCTAD data.

Moreover, India has ranked among the world's three most attractive FDI destinations in UNCTAD's annual global investor survey for much of this past decade, even ahead of the United States in some years (Table 1.1). The fact that India continues to do significantly better in global measures of investor interest (Table 1.1) than in rankings of actual FDI inflows (Annexure 1.1) implies that it could potentially attract significantly more investment than it does today.

2. Wacker, K.M. (2013). 'On the Measurement of Foreign Direct Investment and its Relationship to Activities of Multinational Corporations', *European Central Bank Working Paper Series*, No. 1614, November 2013.
3. India accounted for 0.075 per cent of global FDI stock in 1990 and 0.23 per cent in 2000.

**Table 1.1: The World's Most Favoured Investment Locations (2005–2015)** (Global ranking by number of mentions by survey respondents, 2005–2015)

| 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| China | China | China | China | China | China | China | China | China | China | China |
| India | India | India | India | US | India | US | US | US | US | US |
| US | Brazil | US | US | India | Brazil | India | Germany | India | Indonesia | India |
| Russia | Russia | Russia | Russia | Brazil | US | Brazil | UK | Indonesia | India | Brazil |
| Brazil | | Brazil | Brazil | Russia | Russia | Russia | France | Brazil | Brazil | Singapore |
| | | | | | | | Japan | | | |
| | | | | | | | India | | | |

***Source***: NCAER, constructed from UNCTAD's annual *Most Favoured Investment Location* survey.[4]

## 1.2 INDIA'S EXPANDING FDI FLOW NECESSITATES A MATCHING UNDERSTANDING OF FDI IMPACT AND CONTRIBUTION

Needless to say, potentially expanded FDI inflows would further reinforce FDI's effects on the Indian economy, as also India's position as a leading global FDI host. For this reason, it becomes imperative for India to significantly deepen its understanding of the unique gains and potential trade-offs from this form of foreign capital participation. As yet, India's understanding appears to be very limited, as NCAER discovered from first-hand experience a few years ago. In 2009, it worked closely with the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, in a pioneering study of the geographic and sector spread of FDI-enabled production facilities in India and their linkages with rural and suburban areas.[5] The study's objective was to understand foreign firms' impact on output, value-added, capital and employment. But, as both DIPP and NCAER discovered, limitations in the sector and geographic detail of Indian FDI statistics significantly constrained the study's ability to tell with certainty how these facilities were contributing to the economic development of the areas in which they were located.

A number of recent studies and reports further underline these limitations in India's ability to track FDI activity and impact in the country. Leading among these are the 2013 Parliamentary Standing Committee on Commerce's report, *FDI in the Pharmaceutical Sector*.[6] It highlights problems with India's data on foreign take-overs of Indian firms, saying that these make it impossible for policymakers to determine the real extent of the problem and to react with well-informed policy. A 2011 paper, *India's FDI Inflows: Trends and Concepts*, shows in great detail that India, by not using a more detailed methodology to separate FDI and portfolio investments, cannot properly distinguish between real, long-term investments that create jobs and assets for India and those that are 'virtual' and essentially profit-making.[7]

Yet, despite the constraints that these shortcomings in Indian FDI statistics place on robust FDI policymaking, there has not yet been any systematic national discussion of how these lacunae are impacting sound FDI governance and analysis in the country. Equally surprising, despite FDI's continued rapid growth in India, FDI statistics have not featured in any of the government's recent efforts to radically expand and strengthen national economic data on a variety of indicators that relate closely to it, including industrial production, price, poverty, and GDP.

4. The results of this annual UNCTAD global investor survey are discussed in its yearly *World Investment Report* series, available at: http://unctad.org/en/pages/diae/world%20investment%20report/wir-series.aspx.
5. National Council of Applied Economic Research (2009). *FDI in India and its Growth Linkages*, New Delhi, available at: http://dipp.nic.in/english/publications/reports/fdi_ncaer.pdf.
6. Rajya Sabha Secretariat. 2013. One Hundred and Tenth Report: FDI in Pharmaceutical Sector. Parliament of India, Rajya Sabha, available at: http://164.100.47.5/newcommittee/reports/EnglishCommittees/Committee%20on%20Commerce/110.pdf.
7. Rao, K.S. Chalapati and Biswajit Dhar (2013). *India's FDI Inflows: Trends and Concepts*, New Delhi, available at SSRN: http://ssrn.com/abstract=1770222 or http://dx.doi.org/10.2139/ssrn.1770222.

## 1.3 STRENGTHENED AND EXPANDED FDI STATISTICS IS KEY TO BUILDING SUCH AN UNDERSTANDING

Going forward, it is crucial that India devote concerted policy attention to identifying the gaps in its data on foreign direct investment activity and impact in the country. This is because the phenomenal growth in the number, type, national origin, industry focus and size of India's foreign direct investors is going to make it increasingly challenging for India's FDI policy establishment to track foreign direct activity in the country and, more importantly, to determine how different types of investors impact local economic development.

In fact, when we look outward, at the world's other leading FDI host economies, we find them engaged in a concerted and collective programme of FDI statistics strengthening, aimed at enhancing their understanding of the nature and impact of the foreign direct investment they receive. This is because global FDI inflows have rocketed from US$154 billion in 1991 to US$1.2 trillion in 2014 (though down from a historical high of US$1.9 trillion in 2007).[8] World inward FDI stock has multiplied 13 times in the same period, to reach US$26 trillion by the end of 2014. At the same time, the number and diversity of foreign direct investors has burgeoned, deepening global interdependence and, thus, one economy's ability to impact another. In 2010, there were 100,000 multi-national enterprises or MNEs (with 900,000 foreign affiliates) headquartered in virtually every country, up from 7,300 MNEs (with 27,000 foreign affiliates) headquartered in just 15 industrialised economies in the 1960s.[9]

As a leading global FDI host economy, India is now affected by these very same developments. In 1991, when India first opened its economy to 100 per cent FDI, foreign direct investors were permitted to operate freely only in a handful of sectors and only with prior government approval. Now, they can operate freely in most sectors, without the need for government clearance. At the same time, the number of foreign direct investors is mushrooming. According to the Reserve Bank of India, while there were 11,579 Indian firms receiving foreign direct investment in 2012–2013, this rose to 13,686 in 2013–2014.[10] In this one year alone, the number of foreign subsidiaries increased from 7,528 to 9,081. At the same time, new kinds of investors are making foreign direct investments, as the Indian government now recognises 12 types of foreign direct investment entities: individuals, companies, foreign institutional investors, foreign venture capital investors, foreign trusts, private equity funds, pension/provident funds, sovereign wealth funds, partnership/proprietorship firms, financial institutions, Non-resident Indians (NRIs)/Persons of Indian Origin (PIOs), and other non-resident holdings.[11] Moreover, in 1991, most of India's foreign direct investors were from a handful of industrialised economies. Now, they come from 132 countries.[12]

Exacerbating the complexity of India's expanding FDI inflow is the evolving basic character of the foreign direct investor today. As successive UNCTAD *World Investment Reports* have explained,[13] no longer is the world's typical foreign direct investor a large multinational company, with headquarters in an industrialised economy, investing in a completely independent and stand-alone operation in another country. On the contrary, its overseas investments now tend to be interlocking elements in a closely interlinked global chain of R&D, production and service activities, geared to producing and selling output all over the world. Additionally, today's 'foreign direct investor' comprises of both large and small firms; original equipment manufacturers and their suppliers, vendors and service providers; state-controlled companies and sovereign wealth funds; private equity investors and other financial market players; and individual entrepreneurs.

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8. UNCTAD *World Investment Directory.*
9. Sauvant, Karl P. (2015). *AIM Investment Report 2015, Trends and Policy Challenges*, New York: Columbia Centre on Sustainable Investment.
10. Reserve Bank of India, *Annual Census on Foreign Liabilities and Assets*, (2012–2013) and (2013–2014) issues. http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=33035.
11. From the Department of Industrial Policy and Promotion's 'Make in India' website: http://www.makeinindia.com/policy/foreign-direct-investment
12. DIPP *FDI Statistics Newsletter*, February 2015 issue, available at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_February2015.pdf.
13. UNCTAD's *World Investment Report* series, available at: http://unctad.org/en/pages/DIAE/World%20Investment%20Report/WIR-Series.aspx. In particular, please see *World Investment Report 1993: Transnational Corporations and Integrated International Production*; *World Investment Report 2005: Transnational Corporations and the Internationalization of R&D*; *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development;World Investment Report 2011: Non-Equity Modes of International Production and Development*; and *World Investment Report 2013: Global Value Chains: Investment and Trade for Development*.

In parallel, the Government of India's continuing effort to draw more FDI into the country will necessitate a significantly deepened insight into the FDI competitiveness and performance of individual states and cities, to better understand which companies are investing in which specific locations, why they are doing so, what activities they undertake, and how they, their competitors and counterparts might be further incentivised to invest in India. By understanding these issues with the detail required, India can properly fine-tune FDI policies and accompanying investment promotion strategies.

At the same time, the rise in Indian outward FDI necessitates a significantly enhanced understanding of its economic contribution domestically, over and above its impact overseas. India's annual FDI outflow rose from US$6 million in 1990 to US$21 billion in 2008. Though this dropped to US$9.85 billion in 2014, India's stock of outward FDI is now the world's thirtieth largest, and its share of global outward FDI stock has risen from 0.005 per cent to 0.5 per cent over the past 25 years. Most significant, however, is that the share of India's outward FDI stock has jumped from 0.04 per cent of GDP in 1991 to an average of six per cent of GDP since 2009.

## 1.4 OBJECTIVES OF THE CURRENT STUDY

For this variety of reasons, it might be timely for India to begin to invest the same energy in identifying and resolving the shortcomings in its FDI statistics, as it has been doing with other economic data.

This volume is NCAER'seffort to initiate a national introspection on this issue, by presenting the government with a starting agenda for discussion. It contains the findings of NCAER's project, *Enhancing the Scope and Quality of Indian FDI Statistics*, which sought to locate the gaps in Indian FDI statistics, how these might be constraining the Indian policy establishment's understanding of the gains and trade-offs from FDI, and what possible solutions might be.

To this end, the project undertook a variety of activities, whose specific objectives were:

- A clear understanding of the types of 'FDI impact' issues to which India's elected representatives and policymakers want evidence-based answers, since their concerns fundamentally influence the landscape for FDI in India.
- A clear understanding of the gaps in India's system of FDI data collection, compilation, analysis and reporting, assessed against developed and developing country best practices.
- Practical benchmarks by which to assess FDI's contribution to employment, skills development, competitiveness and exports in priority manufacturing and infrastructure sectors.

To start with, NCAER sought to identify the key gaps in Indian FDI statistics as experienced by India's policymakers. It thus examined the types of FDI-related questions that Indian MPs typically ask in Parliament when deliberating FDI policy, and whether responding Ministries have all the data they require to comprehensively answer these. It then conducted interviews with senior Indian policymakers and leading FDI researchers, both Indian and international, to ascertain whether India's existing FDI data enables them to answer policy-related questions in the detail they would like and, if not, where the principal shortcomings lie.

It then mapped the structure and working of India's FDI statistical system, focusing in particular, on the types of FDI and foreign direct investor-related data being collected at national, state and district levels. This was done to consider how these data sets might be further developed to present a more holistic view of India's foreign direct investors and their contributions to the economy.

Additionally, the project examined the international standards and best practice on FDI statistics collection, analysis and reporting, to give India a global benchmark against which to assess itself.

Finally, the project drew on the findings of all these activities to propose practical steps by which the government might remedy the problems identified.

Both shortcomings and proposed solutions were discussed with the government at a national consultation workshop, convened on 10–11 March, 2015, in New Delhi. DIPP participated as Knowledge Partner. Other participants included senior officials from the Ministries of Finance, External Affairs, Planning and Statistics, the Reserve Bank of India, and 13 state governments. They echoed and expanded upon the gaps pinpointed by this study and shared their suggestions for improvement. This volume incorporates their deeply valued inputs.

## 1.5 STRUCTURE OF THE REPORT

This report – *Enhancing the Scope and Quality of Indian FDI Statistics* series – is further divided into the four following chapters.

Chapter 2, *What Do India's MPs Want to Know About Foreign Direct Investment in India?*, contains the findings from the analysis of all written FDI-related questions that India's Members of Parliament (MPs) submitted in Parliament between 2 July 2009 and 21 February 2014. To start with, this chapter examines both the types of questions that MPs posed and their relative concentration. More importantly, it assesses how effectively the government was able to answer each type of question, to ascertain whether it has all the data it needs to answer these, if not, where the major gaps lie.

Chapter 3, *The Principal Gaps in India's FDI Statistics: User Perspectives*, summarises the findings from 55 semi-structured interviews with senior central and state government officials and FDI researchers on the quality of India's FDI statistics. In other words, is India's publicly-available FDI data – as collected and reported today – sufficient to answer their key FDI-related policy and research questions and, if not, what are the primary shortcomings? Interviewees were also asked to suggest practical steps by which these shortcomings might be remedied, and to point to other data enhancements they considered crucial.

Chapter 4, *Situating India in the Context of International Standards and Best Practice*, first outlines the internationally agreed standards relating to the collection, analysis and reporting of national FDI data. It then surveys the websites of 45 of the world's leading global FDI host economies to assess the extent to which they meet these international standards. Alongside, the survey draws lessons and examples from international best practice that India could potentially employ in enhancing the scope, quality and presentation of its own FDI statistics.

Chapter 5, *Enhancing India's FDI Statistics: A Proposed Plan of Action*, synthesises the findings of Chapters 2, 3 and 4 to highlight the key FDI data gaps that India needs to address and proposes some practical steps by which this might be done.

**Annexure 1.1: India is Among the World's Largest FDI Recipients** (Global ranking by size of annual FDI inflows, 2005–2014)

| Rank | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | UK | US | US | US | US | US | US | US | US | China |
| 2 | US | UK | UK | Belgium | China | China | China | China | China | Hong Kong |
| 3 | France | China | Netherlands | China | UK | Hong Kong | Belgium | Hong Kong | British Virgin Islands | United States |
| 4 | China | France | Canada | UK | Belgium | Belgium | Hong Kong | British Virgin Islands | Russia | United Kingdom |
| 5 | Germany | Canada | France | Spain | Hong Kong | Germany | Brazil | Brazil | Hong Kong | Singapore |
| 6 | Hong Kong | Belgium | Belgium | Russia | British Virgin Islands | Singapore | Australia | Singapore | Brazil | Brazil |
| 7 | Netherlands | Germany | China | Hong Kong | Netherlands | British Virgin Islands | Germany | Australia | Singapore | Canada |
| 8 | Belgium | Hong Kong | Germany | France | Russia | UK | British Virgin Islands | Russia | Canada | Australia |
| 9 | Canada | Switzerland | Spain | Canada | Saudi Arabia | Brazil | Russia | UK | Australia | India |
| 10 | Spain | Italy | Hong Kong | British Virgin Islands | India | Russia | UK | Canada | Spain | |
| 11 | Mexico | Russia | Russia | Australia | | Ireland | Singapore | Ireland | Mexico | |
| 12 | Italy | Singapore | Singapore | India | | Spain | Canada | Chile | UK | |
| 13 | Singapore | Luxembourg | Australia | | | Luxembourg | France | Spain | Ireland | |
| 14 | Russia | Spain | Italy | | | Australia | India | France | Luxembourg | |
| 15 | Brazil | Australia | Brazil | | | Switzerland | | India | India | |
| 16 | South Korea | Sweden | Switzerland | | | France | | | | |
| 17 | Denmark | Mexico | Mexico | | | Saudi Arabia | | | | |
| 18 | Saudi Arabia | India | British Virgin Islands | | | Canada | | | | |
| 19 | Czech Republic | | Austria | | | India | | | | |
| 20 | Sweden | | Sweden | | | | | | | |
| 21 | U.A.E | | India | | | | | | | |
| 22–30 | | | | | | | | | | |
| 31 | India | | | | | | | | | |

***Source***: NCAER, using UNCTAD data.

# CHAPTER TWO

# What India's MPs Want to Know About Foreign Direct Investment in India

## An Analysis of Written FDI Questions in Parliament (2 July 2009 – 21 February 2014)

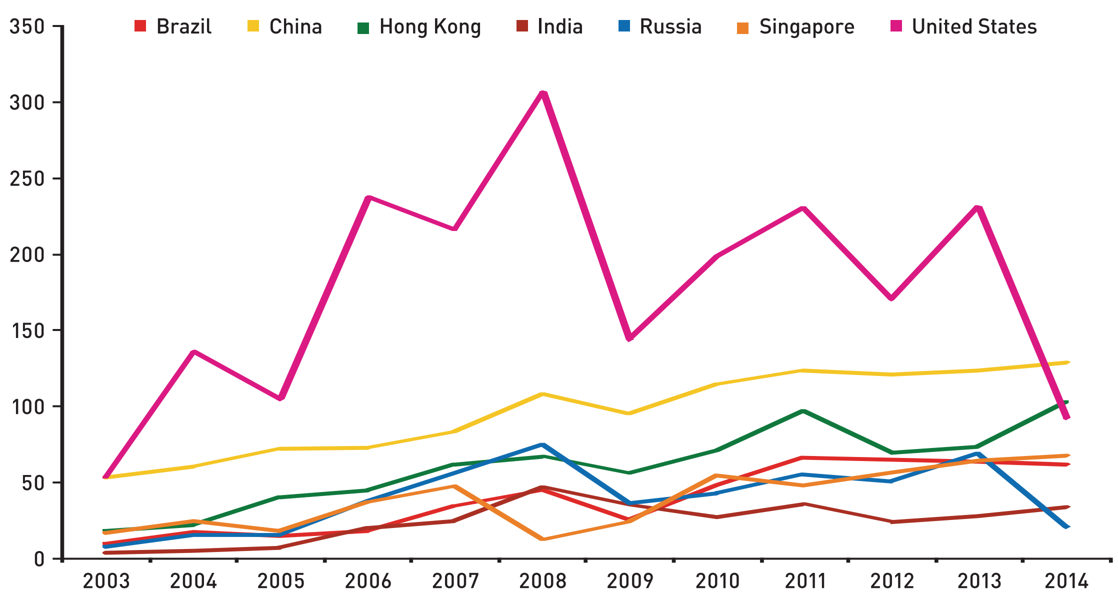
*Premila Nazareth Satyanand, Namrata Saraogi, Aakshi Wadhwa with inputs from Bornali Bhandari*

## 2.1 INTRODUCTION

### 2.1.1 Background

For almost a decade, India has ranked amongst the world's top 20 foreign direct investment (FDI) hosts and its five most attractive FDI destinations, as chapter 1 has highlighted. Despite this high investor interest, India's annual FDI inflow remains below US$50 billion, in striking contrast to its BRIC (Brazil, Russia, India and China) counterparts. More significantly, its annual FDI inflows appears to have stagnated at a level below that of other BRIC counterparts these past five years (Figure 2.1).

**Figure 2.1: FDI Inflows into BRIC and Other Economies: 2003–14 (US$ billion)**




***Source***: NCAER, using UNCTAD World Investment Report 2015 data.

While the recent global financial crisis has been partly responsible for this deceleration in FDI flows to India, policy instability has also been a major contributing factor. Additionally, rising political pressure against FDI from various socioeconomic groups has stalled a number of potentially major projects (Shin, 2014)[1].

However, despite these groups' scepticism about FDI's potentially positive impact on a variety of socioeconomic parameters, successive Indian National Governments have continued to prioritise FDI as an important means

1. Shin, S. (2014). "FDI in India: Ideas, Interests and Institutional Changes", *Economic and Political Weekly*, 49 (3), pp 66–71, January 18. According to Shin, the opposition to FDI has been articulated in terms of livelihood, security and environment, though these views vary considerably across the political and socioeconomic spectrum.

to boost employment, speed growth, and build global economic competitiveness, since FDI opening in 1991 (Shin, 2014). They have persevered in further liberalising sectors in which India already permits FDI, and in opening new ones. Indian State Governments are also increasingly competing with each other to attract more foreign direct investment (Shin, 2014).

As a result of these developments, elected representatives, civil society and industry have tended to ask searching questions, particularly about FDI's inter-linkages with and impact on the domestic economy. Leaving such questions unanswered has the potential to considerably impact the pace and manner in which the Government is able to move forward with liberalising India's foreign direct investment regime. For, while differences in perceptions are inevitable in a vast and democratic country like India, incomplete information – especially statistical evidence – can significantly constrain the national consensus building process, resulting in protracted and unproductive ideological stand-offs. Many of these might be minimised should more detailed and robust information become widely available to all interest groups.

### 2.1.2 Objectives of this Chapter

Against this backdrop, this chapter sets out to understand the kinds of FDI data that Indian Members of Parliament (MPs) – that is, India's highest policymakers – have typically sought from Government Ministries when Parliament was in session these past few years. Equally, it attempts to determine whether responding Ministries are able to provide MPs with all the data they want. There are two objectives in undertaking this analysis:

**To identify the FDI data needs of Members of Parliament:** The principal objective is to understand the kinds of FDI data that MPs typically look for when considering FDI issues in Parliament. As the 'highest office in the land', Parliament is the key actor in national debates and decisions on FDI policy. Quite naturally, its ability to play this role effectively will be strongly influenced by the quality and extent of relevant facts and figures at the disposal of MPs.

**To help Government strengthen its ability to answer FDI questions in Parliament:** A secondary objective is to offer Government an insight into the types of questions it might expect to receive in Parliament, as it presses ahead with FDI liberalisation and reform.

As any Government's ability to move forward with its FDI agenda is likely to be strongly influenced by how compellingly it answers related queries in Parliament, a systematic study of the types of questions posed by MPs could be of practical value. It would better enable Government to marshal the types of data it needs to holistically explain the economic and social impact of its FDI-related decisions, as also to more powerfully argue its case for further reform. The more informed Parliament is about FDI in India, the more it is likely to work constructively with the Government in creating a stable and socially-just FDI environment, which in turn is likely to boost the confidence and enthusiasm of foreign investors.

As these two objectives underscore, this chapter's longer term goal is to contribute to shaping a more fact-based and constructive national political discussion about the costs and benefits of FDI in India.

### 2.1.3 Structure of this Chapter

The rest of this chapter contains the following three sections:

Section 2.2 describes the scope and methodology of the analysis. Section 2.3, describes the varied types of FDI-focused questions and sub-questions MPs submitted in writing during Parliament's 15th session (2 July 2009–21 February 2014). It also examines which types of questions and sub-questions were most dominant, the sectors in which they concentrated, the Ministries to which they were addressed, and so on.

Section 2.4, explores Ministries' responses to these questions. It reviews explaining which questions and sub-questions were answered most effectively, and examines those which were least effectively answered and why. The main objective of the discussion in this Section is to highlight to the government the key gaps and weaknesses in its FDI data and analysis, so that it might begin to consider how it might resolve these.

Chapter 5 then builds upon the findings of Section 2.4, and of chapters 3 and 4, to point to practical steps that the Government might wish to consider in strengthening its ability to respond effectively to MPs' questions on FDI. Some might involve minor enhancements in the manner in which Ministries respond to FDI-focused questions; others would necessitate significantly greater investment of energy and resources to create national data systems and to facilitate the analysis necessary to effectively answer the queries of MPs, the country's elected representatives.

## 2.2 SCOPE AND METHODOLOGY

This study analyses all the Starred, Unstarred and Supplementary Questions[2] (Box 2.1) on FDI that Indian MPs submitted in writing to Government Ministries between 2 July 2009 and 21 February 2014, when India's fifteenth Parliament was in session. It also analyses all Government assurances in response to these questions.[3]

Annexure 2.1 details the methodology by which questions were identified, sorted and analysed. However, for the reader's convenience, a summary version follows.

First, all FDI-related questions were located and downloaded from both the Lok Sabha and Rajya Sabha websites,[4] using 17 search terms[5] in their Questions Search facility. The result was 1,267 Lok Sabha and 954 Rajya Sabha questions, a total of 2,221 questions. Since some of these searches pulled up the same questions,[6] duplicates were removed.

The next step was to weed out questions that did not specifically ask about FDI, as some questions resulting from the search addressed broader issues of the Indian economy, in response to which the Government had cited FDI promotion/liberalisation as a key policy strategy. After the sifting had been completed (the process is explained in detail in the Methodology), 618 Lok Sabha questions and 581 Rajya Sabha questions remained, a total of 1,199 questions.[7]

The same exercise was undertaken for the few Supplementary Questions[8] and Government Assurances[9] arising from the 1,199 questions above. Once this was complete, the finalised set of 1,210 questions was ready for analysis (Annexure 2.2).[10]

The questions were then classified, first by the sector/sectors they referred to and then by content. Questions which posed at least one query about FDI policy or regulation, or asked for an explanation of the Government's decision on an FDI matter, were classified as 'Policy.' Those which posed at least one query for information about India's FDI flows, its FDI performance in a global perspective or other parameters of FDI activity in India were classified 'Data'; while questions that had at least one query about the effect or the likely effect of FDI on the economy, or on particular sectors or groups of stakeholders were classified 'Impact'.

Each policy, data and impact question was further sub-coded to enable quantitative analysis, not only of the question type but also of its content.[11]

2. A more detailed explanation of each type of question is available at: http://www.parliamentofindia.nic.in/ls/intro/p6.htm.
3. The Assurances for both Lok Sabha and Rajya Sabha questions are available on the Ministry of Parliamentary Affairs' website http://www.mpa.nic.in/MPA/link.aspx.
4. These websites are, respectively http://loksabha.nic.in/ and http://rajyasabha.nic.in/.
5. Table M.1 of the Methodology Annexure 2.1 lists the 17 search terms used.
6. Table M.2 of the Methodology Annexure 2.1 lists the total number of questions that originally resulted from each of the 17 searches.
7. Table M.4 of the Methodology Annexure 2.1 lists the number of questions remaining from each of the 17 searches after sifting had been completed.
8. Table M.5 of the Methodology Annexure 2.1 lists the number of Supplementary Questions resulting from the original download, and those remaining once all sifting was complete.
9. Table M.6 of the Methodology Annexure 2.1 lists the number of Government Assurances resulting from the original download, and those remaining once all sifting was complete.
10. This includes the 618 Starred/Unstarred Questions and 8 Supplementary Questions from the Lok Sabha, and 581 Starred/Unstarred Questions and three Supplementary Questions from the Rajya Sabha – a total of 1,210 questions. Since Ministries had incorporated Government Assurances for both Lok Sabha and Rajya Sabha questions into the answers that were uploaded onto each respective website, there was no need to count these separately.
11. Table M.7 of the Methodology Annexure 2.1 lists the Policy sub-codes; Table M.8 the Data sub-codes and Table M.9 the Impact sub-codes.

## Box 2.1: What are Starred, Unstarred, Supplementary Questions and Government Assurances?

### Starred Questions
These are questions in which MPs desire an oral answer in Parliament.

### Supplementary Questions
If an MP's Starred Question is answered orally, he/she can then ask the responding Minister a related Supplementary Question in Parliament.

### Unstarred Questions
These are questions in which MPs do not call for an oral answer in Parliament, and upon which no Supplementary Question can be asked. Only 230 questions, across responding Ministries, can be listed for a written answer per day.[12] Written answers to Unstarred Questions are printed in the official report of the Parliament sitting during which it was submitted.

For Starred and Unstarred Questions, MPs submit their question in writing to the responding Ministry at least 10 – and, at most, 21 – days ahead of the scheduled Parliament sitting. As the Parliament of India website explains[13], "Besides the text of the question, the MP's notice states clearly the official designation of the Minister to whom the question is addressed as also the date on which the question is desired to be placed on the list of questions for answer, as also the order of preference, if any, for its being placed on the list of questions when a member tables more than one notice of questions for the same day. A preliminary ballot of identical questions is held and the member who obtains priority is deemed to have tabled the question.

Allotment is made of the days available for the answering of questions relating to the various Ministries of Government of India. For this purpose the various Ministries are divided into five groups and fixed days are allotted to groups of Ministries during the week.

Not more than five questions are admitted in the name of a member for each sitting, of which not more than one is put down for oral answer. While compiling the list of unstarred questions, care is taken to see that one question of each member is included in the list of questions of that date. The remaining unstarred questions are thereafter put in the list according to inter se priority obtained in the ballot. The Ministries are supplied with the lists of finally admitted questions at least five days before the date fixed for asking the questions.

The Minister concerned answers the question. Thereafter the member who had asked the question can ask only two supplementary questions. After him/her the second member whose name is clubbed on the question is allowed to ask one supplementary question. Thereafter, the Speaker allows one supplementary each to members who are able to catch his eye. The number of such members depends on the importance of the question."

### Government Assurances
When a responding Ministry does not have all the information on hand to fully answer the question being posed by the MP, it can give an undertaking that it will collect the necessary data/take the specific action and report back to the house within a specified time limit. Such an undertaking is termed a Government Assurance.[14]

***Source***: NCAER, Adapted from Ministry of Parliamentary Affairs Website.

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12. In addition, 25 more questions can be included in the Unstarred List relating to states under Presidential Rule but the total number of questions in the list of Unstarred Questions per day may not exceed 255 in relaxation of normal limit of 230 questions.
13. http://www.parliamentofindia.nic.in/ls/intro/p6.htm.
14. Parliamentary rules on government assurances are available on the Ministry of Parliamentary Affairs website at http://mpa.nic.in/mpa/manual/Manual_English/Chapter/chapter-08.htm.

Finally, questions which focused specifically on particular FDI themes, such as joint ventures, Multinational Corporation (MNC) taxation, and so on, were classified under that issue.[15] However, this parameter is not a part of the analysis in this chapter. This categorisation was only used to offer a supplementary perspective on the types of issues that tend to draw the attention of MPs.

Here, it must be emphasised that the sector, policy, data, impact and issue classifications and sub-categories described above are not mutually exclusive, and that there are significant overlaps between them. As the Methodology explains and illustrates, many questions contained a mixture of policy, data and impact queries. Some questions had a sector-focus, while others did not. The objective in labelling each question with as much information as possible was not to create exclusive analytical categories, but to count the relative priority that MPs gave to particular sectors or issues as a ratio of the total sample of 1,210 questions.

After categorisation, the questions and answers were examined to understand the relative importance MPs gave particular sectors or issues, and to ascertain how completely Ministries were able to respond to each with available data. Complete answers were labelled 'Fully Answered'; those in which some information was missing as 'Partially Answered'; and unanswered or improperly answered queries were labelled 'Unable to Answer'.[16]

When this scoring was complete, a series of quantitative analyses were run on the dataset, the findings of which are discussed at length in the next two sections.

## 2.3 THE KINDS OF QUESTIONS THAT MEMBERS OF PARLIAMENT ASKED ABOUT FOREIGN DIRECT INVESTMENT

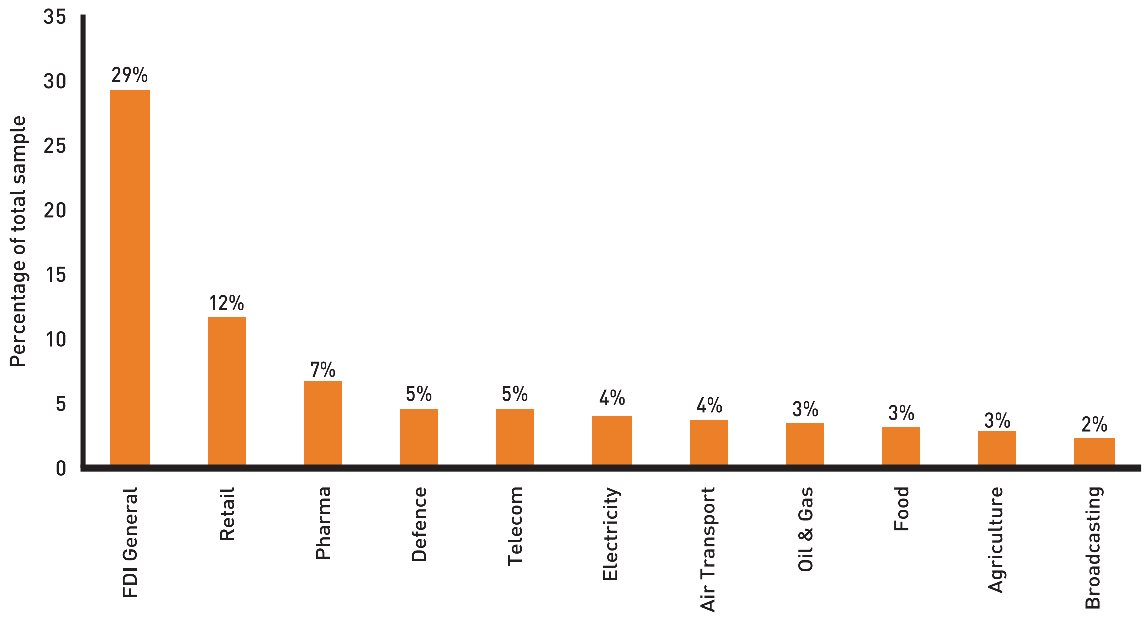
As explained earlier, this section analyses the types of FDI-focused questions MPs submitted in writing during Parliament's fifteenth session (2 July 2009 – 21 February 2014). To determine which sectors issues and concerns were most dominant and to which Ministries they were addressed.

### 2.3.1 Sector-specific vs General FDI Questions

In a little over 70 per cent of the total 1,210 questions, MPs referred specifically to a sector (or sectors) when asking for details about FDI rules, FDI flows or foreign direct investors. The remaining 30 per cent of questions did not refer to a specific sector but were general queries about India's FDI regime, FDI flows and the economic contribution of foreign direct investors[17] (Figure 2.2 and Annex Table 2.3.1).

15. Table M.10 of the Methodology Annexure 2.1 lists the Issue sub-codes.
16. Starred and Unstarred Questions were treated equally in this analysis, since Ministries had the same time to respond to both types. There were only 11 Supplementary Questions (accounting for just 0.9% of the total set of 1,210 questions). Since these were of exactly the same nature as the Starred and Unstarred questions, the same methodology was used here too.
17. These were labelled as FDI General in the analysis.

**Figure 2.2: Which Sectors Dominated MPs' FDI Questions?**
*(% of total 1,210 questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

Retail leads the sector-specific queries, accounting for 12 per cent of the total sample (Figure 2.2) and 16 per cent of the 854 sector-specific questions (Annex Table 2.3.1). Within retail, multi-brand retail accounts for over a half the 140 questions on this sector. Retail is the only sector with an overall share of over 10 per cent across the entire sample of 1,210 questions which is not surprising given the long and heated debates in Parliament on the entry of FDI in multi-brand retail during the session under review.

However, retail does not completely dominate the sector-specific questions as MPs also enquired about FDI developments in 47 other sectors. Leading among these were pharmaceuticals (Pharma in the Figure 2.2), defence, telecommunications (telecom in Figure 2.2) and electricity (Figure 2.2, Annex Table 2.3.1). Other sectors in the top ten list included air transport, oil and gas, food processing, agriculture, and broadcasting.

## 2.3.2 Ministry-wise Questions

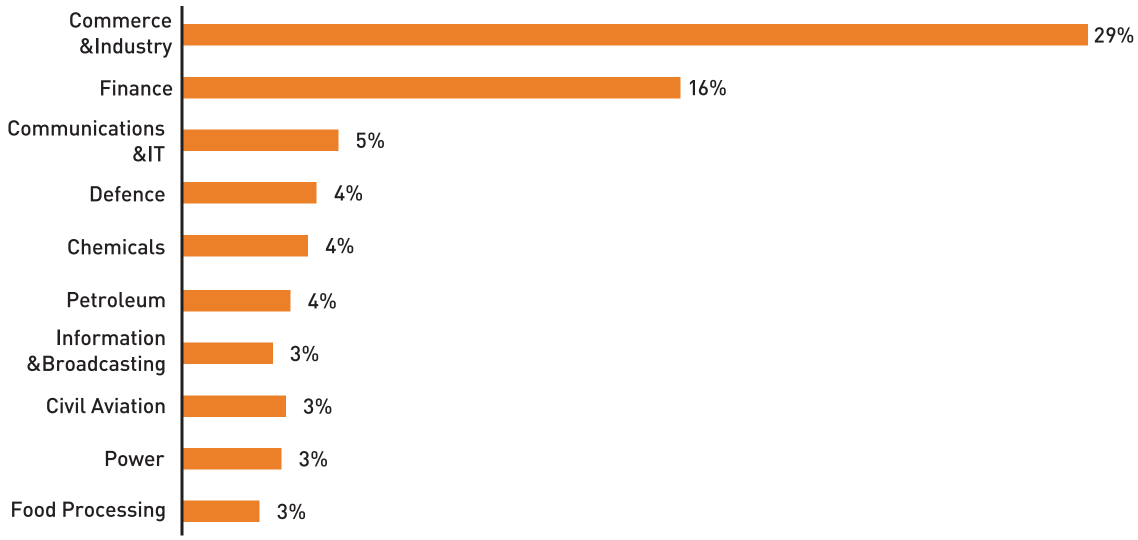
In terms of the Ministry break-up of questions received, the largest share (29 per cent) was addressed to the Ministry of Commerce and Industry (Figure 2.3), the nodal ministry for national FDI policy. Another 16 per cent were addressed to the Ministry of Finance, which also plays a key role in governing and promoting FDI in the country.[18] Thus, these two ministries together fielded nearly half of Parliament's FDI policy queries in the period under review.

In contrast, the other 'top ten' ministries' share was small. They collectively received just 29 per cent of all policy questions, less than the individual share of the Ministry of Commerce and Industry. The 29 other ministries receiving policy queries (listed in Annex Table 2.3.2) accounted for just 26 per cent. (Figure 2.3)

18. The Ministry of Finance advises the Ministry of Commerce and Industry on FDI policy and chairs the Foreign Investment Promotion Board, which approves FDI in sectors requiring Government approval. It also oversees foreign investments in India overall, in partnership with the Reserve Bank of India and the Security and Exchange Board of India.

**Figure 2.3: Share of Questions Received by Ministries**

*(% of total 1,210 questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### 2.3.3 Policy, Data and Impact Questions

Most of the 1,210 questions (86 per cent) asked for clarifications on FDI policy or for an explanation of the Government's decision on an FDI matter (Policy Questions). About half asked for FDI-related data of some sort (Data Questions), and about a quarter for an explanation of FDI's economic contribution and effects in India (Impact Questions) (Table 2.1).

However, as emphasised earlier, there were significant overlaps between these three categories: 450 questions contained both a policy and a data query, 259 questions had both a policy and an impact query, and 125 questions contained both a data and an impact query. 89 questions contained a combination of all three (Figure 2.4).

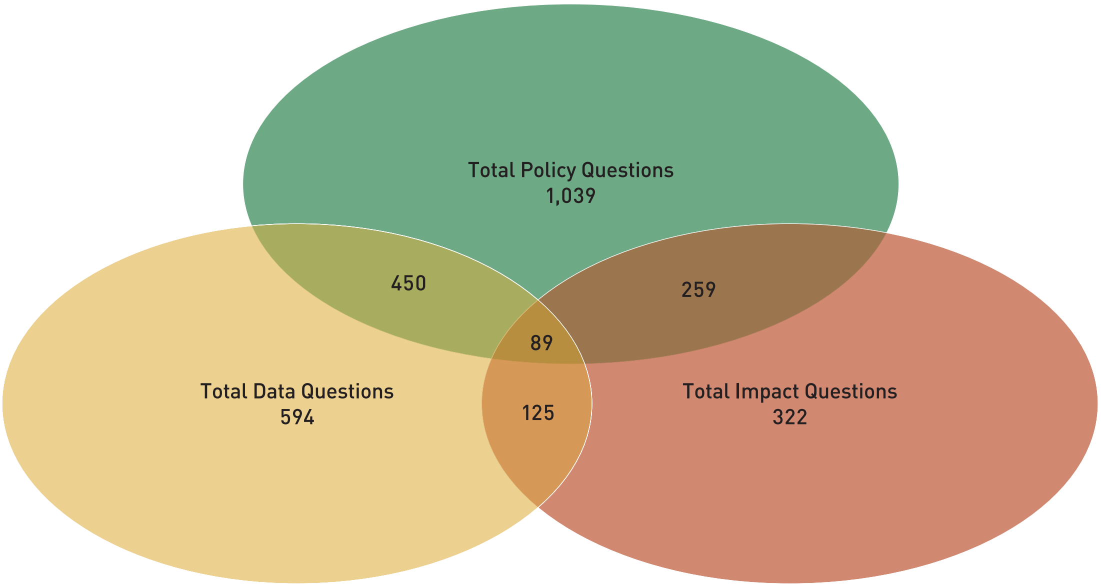
As explained earlier, the objective in labelling each question with as much information as possible was to count the relative priority MPs placed on particular sectors, queries or issues, within the total sample of 1,210 questions.

**Table 2.1: Questions Relating to FDI Policy, FDI Data and FDI Impact**

| | Policy | Data | Impact |
|---|---|---|---|
| No. of Questions | 1,039 | 594 | 322 |
| Percentage | 86% | 49% | 27% |
| Total Number of Questions: 1,210 | | | |

***Source***: NCAER calculations.

**Figure 2.4: Overlap Among Policy, Data and Impact Questions**
*(Number of questions in a total sample of 1,210 questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### *2.3.3.1 Policy questions*

On analysing the content of each of the 1,039 Policy Questions, certain recurring queries were observed. Figure 2.5 captures the most frequently occurring of these. (Annex Table 2.3.3 lists the frequency of all other policy sub-categories). In the next section we examine the top six policy queries in detail and briefly define the other nine.[19]

#### *2.3.3.1.1 Types of policy queries*

**Review: "Is the Government planning to review FDI policy?"**

The dominant theme in the Policy Questions was whether the Government was planning to review existing FDI rules (Figure 2.5). Within this broad 'Review' category, further sub-themes were clearly apparent. Among these were queries on whether the Government was going to raise the FDI cap, referred as HigherCap (28 per cent), permit FDI (22 per cent) in hitherto-closed sectors, or further liberalise (20 per cent) already open sectors (Figure 2.6). Most of these queries related to retail, defence, broadcasting, civil aviation and insurance. 10 per cent of these queries asked if the Government's rethink of FDI policy was designed specifically to attract more FDI.

Around 20 per cent of the questions in this category asked if the Government was thinking of tightening FDI rules or lowering the FDI cap in particular sectors, mainly pharmaceuticals, reflecting MPs' concerns about the growing rash of international take-overs of Indian firms in this sector (Figure 2.6).

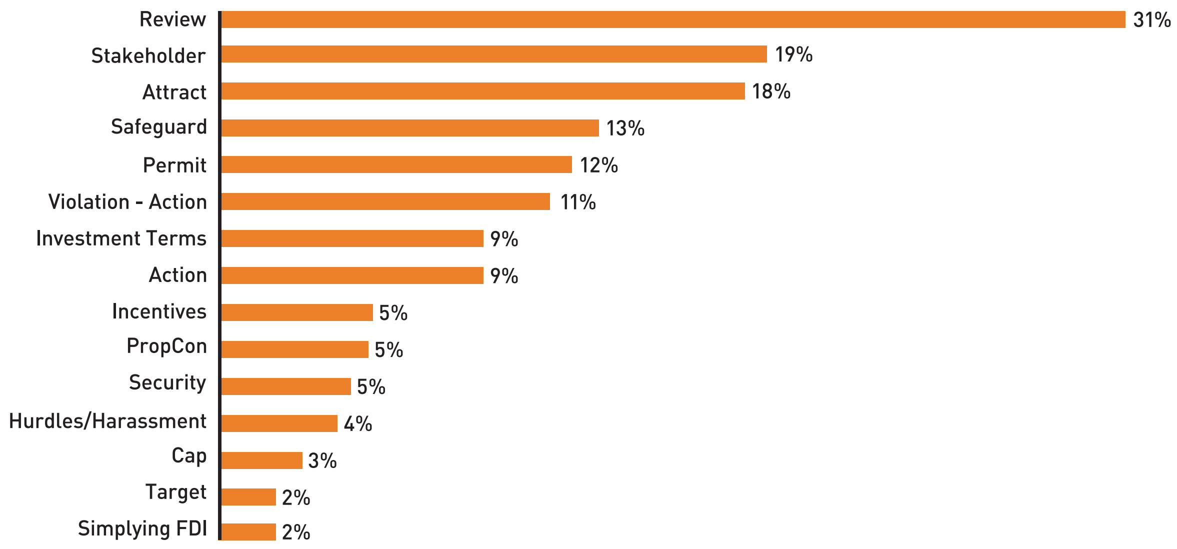
**Stakeholder: "What are key stakeholders saying?"**

The second most important theme within the sample of 1,039 Policy Questions related to stakeholders (18 per cent) (Figure 2.5). In this type of policy query, MPs quizzed the Government about its engagement with key stakeholders prior to effecting changes in FDI rules. In 40 per cent of these queries, MPs wanted to know if

19. All other policy queries are briefly explained in Methodology Table M.7, *Policy Query Codes*, in Annexure 2.1.

**Figure 2.5: Dominant Policy Queries**

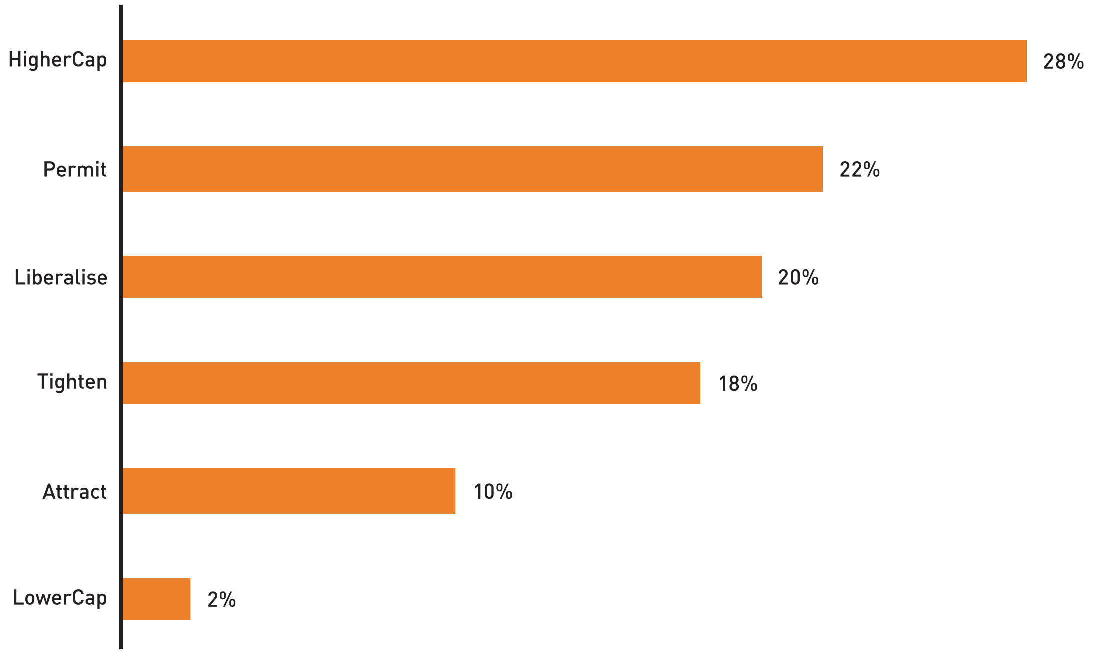
*(% of 1,039 Policy Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.
***Note***: Percentages in this graph do not add up to 100 because more than one term might appear in the same question. Thus, percentages refer to the number of times each issue was referred to in the total sample of 1,039 Policy Questions.

**Figure 2.6: Types of Queries: Review**

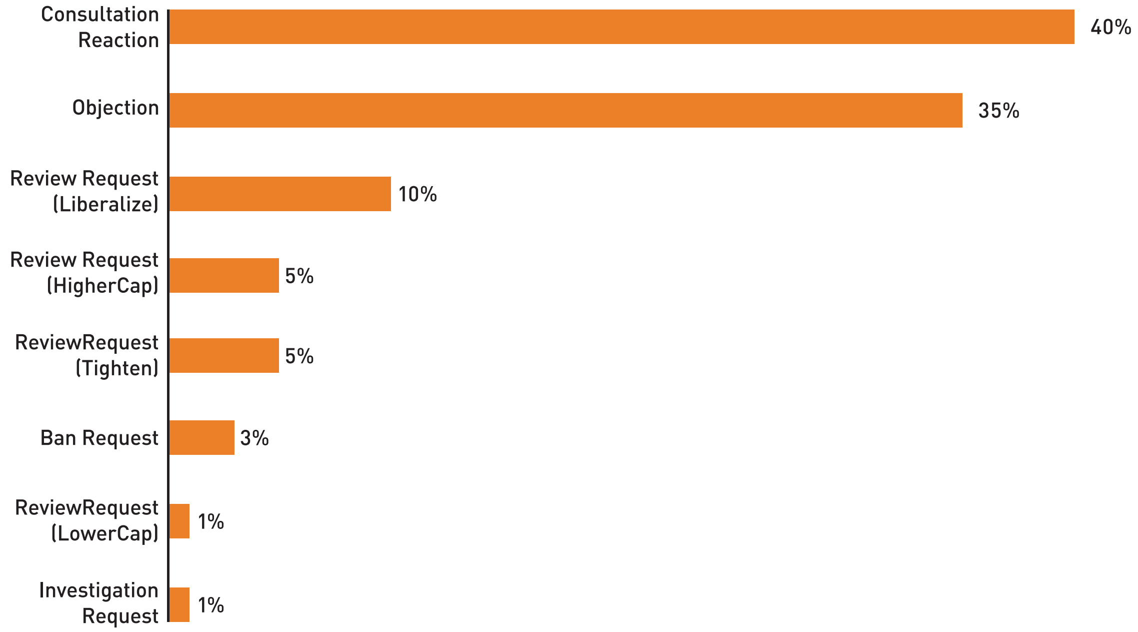
*(% of 318 Review Queries; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

responding Ministries had consulted key stakeholders, including consumers, domestic industry, farmers, retailers and related Government departments, and what their reactions had been (Figure 2.7). In 35 per cent of these queries, MPs asked if stakeholders had objected.

**Figure 2.7: Types of Queries: Stakeholder**
*(% of 192 Stakeholder Queries; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

Conversely, the other 25 per cent of questions in this category enquired if any stakeholder had requested the Government to liberalise or tighten FDI policy, raise or lower the FDI cap, or ban or investigate certain companies. Some examples are "whether the industrial bodies have asked the Government to remove the ban on Foreign Direct Investment in e-commerce business,"[20] "...whether the PMO has received representations of several organisations including public health experts and patients' groups seeking a foreign direct investment (FDI) cap on pharma companies to prevent the takeover of Indian companies by multinationals,"[21] and "...whether the CBI has recently asked the Union Government to blacklist some defence firms."[22]

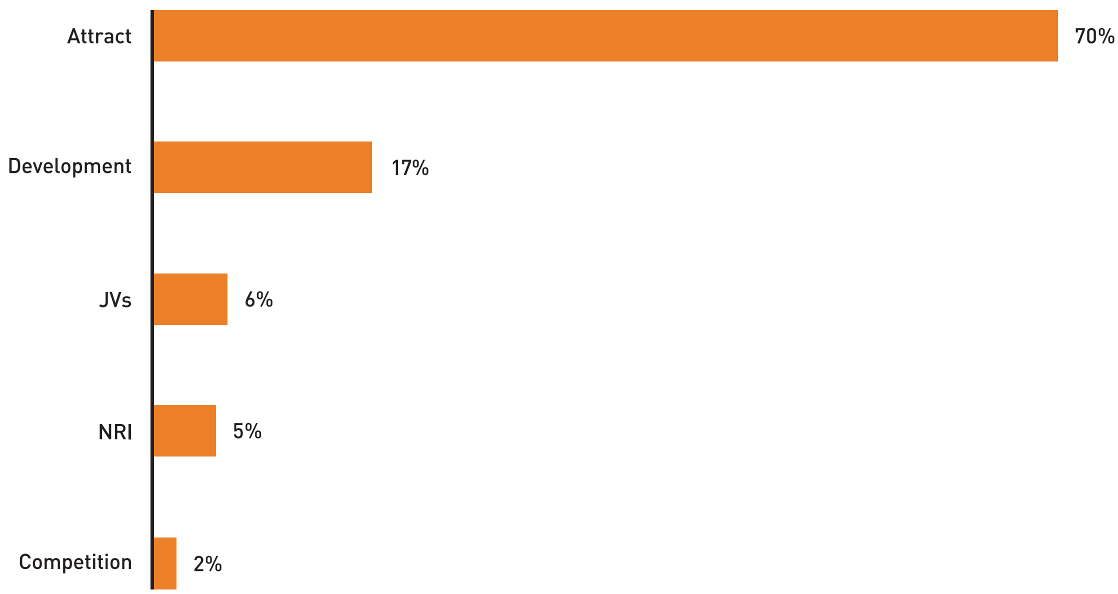
With respect to the sector concentration of these 192 stakeholder-related queries, retail accounted for almost a third, followed by pharmaceuticals, defence, telecommunications and air transport.

**Attract: "What is the Government doing to attract more FDI?"**

The third dominant theme within the sample of 1,039 Policy Questions related to attracting FDI (18 per cent) (Figure 2.5). In these, MPs asked what steps the Government was taking to boost FDI inflows, particularly in power, food processing, textiles, petroleum and highways, and in economically less-developed states. While 70 per cent these questions were broad and non-specific (Figure 2.8), some especially sought to understand the Government's purpose in seeking to attract more FDI. Was it hoping to develop particular sectors using FDI (17 per cent)? Was it aiming to attract FDI through joint ventures (6 per cent)? Did it want investments from non-resident Indians in particular? Or was it inviting foreign firms largely to enhance local competition in key sectors (2 per cent)?

20. Lok Sabha Unstarred Question No. 1097, Ban on FDI in retail e-commerce business, answered on 4.3.2013.
21. Rajya Sabha Unstarred Question No. 3443, FDI cap on pharma companies, answered on 10.12.2010.
22. Rajya Sabha Unstarred Question No. 311, Transparency in defence deals, answered on 28.7.2010.

**Figure 2.8: Types of Queries: Attract**
*(% of 185 Attract Queries; 2July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### Safeguard: "How will the Government safeguard domestic interests?"

While many MPs seemed keen for India to attract more FDI, they also wanted to ensure that domestic interests are protected. Thus, in 13 per cent of the policy queries, MPs quizzed the Government about the safeguards it had or would put in place for local stakeholders (Figure 2.5). Such questions clustered in the retail, pharmaceuticals, defense and telecommunications sectors. In retail, safeguards were sought especially for consumers, farmers and retailers. In pharmaceuticals, they were sought for domestic pharmaceutical firms and local medicine buyers. In defence and telecommunications, the concerns were related to national security in general, and not the interests of individual stakeholder groups. Special concerns were also raised about the need for safeguards with respect to FDI from China, Pakistan and Bangladesh and a few MPs asked whether India permits FDI from Pakistan and Bangladesh.

### Permit: "Does the Government permit FDI in this sector?"

In another substantial group of policy questions, MPs asked if FDI was permitted in particular sectors (12 per cent) (Figure 2.5). Over 60 per cent of these related to sectors which have been open to FDI for nearly 20 years, largely on the '100 per cent, automatic route'.[23] Leading among these were power, oil and gas, ports, highways, engineering, and food processing. Another three per cent asked for details of the FDI cap in certain sectors. Both sets of queries appear to point to Parliamentarians' continued unfamiliarity with principal aspects of FDI policy, despite 20 years of FDI openness and substantial media coverage.

### Violation-Action: "Are foreign investors violating Indian rules and are they being punished?

The last major set of questions (11 per cent) related to punitive action the Government was taking against foreign firms that had violated Indian rules and regulations (Figure 2.5). Nearly a half of these were in the general FDI category, since they dealt with sector-neutral issues such as foreign exchange and visa violations, tax evasion, and environmental damage.

23. In these sectors, foreign investors can own up to 100 per cent of the equity in a local firm, and do not require Government approval to invest.

Retail led the sector-focused queries in this policy sub-category, with questions concentrating on Walmart's supposed violation of India's FDI rules in wholesale and multi-brand retail.[24] For the same reason, Walmart (together with its Indian partner, Bharti Retail and their local joint venture, Cedar Services) is the most-mentioned firm in the sample.

There was a concentration of questions around the 2G telecom auctions (in which foreign telecom investors are suspected of having colluded with their Indian partners to bid for new licenses) and on the legality of Jet Airways' proposed joint venture with Etihad Airways.[25] There were also questions about violations by agriculture, defence and pharmaceutical firms.

**Other types of policy queries**

Beyond these six leading categories of policy queries, the other 8 most frequently occurring policy queries (Figure 2.5) included:

- *Investment Terms:* The investment terms under which foreign direct investors had to operate in particular sectors or projects (9 per cent);
- *Action:* The Government action being taken on various FDI issues (9 per cent);
- *Incentives:* The types of incentives and preferential treatment accorded to foreign direct investors (5 per cent);
- *Proposals and contracts:* The basis for Government clearances, delays or rejections of specific proposals, contracts and tenders (5 per cent);
- *Security:* The national security risks of FDI (5 per cent);
- *Investor Hurdles:* The investment hurdles confronted by foreign direct investors (4 per cent);
- *Target:* The Government's FDI inflow target for India or for specific sectors (2 per cent); and
- *Simplifying FDI Policy:* What the Government is doing to simplify FDI approvals and smooth the operating environment for foreign investors in India (2 per cent).

### *2.3.3.1.2 Ministry-wise policy questions*

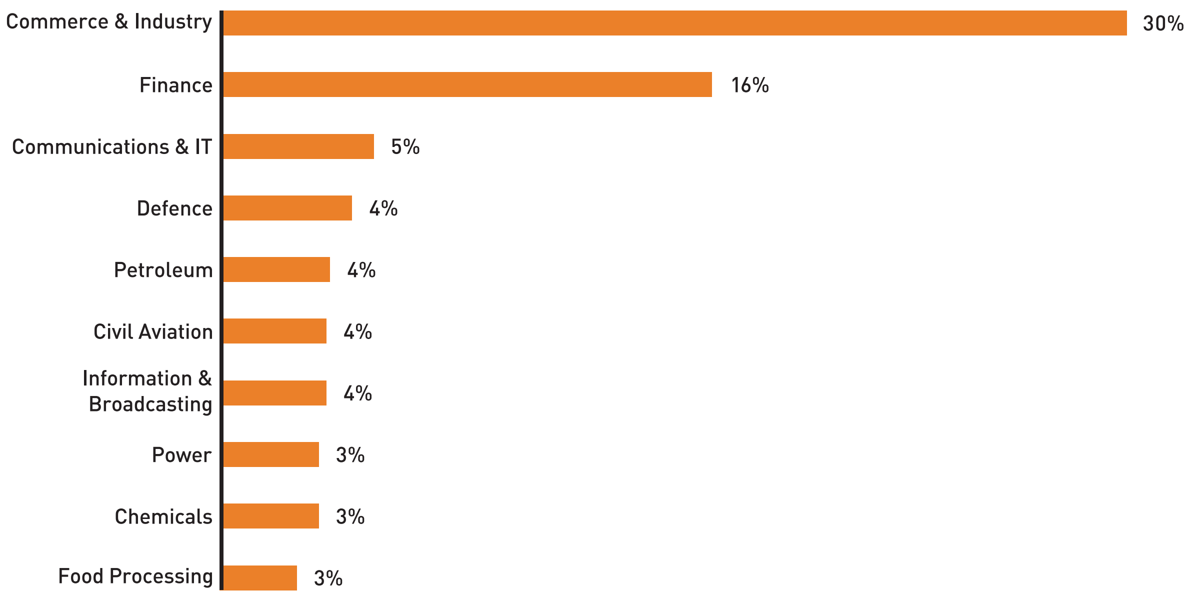
In terms of the Ministry break-up of policy questions, the largest share (nearly a third of the 1,039 policy questions) were addressed to the Ministry of Commerce and Industry (Figure 2.9), and 16 per cent were addressed to the Ministry of Finance. Together, these two ministries fielded nearly half of Parliament's questions on FDI policymaking and governance in the period under review, not surprising given their role in national FDI policymaking and governance.

In contrast, the share of other 'top ten' ministries was small. They collectively received just 29 per cent of all policy questions, less than the individual share of the Ministry of Commerce and Industry. The 29 other ministries receiving policy queries (listed in Annex Table 2.3.4) accounted for just 26 per cent.

24. Rajya Sabha Unstarred Question No 3742, *Investigation of Bharti Walmart by RBI and ED*, answered on 30.04.2013; Lok Sabha Unstarred Question No. 2140, *Violation of FDI by Walmart*, answered on 11.03.2013, or Rajya Sabha Unstarred Question No 1097, *Violation of multi brand trade norms by Bharti Walmart*, answered on 22.08.2012.
25. Rajya Sabha Unstarred Question No 171, *Irregularities in Jet Airways and Etihad Airways Deal*, answered on 06-08-2013 or Lok Sabha Unstarred Question No. 63, *Jet Etihad Deal*, answered on 08.08.2013.

**Figure 2.9: Share of Policy Questions Received by Ministries**

*(% of 1,039 Policy Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### *2.3.3.1.3 Sector-wise breakup of policy questions*

An analysis of the sector-wise break-up of policy questions (Annex Table 2.3.5) indicates that retail dominated (18 per cent), followed by pharmaceuticals (9 per cent), defence and telecommunications (both 7 per cent) and air transport and power (both 6 per cent).

### *2.3.3.2 Data questions*

Almost half the sample of questions (594 questions or 49 per cent) contained a data-related enquiry. Mirroring the pattern seen with the policy questions, the 594 data queries also clustered around a few dominant subject groups (Figure 2.10). In the next section, we discuss the top four themes relating to FDI data in detail.[26]

### *2.3.3.2.1 Types of data queries*

**Quantum of FDI Flows: "How large is India's FDI inflow/outflow and where does it go?"**

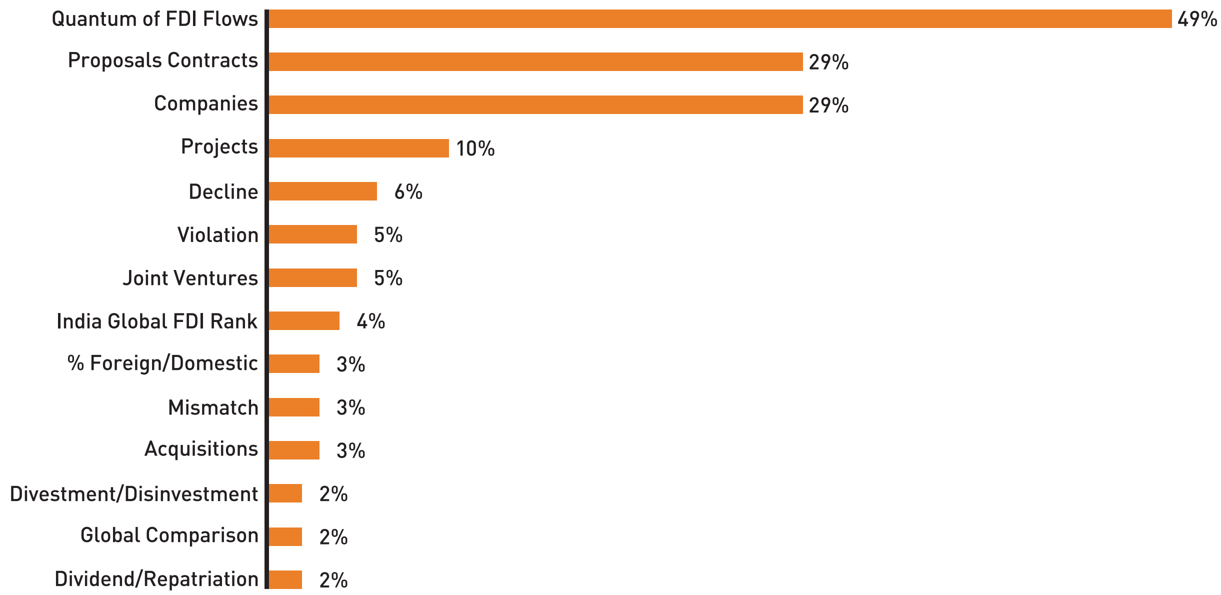
Questions on the quantum of inflows or outflows accounted for about a half of all data questions (Figure 2.10). Of these 'quantum of FDI' questions, 42 per cent sought information on FDI inflows into particular sectors (Figure 2.11), 23 per cent on inflows into India as whole, and 10 per cent on inflows into specific states. Some MPs wanted to know which countries had invested in India (7 per cent). Others asked about the quantum, state and sector destination, of NRI investment in India (7 per cent).

There were also a number of questions about likely future national (3 per cent) and sector-specific (2 per cent) FDI inflows. Finally, some MPs asked about Indian outward FDI flows (3 per cent) and how much has been invested in particular countries (1 per cent).

26. All other data queries are briefly explained in Methodology Table 8, *Data Query Codes*, in Annexure 2.1.

**Figure 2.10: Dominant Data Queries**

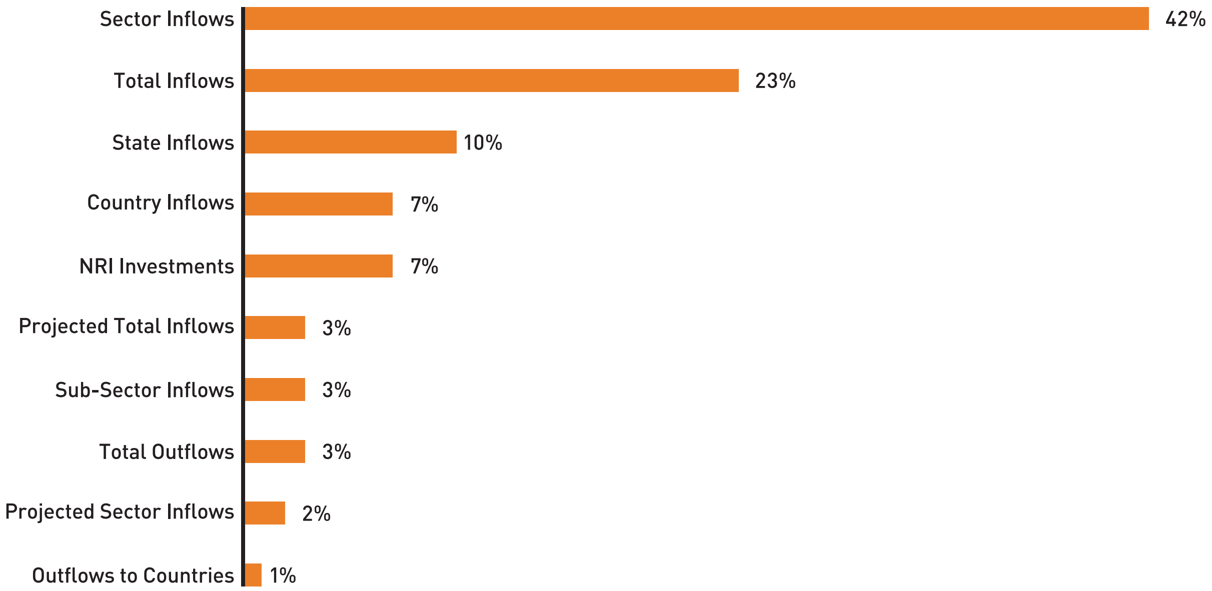
*(% of 594 Data Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

**Figure 2.11: Types of Queries: Quantum of FDI Flows**

*(% of 290 data queries; 2 July 2009 to 21 February 2014)*

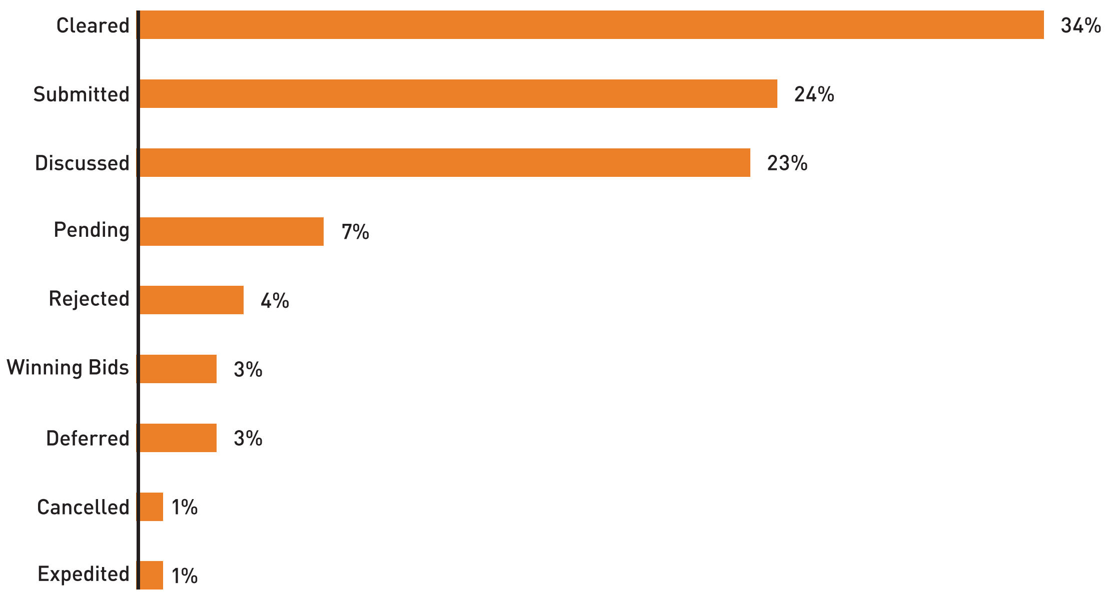



***Source***: NCAER calculations.

**Proposals and Contracts: "How many proposals have been received, approved, or are being considered?"**

The second largest concentration of data queries relates to Proposals and Contracts (29 per cent) (Figure 2.10). Of these, just over a third asked about cleared projects, contracts and licenses, and just under a quarter about investment proposals and bids submitted by foreign firms (Figure 2.12). For example, "whether several foreign investment proposals have been approved for setting up of food processing units in the country, particularly in Maharashtra"[27] and "the number of new proposals received and those under consideration for approval?"[28]

**Figure 2.12: Types of Queries: Proposals and Contracts**
*(% of 173 Proposals & Contract Queries; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

Of the total of 173 questions in this category, 23 per cent were related to whether potential investors had discussed projects or signed Memorandum of Understandings (MoUs) with the Government.

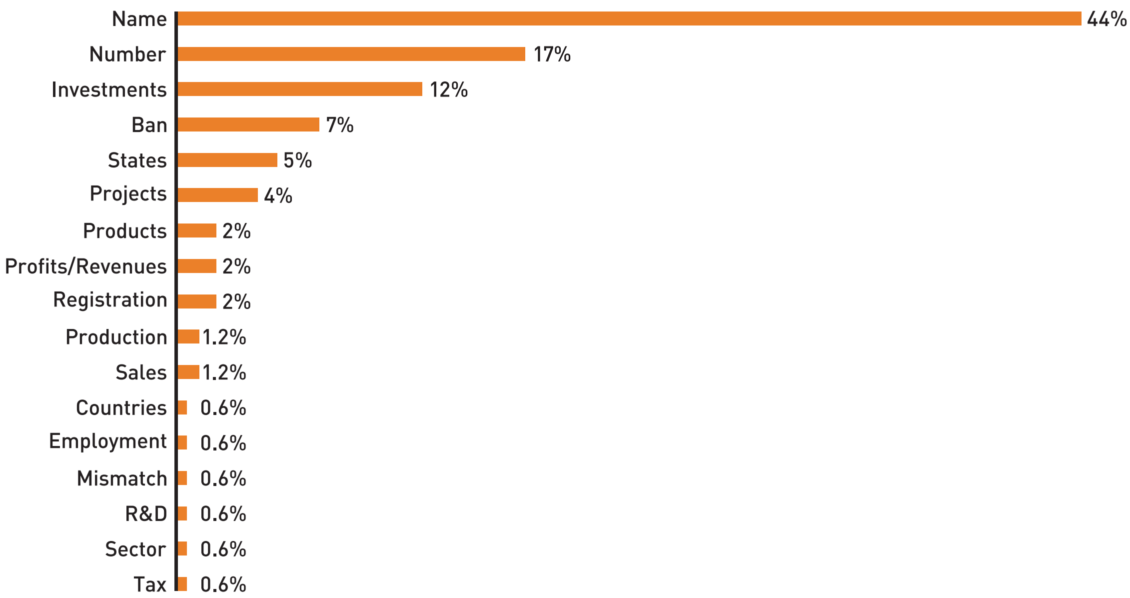
There were also a variety of questions about the number of pending proposals and contracts, as also those that had been rejected, deferred, cancelled or expedited. Another three per cent of data queries sought information on the winners of Government bids and tenders.

**Companies: "Who are India's foreign direct investors?"**

29 per cent of all data queries went beyond broad inflow and proposal numbers to request specific details about the foreign companies responsible for them (Figure 2.10). 17 per cent of these company-specific queries asked merely for the number of foreign firms invested in particular sectors or states (Figure 2.13). However, 44 per cent asked specifically for their names, and 12 per cent wanted information on their individual investments.

27. Rajya Sabha Unstarred Question No. 3241, *Foreign investment in food processing*, answered on 3.8.2009.
28. Rajya Sabha Unstarred Question No. 177, *Increasing FDI in new sectors*, answered on 10.11.2010.

**Figure 2.13: Types of Queries: Companies**
*(% of 169 Company Queries; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

A number of MPs also wanted to know which foreign firms had been banned from doing business with India for violating rules in such sectors as defence and cigarette manufacture (7 per cent).

In some cases, MPs asked for an account of the states (5 per cent), projects (4 per cent) and sectors (0.6 per cent) in which these firms had invested. Additionally, there was some interest in the country origin of individual foreign investors (0.6 per cent) and key aspects of their individual operations in India, including their products, profits, production, sales, revenue, employment, R&D, and taxes paid.

There was also a handful of queries (0.6 per cent) on whether certain firms had invested as much as their approved investment in India.

**Other most frequently occurring data queries**

Apart from these three main sub-categories, 10 per cent of the most frequently occurring data-related questions asked for listings of projects in particular states or sectors, including investing firms and investment amounts (Figure 2.10). A further, 6 per cent explored the apparent decline in Indian FDI inflows, asking if the trend was merely the result of the global economic slowdown, or whether other issues – including India's corruption scandals – were a primary factor.

Other common queries were about the number of violations by foreign investors in particular sectors (5 per cent); listings of foreign joint ventures (5 per cent); where India stands in a ranking of global FDI inflows, especially in comparison to China and other counterpart developing economies (4 per cent); the relative share of foreign and domestic investors in particular industries and firms (3 per cent); foreign takeovers of Indian firms (3 per cent); and if the mismatch between India's approved and actual FDI inflow (3 per cent).

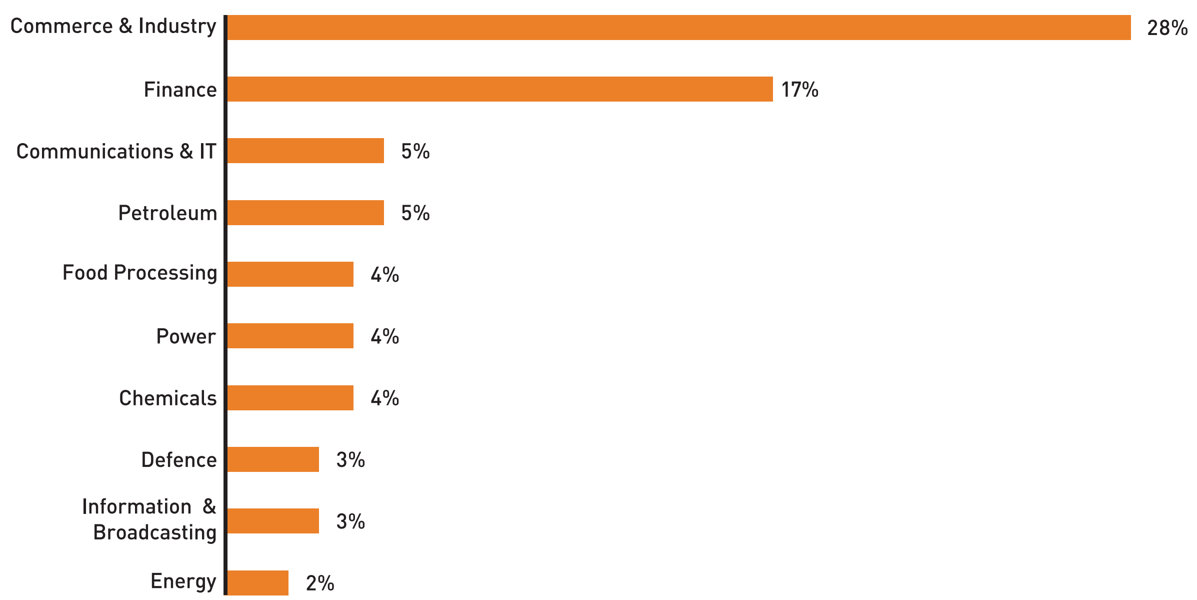
The other most frequently occurring data queries (each with a 2 per cent share) asked for the number of divestments and disinvestments by foreign firms in India; the list of countries investing in India; the list of states in which these countries had invested; how India's FDI regime compares with that in other countries; and the quantum of dividend and other capital repatriated by foreign direct investors from India.

The complete break-up of data queries is given in Annex Table 2.3.6.

### *2.3.3.2.2 Ministry-wise breakup of data questions*

In this category, too, the Ministries of Commerce and Industry and of Finance dominate, receiving 28 per cent and 17 per cent of the data questions, respectively (Figure 2.14).

**Figure 2.14: Share of Data Questions Received by Ministries**
*(% of 594 Data Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

However, compared to the policy questions, there is a marginally greater spread of questions across the other top ten ministries, whose collective share is 30 per cent. There is also some re-ordering in their ranking. While the Ministry of Communications and Information Technology is still third, the Ministry of Defence is considerably less significant, possibly because the 26 per cent equity cap in this sector has limited FDI inflows and activities.[29] Annex Table 2.3.7 lists the 29 other Ministries that received data questions in the period under review.

### *2.3.3.2.3 Sector-wise break-up of data questions*

An analysis of the sector concentration of data questions (Annex Table 2.3.8) shows that pharmaceuticals leads, followed by retail, petroleum and natural gas, electricity, food processing, telecommunications, defence, agriculture, air transport and broadcasting.

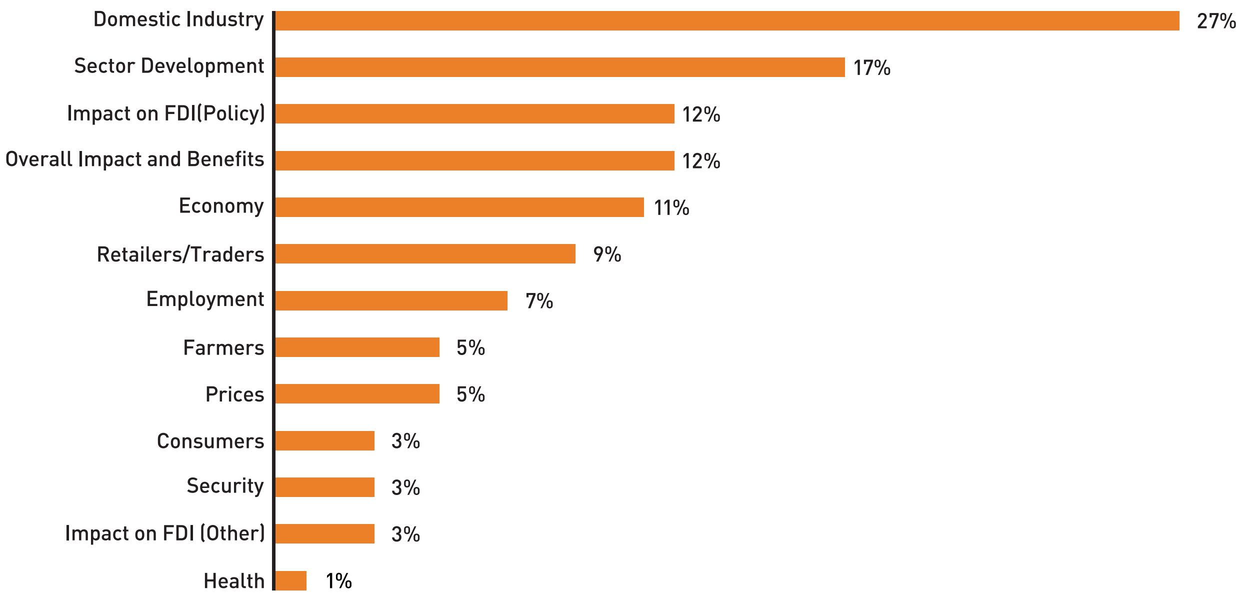
### *2.3.3.3 Impact questions*

Over a quarter of the total 1,210 questions sought to understand FDI's contribution to Indian economic development, and how FDI has helped or hindered key local stakeholders. The most frequently occurring impact queries are captured in Figure 2.15, and discussed below. The complete breakup is available in Annex Table 2.3.9.[30]

29. The national Budget of July 2014 raised the equity cap in defence to 49 per cent.
30. The codes for all impact queries are explained in Methodology Table 9, *Impact Query Codes*, in Annexure 2.1.

**Figure 2.15: Dominant Impact Queries**

*(% of 322 Impact Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### *2.3.3.3.1 Types of impact queries*

**Domestic Industry: "How does FDI affect local firms?"**

Of the 322 impact questions, 27 per cent focused on the effect of FDI on Indian industry (Figure 2.15), reflecting concerns about how domestic companies, both large and small, have been or will be affected by FDI, positively or negatively. An example of this type of impact query is: "...whether the Government plans to raise the FDI limit in a few sectors and whether it has studied the impact of such a move on domestic industry and consumers?"[31]

This category of impact questions is significant because it accounts for seven per cent of the total sample of 1,210 questions.

One fourth of these domestic industry related questions specifically address the positive and negative fallouts on small firms, especially in the retail and food processing sectors. There are also a number of general FDI queries relating to impact, such as "What are the best opportunities for the development of SMEs by allowing FDI?"[32] Also: "whether to help cash-strapped micro and small enterprises and to attract higher overseas investment, the Government has liberalised FDI norms for the sector; if so to what extent have these easier FDI guidelines helped the small-scale sector?"[33]

Sector-specific queries relating to FDI's impact on domestic industry were concentrated in pharmaceuticals (23 per cent) and civil aviation (14 per cent). In the former case, MPs tended to ask how foreign takeovers of Indian pharmaceutical companies would affect local players' production and pricing, and how the grant of medicinal patents to foreign pharmaceutical firms would affect Indian Ayurvedic firms.[34] In the latter case, they asked how

31. Rajya Sabha Unstarred Question No. 335, *Impact of raising FDI limit in various sectors*, answered on 7.8.2013.
32. Rajya Sabha Unstarred Question No. 2857, *Development of SMEs*, answered on 19.12.2011.
33. Rajya Sabha Unstarred Question No. 1014, *Foreign investment in SMEs*, answered on 27.11.2009.
34. See, for instance, Rajya Sabha Unstarred Question No. 957, *Impact of MNCs taking over Indian pharma companies*, answered on 30.11.2011; and Lok Sabha Starred Question No. 248, P*atent of medicinal plants and products*, answered on 12.12.2011.

Indian airline companies, Air India in particular, would be impacted by expanded FDI in the sector.[35] Additionally, there were a handful of questions about the potential impact of a liberalised FDI regime on Indian banks,[36] farmers and food processing companies.[37] Other queries included how key public sector units had been impacted, whether FDI had aided the profitability of Indian firms and made it easier for them to access foreign financing, and how FDI had affected production by Indian firms.

**Sector Development and Technology Transfer: "How is FDI aiding the development of key sectors and the transfer of state-of-the-art technology?"**

MP's other major point of enquiry related to FDI's contribution to the development and technological upgrading of key sectors (17 per cent) (Figure 2.10). Here, it must be noted there are strong overlaps between domestic industry and sector development queries, with many MPs enquiring about both in the same question.

The forty six questions in the Sector Development category were concentrated in agriculture, defence and telecommunications, followed by textiles, food processing, civil aviation, education, insurance, ports and mining. Examples of such questions are:

- "the extent to which the telecom sector is likely to be improved by enhancing the foreign direct investment (FDI) ceiling?"[38]
- "to what extent has the inflow of foreign funds in the food processing industry been helpful?"[39]
- "the role of FDI in upgradation and development of storage, warehouses and other logistics in the agricultural sector?"[40]
- "what was the PSU-wise benefit of this increase in FDI for these products in terms of technology upgradation and employment generation?"[41]
- "whether multinational investors, who are using the skills of our country, are also participating in our skill development and skill upgradation process?"[42]

Broadcasting, roads, power, steel, publishing, renewable energy, retail, tourism and warehousing also received one question each.

**Impact on FDI (Policy): "How do changes in Indian Government policy affect FDI flows to India?"**

Next in line came an entirely different – in fact, obverse – type of impact query: how FDI itself is impacted by changes in Indian government policy (12 per cent) (Figure 2.15). In other words, does a new government regulation, or a loosening or tightening in FDI rules, affect inflows into specific sectors, or into the country as a whole. Examples include:

- "to what extent has the Government liberalised the foreign direct investment regime to attract more FDI; how did it help in bringing FDI during the last three years?"[43],
- "whether it is a fact according to a study conducted by the Reserve Bank of India, that there has been a reduction in the inflow of foreign capital during 2010–11 due to instability in Government policy; the quantum of foreign capital invested in India during the said period and its quantum in comparison to last year?"[44]

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35. See, for instance,Rajya Sabha Unstarred Question No. 4503, *Foreign investment in the civil aviation sector*, answered on 17.05.2012; and Rajya Sabha Unstarred Question No. 170, *Impact of the Jet Etihad deal on Air India*, answered on 6.8.2013.
36. See, for instance, Lok Sabha Starred Question No. 358, *Foreign holdings in banks*, answered on 12.3.2010.
37. See, for instance, Lok Sabha Starred Question No. 483, *FDI in food processing industries*, answered on 29.04.2010.
38. See, for example, Lok Sabha, Unstarred Question No. 2165, *Investment in telecom sector*, answered on 20.07.2009, or Lok Sabha, Unstarred Question No. 3429, *Foreign entities in sale of G spectrum*, answered on 25.04.2012.
39. See, for instance, Lok Sabha Unsarred Question No. 5564, *FDI in food processing industries*, answered on 30.04.2013 and Lok SabhaStarred Question No. 483, *FDI in Food Processing*.
40. Lok Sabha, Unstarred Question No. 1839, *Contract farming*, answered on 04.12.2012.
41. Rajya Sabha Unstarred Question No. 366, *Examination of hike in FDI in defence sector*, answered on 07.08.2013.
42. Rajya Sabha, Unstarred Question No. 1277, *Creation of skilled workers*, answered on 15.07.2009.
43. Rajya Sabha Unstarred Question No. 950, *Liberalisation of FDI regime*, answered on 30.11.2011.
44. Rajya Sabha Unstarred Question No. 4348, *Reduction in inflow of foreign capital*, answered on 16.5.2012.

- "whether the Government has approved the creation of National Investment and Manufacturing Zones; if so, the expected increase in the foreign direct investment inflow?"[45]

Another three per cent asked how FDI had been impacted by other factors, such as the global financial crisis, the Indian economic slowdown, and India's tarred image following the Commonwealth and 2G corruption scandals.

**Benefits and Overall Impact: "How is India benefitting from FDI, and what is FDI's overall impact in India?"**

There were also a number of queries on what benefits the Indian economy has derived – or might derive – from FDI and what FDI's overall impact has been (12 per cent) (Figure 2.15). In many cases, these were generally worded queries which made no mention of a specific group of stakeholders or a particular economic parameter, such as GDP growth or employment.

Examples include, "whether the Government has assessed the benefits of FDI in retail and, if so, the details thereof"[46] and "by when is Government likely to decide on FDI in multi-brand retailing and to what extent will it be helpful?"[47] One third of these questions related to retail. Power, insurance, civil aviation, agriculture, food processing, mining, education and tourism also received similar questions.

One fourth of the questions in this category had no sector focus, including:

- "whether the Union Government has recently approved several FDI proposals; the benefit accrued to Government,"[48]
- "whether it is a fact that the Ministry had requested the Ministry of Finance to consider amending the rules to the Foreign Exchange Management Act to specifically allow FDI from Pakistan; what will be the pros and cons, if this proposal is made?"[49]
- "whether India has entered into a Bilateral Investment Promotion and Protection (BIPPA) with various countries; whether the Government has identified the mutually benefiting business sectors for both countries?"[50]

**Economy: "How is FDI impacting key Indian economic parameters?"**

Many MPs were also keen to understand FDI's broader economic impact (11 per cent) (Figure 2.15) on GDP growth, exports, India's foreign exchange and current account positions. A handful wanted to know how FDI had contributed to income growth, inflation, enhanced local market competition, government revenue collection, and the rise in stock market prices.

**Retailers, Traders, Farmers and Consumers: "How is FDI affecting, or how might it affect, Indian retailers, traders, farmers and consumers?"**

Retailers, traders, farmers and consumers were another area of focus (Figure 2.15), though considerably less than might be presumed from the avowed political concerns over protecting the small producer or consumer. Retailers, traders, farmers, and consumers are mentioned in only 17 per cent of the impact queries, and local communities and fishermen in another one per cent. Their collective share is considerably smaller than domestic industry's at 27 per cent.

Many of these stakeholder questions are related to the retail sector. Typically, MPs ask: "Whether any assessment or study has been conducted by the Government about its impact on the local small shopkeepers; whether the

45. Lok Sabha Starred Question No. 85, *National Manufacturing Policy*, answered on 28.11.2011.
46. Lok Sabha Starred Question No. 43, *FDI in retail*, answered on 26.11.2012.
47. Rajya Sabha Unstarred Question No. 2595, *FDI in retail sector*, answered on 18.8.2010.
48. Rajya Sabha, Unstarred Question No. 2160, *Approvals to FDI* proposals, answered on 9.12.2009.
49. Rajya Sabha Unstarred Question No. 2803, *Amending rules to FEMA to allow FDI from Pakistan*, answered on 2.5.2012.
50. Lok Sabha Unstarred Question No. 5069, *BIPPA with countries*, answered on 10.12.2012.

Government agrees with the view that allowing FDl in the retail sector would generate more jobs and reduce food inflation, and if so the logic behind such a view?"[51]

Many of the consumer and price related queries (Figure 2.15) are about how large foreign pharmaceutical companies' takeover of Indian firms is likely to affect local medicine prices.

**Employment: "How much employment is FDI generating in India?"**

Within this category, six per cent of the questions were about FDI's employment effects, both actual and projected (Figure 2.15). Though these account for just two per cent of the overall sample of 1,210 questions, employment generation has tended to be one of the principal parameters around which the debate on FDI policy has occurred (Shin, 2014).

The majority of the employment-related questions are General FDI queries, including "whether a growth in employment has been noticed by the Government after liberalisation of the FDI policy in the country; if so, the details thereof",[52] and "whether the Government has recently approved a large number of FDI proposals; whether an estimate of the employment opportunities likely to be generated there from has been made; if so, the details thereof?"[53] However, many asked about the likely employment effects of opening the multi-brand retail sector to FDI, and others about the employment already generated by FDI in the tourism and food processing sectors.

**Security: "Does FDI pose a national security in sensitive sectors?"**

A handful of queries dealt with the national security implications, both positive and negative, of permitting or liberalising FDI in defence, civil aviation, broadcasting, telecommunications and ports (3 per cent). Among these questions are "to what extent is the Government mulling hiking the FDI limit in defence production; and to what extent will this be helpful for meeting India's needs on terror?"[54]

### *2.3.3.3.2 Ministry-wise break-up of impact questions*

Of all the impact questions, 36 per cent were directed to the Ministry of Commerce and Industry (Figure 2.16), a noticeably larger share than for the policy and data questions. There was also a marked shift in the rankings of other top ten ministries receiving questions. The share of the Ministry of Chemicals and Fertiliser doubled, while that of the Ministry of Finance fell to 11 per cent. The Ministry of Agriculture appeared in the top ten list for the first time, that too in fourth place. Civil Aviation, Food Processing, Defence, Petroleum, and Micro, Small and Medium Enterprises were other Ministries that received a concentration of impact queries.

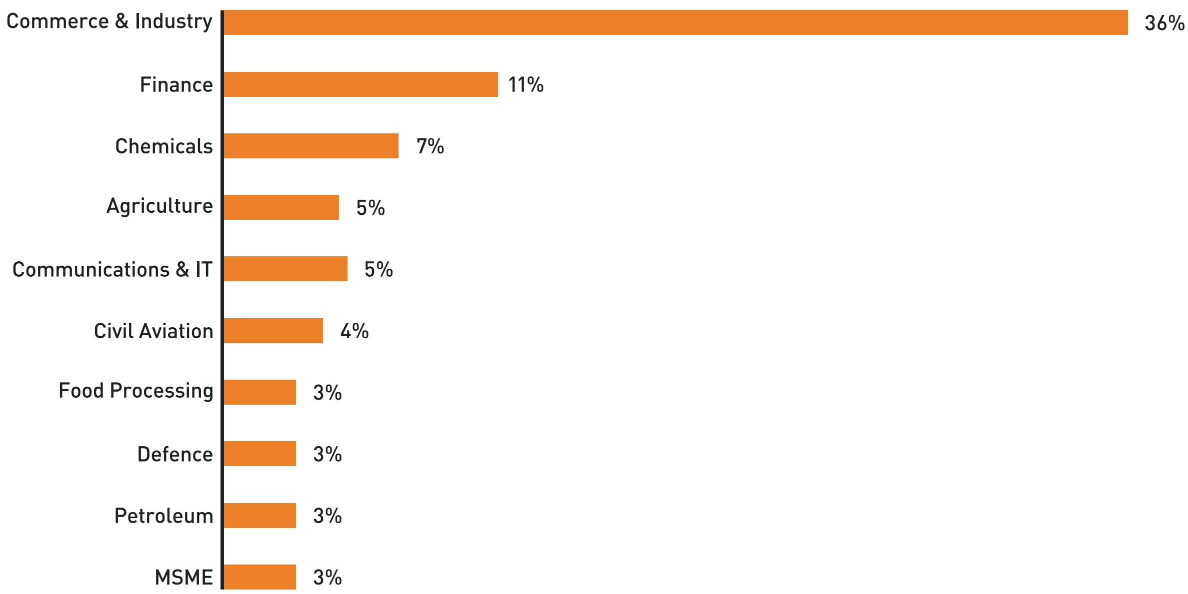
Annex Table 2.3.10 lists the 22 other Ministries that received impact queries in the period under review.

### *2.3.3.3.3 Sector-wise break-up of impact questions*

The sector-wise break-up for impact questions (Annex Table 2.3.11) shows they were largely concentrated in retail (23 per cent), pharmaceuticals (15 per cent), telecommunications and air transport (7 per cent). What is interesting is that agriculture (7 per cent) and food processing (5 per cent) are the next largest categories, ahead of defence (5 per cent) and oil and gas (4 per cent).

51. Lok Sabha Unstarred Question No. 960, *FDI in retail sector*, answered on 05.08.2011.
52. Lok Sabha Unstarred Question No. 3300, *Review of FDI*, answered on 18.03.2013.
53. Lok Sabha Unstarred Question No. 3308, *FDI*, answered on 13.8.2010.
54. Rajya Sabha Unstarred Question No. 4336, *Hike in FDI limit in defence production*, answered on 5.5.2010.

**Figure 2.16: Share of Impact Questions Received by Ministries**
*(% of 322 Impact Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

### 2.3.4 Issue Questions

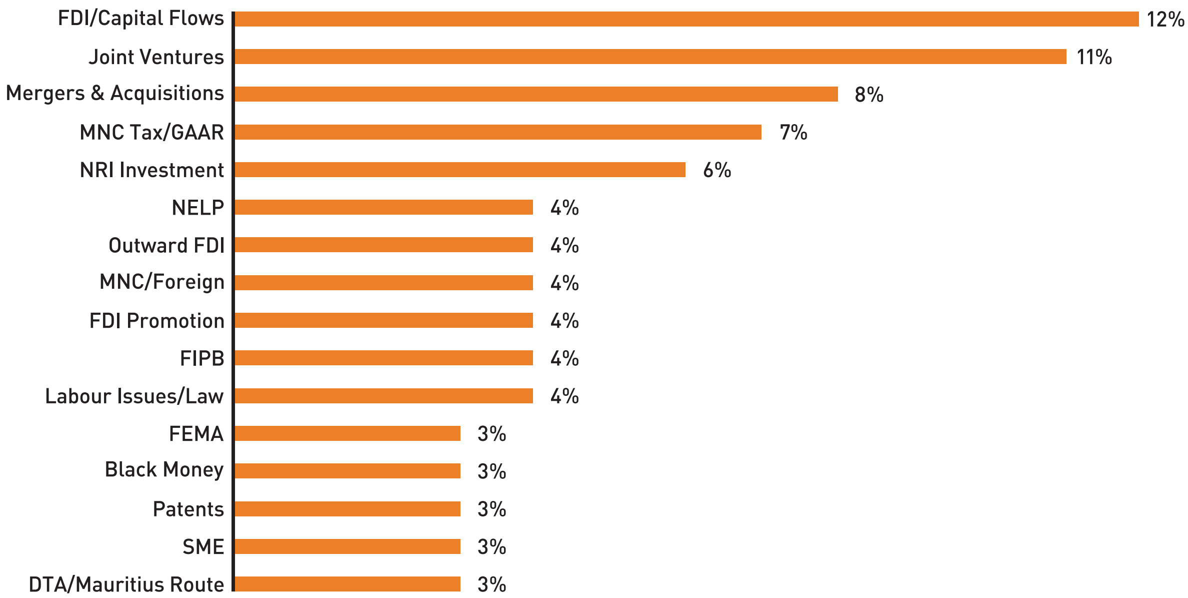
Of the total sample of 1,210 questions, 360 (30 per cent) were clearly distinguished by their focus on specific, topical issues. In other words, the question title and all sub-queries addressed one unifying theme, in contrast to other questions which had no such clear topic.

Most dominant among these were questions about Indian capital and FDI flows, and the Government's policy on FDI joint ventures (Figure 2.17).[55] Other major concerns were foreign takeovers of Indian firms (especially in the pharmaceutical sector), followed by MNC taxation and the Government's General Anti-Avoidance Rules (GAAR).[56] Closely related to these were a variety of questions on black money, foreign investors' use of tax havens like Mauritius to avoid tax, and possible violations of the Foreign Exchange Management Act. In fact, if all these tax avoidance and black money questions were combined, they would total 16 per cent of all issue questions – the largest issue category by far. MPs were also keen to know what the Government was doing to attract more NRI investments and FDI.

In addition, they asked a variety of questions about outward investment by Indian firms; the New Exploration Licensing Policy's (NELP) success in attracting experienced foreign oil and gas firms; political lobbying by MNCs and their home country governments; MNC violations of Indian labour laws; and Foreign Investment Promotion Board approvals. Annex Table 2.3.12 has a complete list of the types of issue questions asked by MPs.

55. Please refer to Table M.10 in Annex 2.1 for their definitions
56. These rules were instituted to prevent firms from avoiding taxes by siphoning profits to tax havens.

**Figure 2.17: Which Issues Dominate?**
*(% of 360 Issues Questions; 2 July 2009 to 21 February 2014)*




***Source***: NCAER calculations.

Finally, Box 2.2 specifically discusses the countries and companies that were most frequently mentioned in the total sample of 1,210 questions.

### Box 2.2: Country and Company Mentions

**China dominated country mentions**

China dominated the 146 questions that mentioned a country or group of countries. China is mentioned in 38 of these (26 per cent), followed by the United States (35 questions), Mauritius (16 questions), Pakistan (14 questions) and Japan (11 questions). (Annex Table 2.3.13 lists all the countries mentioned). What is noteworthy is that MPs express national security concerns in 10 of the 38 China questions, considerably more than for Pakistan (5 questions). Looked at another way, China accounts for over one-fifth of the 47 security-related questions.

**Walmart dominated company mentions**

Walmart, its JV with the Bharti Group, and Jet Etihad dominated the company mentions.

***Source***: NCAER.

## 2.4 ANALYSIS OF GOVERNMENT RESPONSES TO MPs' FDI QUESTIONS

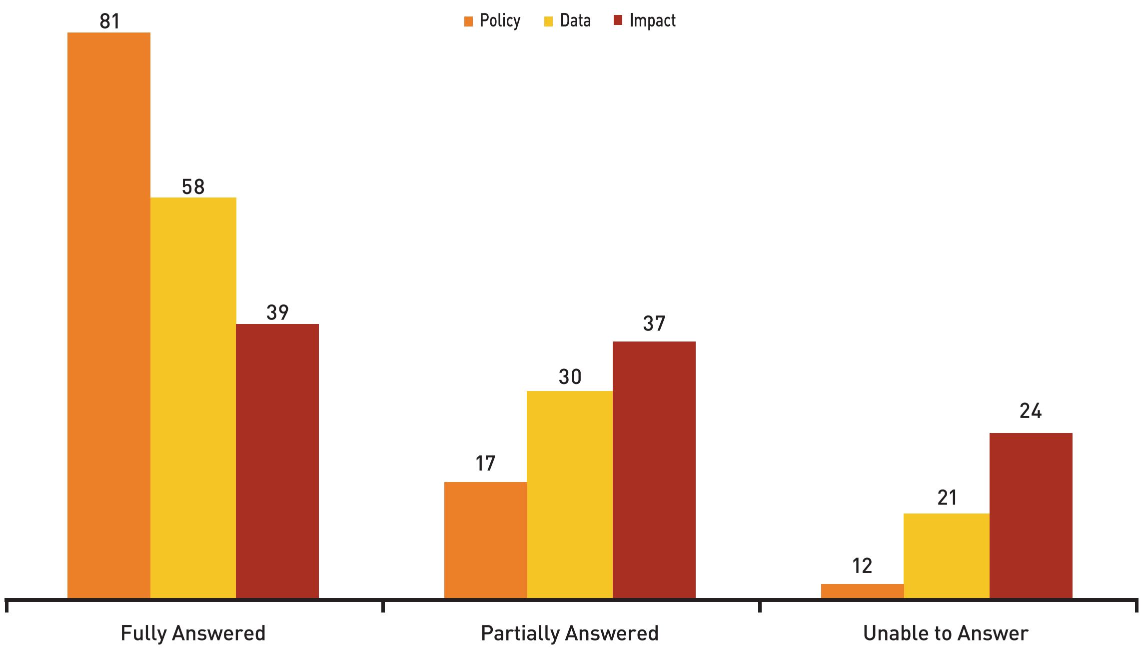
This section will examine how effectively the queries in each category were answered. As explained earlier, the objective of this analysis is to point the Government toward data and analyses gaps that might be constraining its ability to respond more fully to FDI-related questions, so that it might focus remedial action and resources where necessary.

To recap, Parliament posed 1,210 FDI-specific questions to 39 Ministries between 2 July 2009 and 21 February 2014. Of these, 1,039 or 86 per cent were related to FDI policy, 594 (49 per cent) to data and 322 (27 per cent) to impact.

As Figure 2.18 makes clear, there are striking variations in the completeness with which responding Ministries were able to answer the different categories of questions put to them. While they could fully answer 81 per cent of the policy-related questions, they scored just 58 per cent on data-related questions, largely because they did not have or were not able to present all the information requested.

**Figure 2.18: Analysis of Ministry Responses**

*(% of Policy, Data and Impact Questions, respectively; 2 July 2009 to 21 February, 2014)*




***Source***: NCAER calculations.

For the same reasons, Ministries could fully answer just 39 per cent of the impact-related questions. Most importantly, they were unable to answer 24 per cent of these questions. This is a cause for concern, as these are typically the types of questions that become rapidly politicised if not quickly, thoroughly and convincingly answered.

## 2.4.1 Answering Policy Questions

### *2.4.1.1 Areas of success*

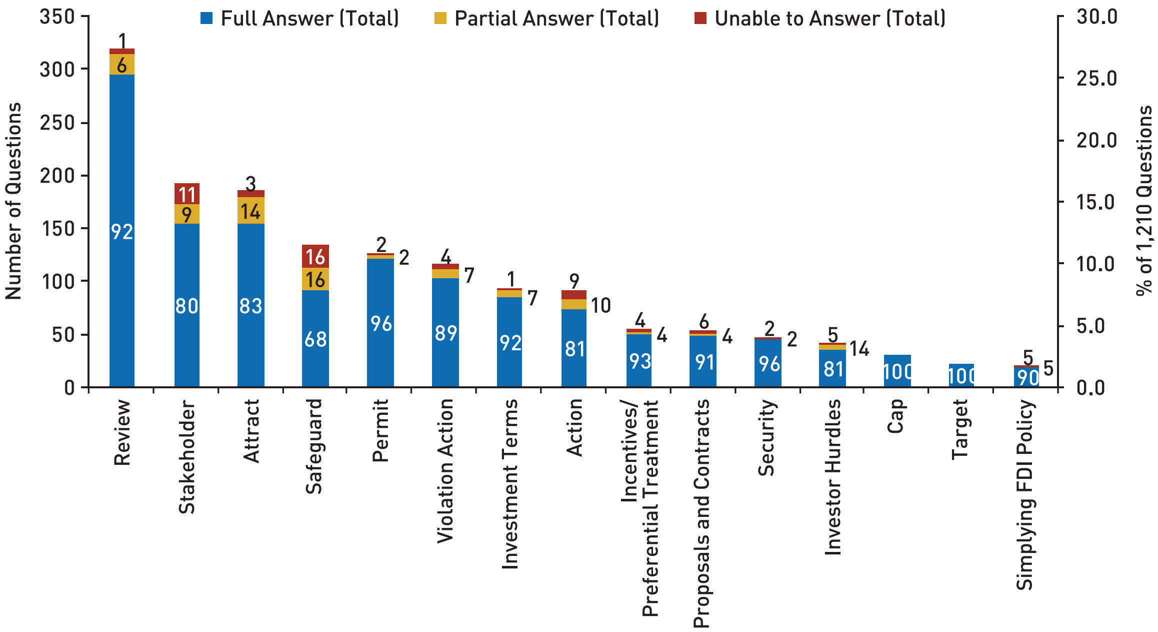
The Government performed best in responding to questions concerning FDI policy. It fully answered over 90 per cent of queries in five of the top fourteen policy query categories, and over 80 per cent of queries in the other seven categories (Figure 2.19).

However, it is important to point out that these queries were the least complex of the entire sample. Simplest of all were the Review ("Are you planning to review FDI policy?"), Permit ("Is FDI permitted in this sector?") and Target ("What is your targeted FDI inflow?") queries, which largely required just a "Yes" or "No" to score full marks.

For this reason, the Government scored full marks in answering all the Target questions, as Annex Table 2.3.14 shows, even though its standard response was No. That is,"There are no fixed targets for Foreign Direct Investment (FDI) inflows, as FDI is largely a matter of private business decisions,"[57] or "No targets are fixed for FDI inflows. Foreign Direct Investment (FDI) policy is reviewed on an ongoing basis, with a view to making it more investor friendly."[58]

**Figure 2.19: Responses to Policy Queries (Gross Performance)**

*(Per cent of Fully Answered, Partially Answered and Unable to Answer Queries within each category)*



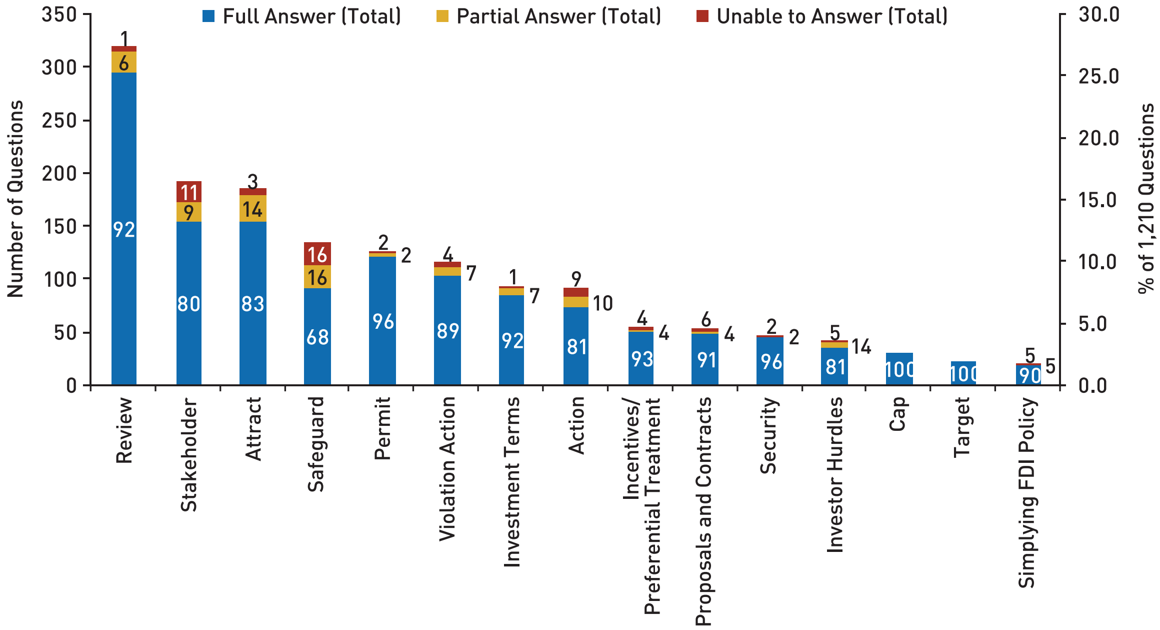

***Notes***: 1. The numbers in each bar show the percentage of Fully Answered, Partially Answered and Unable to Answer queries in each category. The left vertical axis measures the numerical count of queries in each of these dominant policy categories. The right vertical axis shows the percentage of questions containing each type of policy query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

Moreover, these areas of relative success show little change even when controlling for answers in which the Government scored 100 per cent by default or in which it could be excused for not answering completely[59] (Figure 2.20).

57. Lok Sabha Unstarred Question No. 4151, *FDI proposals*, answered on 22.03.2013.
58. Lok Sabha Unstarred Question No. 532, *FDI inflow*, answered on 26.11.2012.
59. Please see sections A.3.2 and A.3.3 of Methodology Annexure 2.1 for an explanation of each of these categories.

**Figure 2.20: Responses to Policy Queries (Actual Performance)**

*(Per cent of Fully Answered, Partially Answered and Unable to Answer Queries within each category)*




***Notes***: 1. The numbers in each bar show the percentage of Fully Answered and Partially Answered queries in each category, when controlling for questions in which Ministries scored 100 per cent by default, or were justified not to answer because the question was difficult. (The percentages for the other categories are in Annex Table 2.3.15). The left vertical axis measures the numerical count of queries in each of these dominant policy categories. The right vertical axis shows the percentage of questions containing each type of policy query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

However, the Government did not do as well with queries requiring more detailed answers. These included an explanation of whether it had consulted stakeholders on key reform initiatives and what their reactions and objections had been, what action it had taken on specific FDI matters, and the types of hurdles confronting investors.

It could also have done better in explaining what it was doing to attract FDI and why. Some examples:

**Q: "What are the measures taken/being taken by the Government to increase foreign investment in agriculture for increasing foodgrains production and its stock in the country?"[60]**

A: "Conducive environment is being created through enabling policies to attract private investment. FDI is permitted in specified areas of agriculture and allied sectors."

**Q: "What steps are being taken by the Government to invite foreign buyers and companies to help Indian tobacco farmers?"[61]**

A: "The participation of foreign buyers and companies is governed by the extant FDI policy of the Government."

In many cases, it tended to use stock text in responding to such queries, which was not always appropriate to the specific query being posed.

60. Lok Sabha Unstarred Question No. 2243, *Investment in agriculture*, answered on 27.03.2012.
61. Lok Sabha Unstarred Question No. 2089, *Tobacco trade*, answered on 11.03.2013.

### *2.4.1.2 Areas of challenge*

**Safeguard: "How will the Government safeguard domestic interests?"**

As Figures 2.19 and 2.20 show, the weakest answers in the policy category related to describing the safeguards instituted to protect local stakeholders from possible negative fallouts of expanded FDI. Ministries could fully answer only 57 per cent of the 134 queries in this category, and were Unable to Answer 16 per cent.

Often, Ministries' responses were not as detailed as they should ideally have been. For instance, the response to concerns that FDI in textiles might displace weavers, artisans and other traditional workers was "100% FDI under automatic route is permitted in textiles and apparel manufacturing sector and is therefore not monitored by the Government. FDI in textiles has happened mainly in the areas of technical textiles, cotton fabrics, garment and textiles machinery"[62] and "Various labour laws ensure that the interest of workers including those engaged in the textile sector is protected."[63] FDI in textiles sector? Not even literature exists on this because data is difficult to find. And it is one of the sector which has the highest employment potential.

Similarly, the response to concerns over the negative effects of foreign pharma acquisitions on local stakeholders was: "The sale and accession of companies is a global phenomena. Multinational companies are acquiring Indian companies and, on the other hand, Indian companies are also acquiring companies abroad."

In some cases, the answer ignored the safeguard-related query within the larger question. For instance, an MP – concerned that Chinese state-owned power firms operate freely in India's electricity transmission sector – asked "whether the Government has taken precautionary measures in the interest of the nation?" While the responding Ministry offered an in-depth account of India's FDI policy in power, it failed to respond to the MP's specific question.[64]

In other cases, Ministries argued that safeguards were unnecessary but failed to back their statements with convincing data, stating, for instance, "There is no definitive indication about the adverse impact of FDI on small food processing units and no data is available centrally regarding the effect of FDI on domestic industry,"[65] and "The domestic textiles industry does not foresee any adverse impact on the domestic retail sector for apparel, within the Government's existing FDI policy."[66] No further explanation was provided.

In a few cases, the Government did not address the issue of safeguards because the proposed FDI liberalisations had not yet occurred. Thus, an enquiry about the steps being taken to protect Air India from stepped-up FDI prompted: "Impact of the same on Air India can be assessed only after operationalization of these airlines. However, Air India regularly reviews the impact of such tie-ups and accordingly re-engineers its fleet planning, route network and other commercial decisions."[67] Yet, even if it is too early, or the data is insufficient, for a robust impact assessment, it is nonetheless important that Ministries give some details – especially to MPs – on the potential gains and dangers from modifications in the existing FDI regime.

**Action: "What action is the Government taking on this issue?"**

Also comparatively weak were the responses to 'Action' queries that asked what the Government was doing to tackle specific policy challenges. Just 69 per cent of these queries were fully answered (Figure 2.20). In all these cases, responding Ministries did not explain the proposed action plans and, more importantly, did not indicate the time frame in which they would implement them. For much the same reasons, there is room for improvement in the responses to queries about governmental actions to check or punish foreign firms' violations of Indian law (Figure 2.20).

62. Lok Sabha Unstarred Question No. 49, *FDI in textiles sector*, answered on 09.12.2013.
63. Rajya Sabha Unstarred Question No. 2319, *FDI in textiles sector*, answered on 12.02.2014.
64. Lok Sabha Unstarred Question No. 6619, *Accession by multinational companies*, answered on 06.05.2010.
65. Lok Sabha Unstarred Question No. 1299, *Foreign investment in FPI*, answered on 26.11.2009; and Lok Sabha Starred Question No. 93, *Food processing units set up by foreign investors*, answered on 09.07.2007.
66. Lok Sabha Unstarred Question No. 4191, *Impact of Chinese clothing*, answered on 19.08.2010.
67. Lok Sabha Unstarred Question No. 903, *Investment by foreign airlines*, answered on 08.08.2013.

**Stakeholder Consultation, Reaction and Objection: "What are key stakeholders saying? Are any objecting?"**

There is also room for improvement in the responses to stakeholder-related queries. Ministries fully answered just 73 per cent of the queries asking whether key stakeholders had been consulted and what their reactions had been, and just 76 per cent of those asking if any stakeholders had objected (Annex Table 2.3.14).

Here, responding Ministries' principal area of weakness was in responding to queries about differences between departments on FDI liberalisation proposals, particularly in multi-brand retail and defence. The Government tended to gloss over the issue, offering no insight into Ministries' varying perspectives and how these would be taken into account.[68] Equally, Ministries desisted from expressing an opinion on FDI reform proposals floated by counterparts, even though this was the core of the question. Take the case of the Ministry of Civil Aviation which when asked, "whether it is a fact that the Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce has circulated a proposal recommending allowing foreign airlines to pick up stakes in domestic carriers with 26 per cent FDI cap, and if so the reaction of the Ministry?", gives a brief single sentence reply: "A proposal to allow FDI by foreign airlines in Domestic Airlines is under examination of DIPP."[69] In the same vein, the Ministry of Defence did not respond to several queries seeking its view on DIPP's proposal that the defence equity cap be raised from 26 per cent to 74 per cent.[70]

The Government was also more thorough in listing the range of stakeholders it had consulted, than in summarising their primary concerns.

Please see the Annex Table 2.3.14 for an understanding of how other, less-dominant types of policy queries were answered. Close to a half of these were Fully Answered, even when controlling for questions which scored full marks by default.

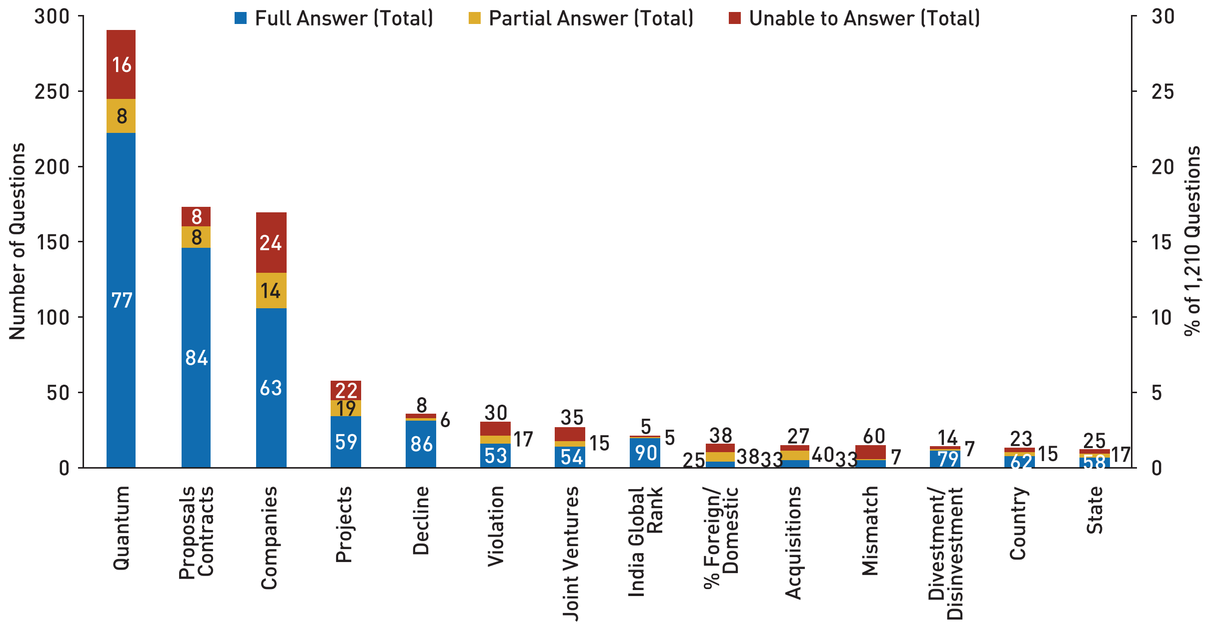
## 2.4.2 Answering Data Questions

As the lengthened Unable to Answer bars in Figure 2.21 attest, the Government confronted challenges in responding to many of the 14 most frequently occurring data queries.

68. See, for example, Rajya Sabha Unstarred Question No. 965, *Capital requirement and FDI limit in new private banks*, answered on 09.08.2011.
69. Rajya Sabha Starred Question No. 60, *FDI cap for foreign airlines*, answered on 24.11.2011.
70. See, for example, Rajya Sabha Unstarred Question No. 306, *Cap on FDI in defence manufacturing sector*, answered on 28.07.2010.

**Figure 2.21: Responses to Data Queries (Gross Performance)**

*(Per cent of Fully Answered, Partially Answered and Unable to Answer queries within each category)*

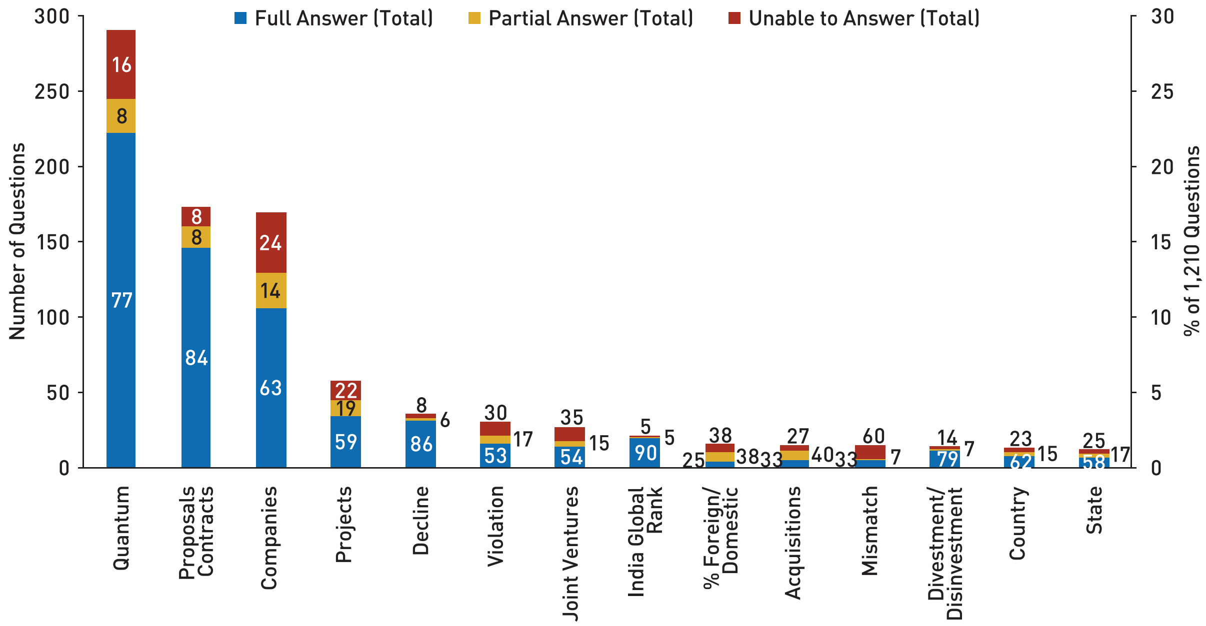



***Notes***: 1. The numbers in each bar show the percentage of Fully Answered, Partially Answered and Unable to Answer queries in each category. The left vertical axis measures the numerical count of queries in each of these dominant data categories. The right vertical axis shows the percentage of questions containing each type of data query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

Moreover, the share of Fully Answered queries, including on foreign direct investors in particular sectors (Companies-Name) and the number of FDI project proposals discussed and submitted [PropCon (Submitted) and PropCon (Discussed/Presented)], drops significantly when controlling for answers in which the Government scored 100 per cent by default or in which it could be excused for not answering completely[71] (Figure 2.22).

71. Please see the Methodology Annexure for an explanation of each of these categories.

**Figure 2.22: Responses to Data Queries (Actual Performance)**
*(Per cent of Fully Answered, Partially Answered and Unable to Answer queries within each category)*




***Notes***: 1. The numbers in each bar show the percentage of Fully Answered and Partially Answered queries in each category, when controlling for questions in which Ministries scored 100 per cent by default, or were justified not to answer because the question was difficult. (The percentages for the other categories are in Annex Table 2.3.17). The left vertical axis measures the numerical count of queries in each of these dominant data categories. The right vertical axis shows the percentage of questions containing each type of data query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

### *2.4.2.1 Areas of success*

The Government scored above 90 per cent in responding to queries about the quantum of India's FDI inflow and how it compares to that of developing country counterparts (India Global Rank in Figure 2.22). It scored over 80 per cent in listing sectors receiving FDI (Annex 2.3.17), and in explaining whether inflows had declined and how many FDI proposals and contracts had been cleared. In answering queries about India's FDI inflow and its distribution, the Government used its own data. In comparing India's inflow with that of other countries, it drew on data in UNCTAD's[72] annual *World Investment Report* series, as Box 2.3 illustrates.

72. United Nations Conference on Trade and Development.

### Box 2.3: Illustration of Response to a Query on FDI's Inflow Relative to China

The Foreign Direct Investment (FDI) flowing into India during each of the last two years is:

| Financial Year | Total (US$ Million) |
|---|---|
| 2010–11 | 21,383.05 |
| 2011–12 | 35,120.80 |
| 2012–13 (April 2012 – January 2013) | 19,103.23 |

Government does not maintain data on FDI flowing into China. However, as per the World Investment Report 2012 by United Nations Conference on Trade and Development (UNCTAD), FDI inflows in China during last two years is as below:

| Year | Total (US$ Million) |
|---|---|
| 2010 | 1,14,734 |
| 2011 | 1,23,985 |

***Source***: Lok Sabha Unstarred Question No. 4210, *FDI as compared with China*, answered on 22.03.2013.

Ministries also fully answered all queries in some of the least frequently occurring categories (Annex Tables 2.3.16 and 2.3.17). These concerned FDI-related disputes, patents, products, the comparative sizes of India's FDI and portfolio investment flows, government revenues earned from firms in specific sectors, and repatriated versus reinvested profits. Additionally, it fully answered the handful of queries about revenues and profits of foreign investors in the insurance and petroleum sectors, and registration fees raised from foreign firms as a whole.

### Table 2.2: Fully Answered Data Queries

| Query | out of 594 questions |
|---|---|
| Disputes | 6 |
| Patents | 6 |
| Products | 6 |
| % of FDI to FII | 4 |
| Revenue (Government) | 3 |
| % Profits (Repatriated/Reinvested) | 1 |

***Source***: NCAER.

Ministries also fully answered the four questions about the share of specific sectors and states in India's total inflow, as also the relative sizes of its FDI inflow and outflow. Though all these queries were few in number, they address notable aspects of FDI activity in India, for which the Government appears to be collecting the necessary data.

The Government also does fairly well in providing data on dividend repatriation by MNCs, though it does not fully answer all questions in these categories. Similarly, it answered three quarters of the queries on how much taxes MNCs paid, how much individual countries had invested in India, and which countries India has signed bilateral investment treaties with.

Please see Annex Tables 2.3.16 and 2.3.17 for the Government's specific answering performance across the variety of other data queries.

**Quantum of FDI Flows: "How large is India's FDI inflow and where is it locating?"**

As mentioned earlier, Ministries fully answered over 80 per cent of the queries about India's total FDI inflows and whether this had declined over the previous three years. They also did fairly well in responding to questions about FDI outflows, but not as well with queries about sector and state inflows, and quantum of inflows from particular countries (Annexure 2.3.17). This was largely because these queries formed segments of broader questions, so the Government missed out on answering these, or because it could not provide data for the entire time period requested. But, judging by the Fully Answered queries in these segments, it has all the necessary macrodata on national, sector and country inflows.

The Ministries could not properly respond to request for a disaggregation of some of these broad numbers. On FDI in roads and highways, for example, one Ministry responded, "The Government does not maintain any conclusive statistical data separately for foreign investment in road sector."[73] When asked for the "details regarding sectors/areas of investment by players in infrastructure, warehouses, cold storage sectors",[74] another answered that these were "not centrally maintained by the Department of Industrial Policy and Promotion." This, even though the government is prioritising investment in these segments.

Similarly, Ministries were unable to answer many queries asking for a state-wise breakup of sector flows, for the reasons explained in Box 2.4. For the same reason, they could not always provide a sector-wise breakup of state FDI flows.

## Box 2.4: No Clear Picture of State FDI Inflows

Though Ministries responded to 75 per cent of the queries on quantum of inflows into specific states, the data was always prefaced with the caveat "The break-up is as per the receipts by the regional offices of the RBI in the country and cannot be fully equated with state-wise inflows, as companies having headquarters in one state may have operations in one or more states and some RBI Regional Offices cover more than one state."[75]

As the table below makes clear, the RBI has 17 regional offices covering India's 29 states and 7 Union Territories. Yet, the RBI only reports individual inflow data for 6 states (Karnataka, Gujarat, Goa, Rajasthan, Orissa, and Jammu and Kashmir). The FDI inflow into all other states and Union Territories is reported in combination with that of counterparts served by the same regional RBI office. This includes Maharashtra and Delhi, which together account for 50 per cent of India's total FDI inflow since April 2000.[76]

**Statement on RBI's Regional Offices (with State Covered) Received FDI Equity Inflows**

| S. No. | RBI's Regional Office | Area/State Covered |
|---|---|---|
| 1. | Mumbai | 1. Maharashtra |
| | | 2. Dadra & Nagar Haveli |
| | | 3. Daman & Diu |
| 2. | New Delhi | 1. Delhi |
| | | 2. Part of Uttar Pradesh |
| | | 3. Part of Haryana |
| 3. | Chennai | 1. Tamil Nadu |
| | | 2. Pondicherry |
| 4. | Bangalore | Karnataka |

*(Contd...)*

73. Lok Sabha Unstarred Question No. 2347, *Foreign investment in transport sector*, answered on 27.08.2012.
74. Lok Sabha Unstarred Question No. 4083, *FDI in cash and carry*, answered on 30.04.2012.
75. Lok Sabha Question No. 532, *FDI inflow*, answered on 26.11.2012
76. Department of Industrial Promotion and Policy, *FDI Statistics Newsletter*, June 2014 issue, http://www.dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_June2014.pdf

***Box 2.4: (Contd...)***

| | | | |
|---|---|---|---|
| 5. | Ahmedabad | | Gujarat |
| 6. | Hyderabad | 1. | Andhra Pradesh |
| | | 2. | Telangana |
| 7. | Kolkata | 1. | West Bengal |
| | | 2. | Sikkim |
| | | | Andaman & Nicobar Islands |
| 8. | Chandigarh | 1. | Chandigarh |
| | | 2. | Punjab |
| | | 3. | Haryana |
| | | 4. | Himachal Pradesh |
| 9. | Bhopal | 1. | Madhya Pradesh |
| | | 2. | Chattisgarh |
| 10. | Kochi | 1. | Kerala |
| | | 2. | Lakshadweep |
| 11. | Panaji | | Goa |
| 12. | Jaipur | | Rajasthan |
| 13. | Kanpur | 1. | Uttar Pradesh |
| | | 2. | Uttaranchal |
| 14. | Bhubaneshwar | | Orissa |
| 15. | Guwahati | 1. | Assam |
| | | 2. | Arunachal Pradesh |
| | | 3. | Manipur |
| | | 4. | Meghalaya |
| | | 5. | Mizoram |
| | | 6. | Nagaland |
| | | 7. | Tripura |
| 16. | Patna | 1. | Bihar |
| | | 2. | Jharkhand |
| 17. | Jammu | | Jammu and Kashmir |

***Source***: Adapted from Lok Sabha Question No. 532, *FDI Inflow*, answered on 26.11.2012.

*NRI investments* (not shown separately in Figures 2.21 and 2.22, but contained in Annex Tables 2.3.16 and 2.3.17): Ministries were also unable to answer 43 per cent of queries about investments by NRIs in the country, saying "Data on NRI investment is not maintained separately by the Reserve Bank of India (RBI)."[77] In responding to most queries in this category, the Government attached a listing of India's total FDI inflow, broken by sector or regional RBI office, saying "Complete/separate data on NRI investment is not maintained by the RBI. However, the above FDI Inflows data on NRI Investment, includes Investment by NRIs, who have disclosed their status as NRIs at the time of making their Investment." Such queries were marked Partially Answered.

This said, the Ministry of Finance and the Ministry of Overseas Indian Affairs were both able to provide NRI specific data for 2007–08 to 2009–10, (Box 2.5). Thus, it appears that the Government maintained NRI investment data at least in, or until 2010, after which it stopped doing so.

77. See, for example, Lok Sabha Question No. 6404, *NRI investment*, answered on 06.05.2013.

### Box 2.5: Ministry of Finance and Ministry of Overseas Indian Affairs Responses to Request for NRI Specific Data

As per the DIPP data the amount invested by the NRIs during the last three years are:

| Year | Amount of NRI (Rs million) | FDI Inflows (US$ million) | % age of Total FDI Inflows |
|---|---|---|---|
| 2009–10 | 16,919.58 | 354.75 | 1.37 |
| 2008–09 | 73,141.81 | 1,603.82 | 5.95 |
| 2007–08 | 67,628.48 | 1,695.49 | 6.86 |

***Source***: Lok Sabha Question No. 4812, *NRI investment in India*, 08.12. 2010 and Lok Sabha Question No. 2906, NRI investment, answered on 26.11.2010.

*Projected Inflows* (not shown separately in Figures 2.21 and 2.22, but contained in Annex Tables 2.3.16 and 2.3.17): Ministries did poorly in answering queries about estimated future national or sector FDI inflows. Their stock response was: "No targets are fixed for FDI inflows, nor is an assessment of future inflows possible, as FDI is largely a matter of private business decisions"[78] or "The exact increase in FDI inflow as a result thereof cannot be estimated as FDI inflow is a function of a number of factors."[79] What is important to note, here, is that the Government did not attempt to quantitatively model prospective FDI flows in even one of these questions. This is now standard practice in many of the world's other leading FDI where government have invested in the analytical capacity, or the external research, to undertake such projections.

**Proposals and Contracts**

Ministries fully answered two thirds of the queries on proposals, contracts and tenders, typically using the types of formats shown in Box 2.6.

### Box 2.6: Format in which Queries on Proposals, Contracts and Tenders Were Answered

**A**

| Year (Jan–Dec) | No. of Proposals Approved |
|---|---|
| 2009 | 300 |
| 2010 | 212 |
| 2011 | 168 |

***Source***: Lok Sabha Unstarred Question No. 7220, *Monitoring of FDI*, answered on 21.05.2012.

**B**

| Name of the Sector | No of Approvals | | | Amount of FDI Approved |
|---|---|---|---|---|
| | Total | Technical | Financial | (Rs) |
| Drugs and Pharmaceuticals | 19 | 10 | 9 | 218,633.62 |
| Service Sector | 172 | 8 | 164 | 182,751.41 |
| Fuels (Power & Oil Refinery) | 135 | 93 | 42 | 126,751.88 |

***Source***: Rajya Sabha Unstarred Question No. 3100, *Foreign companies in the communications sector*, answered on 17.12.2009.

78. See, for example, Rajya Sabha Question No. 2809, *Expected quantum of FDI in organised retail market*, answered on 19.12.2012; and Rajya Sabha Question No. 1263, *Changes in investment rules to attract FDI*, answered on 05.12.2012.
79. Rajya Sabha Question No. 2183, *Creation of NIMZs under NMP*, answered on 25.04.2012.

However, one-third of these queries were improperly answered, either because Ministries did not present all the information requested, or failed to upload the necessary annexures. Only in a few cases did they appear not to have the data required. Table 2.3 summarises the Government's performance in answering varying kinds of Proposals and Contracts queries.

**Table 2.3: Answering Queries on Proposals, Contracts and Tenders**

| Specific Question | % Fully Answered | out of 594 questions |
|---|---|---|
| Cancelled | 100 | 2 |
| Cleared | 86 | 59 |
| Pending | 85 | 13 |
| Deferred | 80 | 5 |
| Rejected | 71 | 7 |
| Selected | 67 | 6 |
| Discussed/Presented | 56 | 39 |
| Submitted | 49 | 41 |
| Expedited | 0 | 1 |

***Source***: NCAER.

### *2.4.2.2 Areas of challenge*

Ministries could successfully answer over two thirds of queries in three of the five most frequently occuring data queries (National FDI Inflows, Sector Inflows and Proposals and Contracts) (Annex Table 2.3.6), this was not the case with company and project-related information.

**Companies: "Who are India's foreign direct investors?"**

Ministries could not answer nearly a half of queries asking for the names or operational information of FDI firms in India (Figure 2.22, and Annex Tables 2.3.16 and 2.3.17). This was the largest group of Unable to Answer queries in the data category by number.

While responding Ministries could provide a count of the FDI firms operating in India and in major sectors (79 per cent of such queries were Fully Answered), they could not name these firms or list their individual investments nearly 50 per cent of the time. The following answers are illustrative: "As per section 591 of the Companies Act, 1956, as on 31st March, 2010, there were 3,050 foreign companies incorporated outside India, which established a place of business within India. The information with regard to the investment of these companies is not centrally maintained." Or: "Over 900 companies have received FDI for undertaking Wholesale Cash & Carry activities from April 2000 to December 2010. Details with regard to areas of investment, by players in the Wholesale Cash and Carry Sector, in infrastructure, warehouses and cold storage sectors, are not centrally maintained by the Department of Industrial Policy & Promotion."[80]

The few sectors in which the Government could give details of foreign investment, projects or products were broadcasting, telecommunications, oil and gas, power, renewable energy and pharmaceuticals. These are sectors in which firms face a range of mandatory reporting requirements, making it possible for the Government to cull granular information. For example, the responses to contract farming related queries reveal not only the names of foreign investors in this industry, but also provide information on their projects, number of farmers employed, crops grown, acreage, and location.[81]

80. Lok Sabha, Unstarred Question No. 2918, *FDI in cash and carry sector*, answered on 14.03.2011.
81. However, these list only a few firms. What is not clear is whether there are still very few companies in this area, or whether state governments reporting this data to the responding Ministry have not updated it.

**Projects: "Which are India's FDI projects?"**

Similarly, the Government could fully respond to just a half of the queries asking for a listing of FDI projects nationally, or in particular sectors and states (Figure 2.22, and Annex Tables 2.3.16 and 2.3.17). It could list FDI projects in more regulated sectors, such as oil and gas, pharmaceuticals, and power, but in others, such as food processing, its response tended to be "foreign companies do not require approval from the Government to set up units in the country; therefore this type of data is not maintained by the Ministry."[82] In some cases, such as retail, it said that the necessary data is only maintained at the state level.

The Government did especially poorly in listing FDI projects by state, fully answering only one of the questions in this category.

**Other queries**

The Government also failed to answer many of the queries asking for a listing of FDI joint ventures or violations by foreign investors (Figure 2.22).

Looking beyond the top 14 queries (Annex Tables 2.3.16 and 2.3.17), there were a handful of other gaps in data responses that should be flagged. Though they are a minuscule fraction of the entire sample, these areas are politically significant since they tend to feature in national debates about FDI and its role in India's economic development.[83] Also, as the Government's answers make clear, this data is not yet being collected, and it might be time to start.

**Rural/Urban**: The Government was unable to answer both queries on FDI in rural and backward areas. When asked what proportion of total national FDI is invested in rural and backward areas, it responded "No such segregated data is available."[84]

**Foreign/Domestic:** Similarly, it fully answered less than half the queries asking for foreign investors' investment or market share in key industries, including:

- "the present percentage of foreign capital investment out of the total investment in the broadcasting sector",[85]
- "the percentage of capital investment by MNCs out of the total investment made in the food processing industry in the country",[86]
- "the details of foreign and domestic capital investment in retail business in the country".[87]

In most cases, it answered: "Company-wise data, classified in terms of MNC or otherwise, is not centrally maintained."[88]

**Approved versus Actual FDI**: The Government was not able to answer nearly two thirds of the queries asking "whether India's actual FDI inflow is less than the sanctioned FDI".[89] As it explained, many sectors are now on the 100 per cent, Automatic route which, "does not require Government approval through the Foreign Investment Promotion Board".[90] Thus, it does not maintain such data. However, in some cases, it attempted to answer the question by comparing the data for FIBP approvals against the RBI data for inflows through both the FIPB and automatic routes.

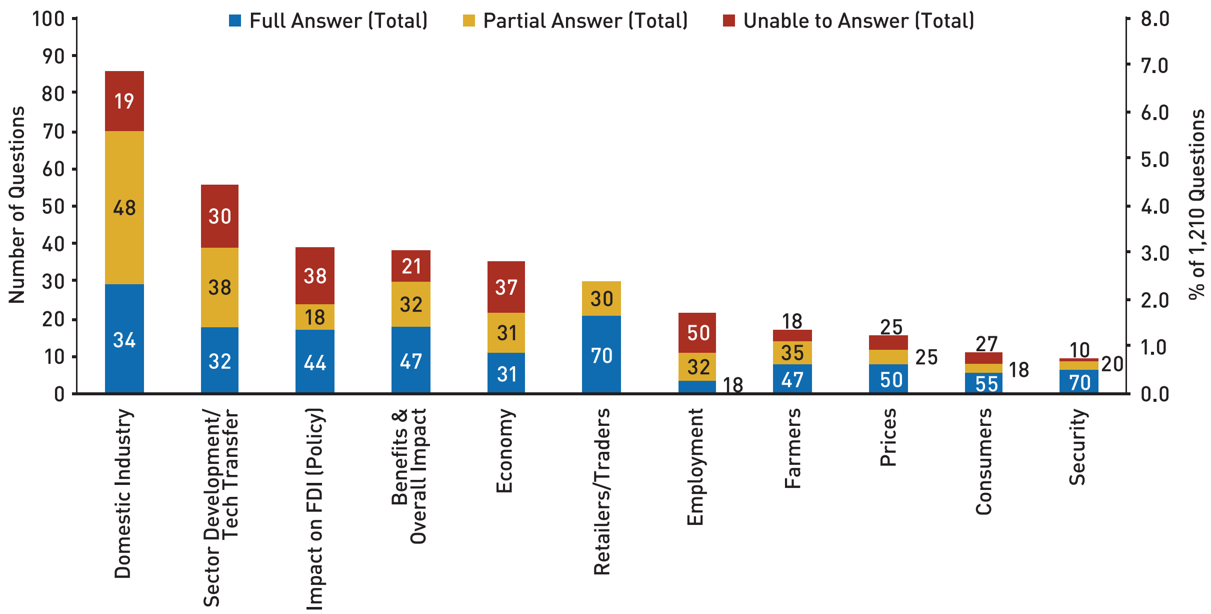
82. See, for example, Rajya Sabha, Unstarred Question No. 2859, *Food processing industries set up by MNCs*, answered on 22.03.2013.
83. See, for instance, *Top 10 Reasons Why FDI Isn't Good for India*, available at http://topyaps.com/top-10-reasons-why-fdi-isnt-good-for-india
84. Lok Sabha, Unstarred Question No. 4151, *FDI proposals*, answered on 22.03.2013 and Lok Sabha Unstarred Question No. 1818, *Clearance of FDI proposals*, answered on 07.03.2011.
85. Rajya Sabha Unstarred Question No. 3459, *Foreign investment in broadcasting sector*, answered on 21.12.2009.
86. Lok Sabha Unstarred Question No. 3907, *MNCs in FPI*, answered on 04.09.2012.
87. Lok Sabha Unstarred Question No. 3817, *Retail business in the country*, answered on 19.04.2010.
88. Ibid.
89. Rajya Sabha Unstarred Question No. 157, *Delay in projects sanctioned under FDI*, answered on 23.02.2011.
90. Lok Sabha, Unstarred Question No. 2918, *FDI in cash and carry sector*, answered on 14.03.2011.

### 2.4.3 Answering Impact Questions

Ministries appeared to find it especially challenging to answer queries about the economic impact and contribution of FDI in India. Most noteworthy, Ministries could fully answer just one third of the most dominant – and most policy-significant – queries in this category, i.e. those relating to FDI's impact on domestic industry and sector development (Figure 2.23). However, when we control for queries in which the Government scored 100 per cent by default, the ratio of Fully Answered queries drops to about a quarter in both categories (Figure 2.24). Even more challenging were queries about employment generation by foreign direct investors in India. Ministries could not answer 50 per cent of these, the highest Unable to Answer ratio in the Impact Queries category.

**Figure 2.23: Responses to Impact Queries (Gross Performance)**

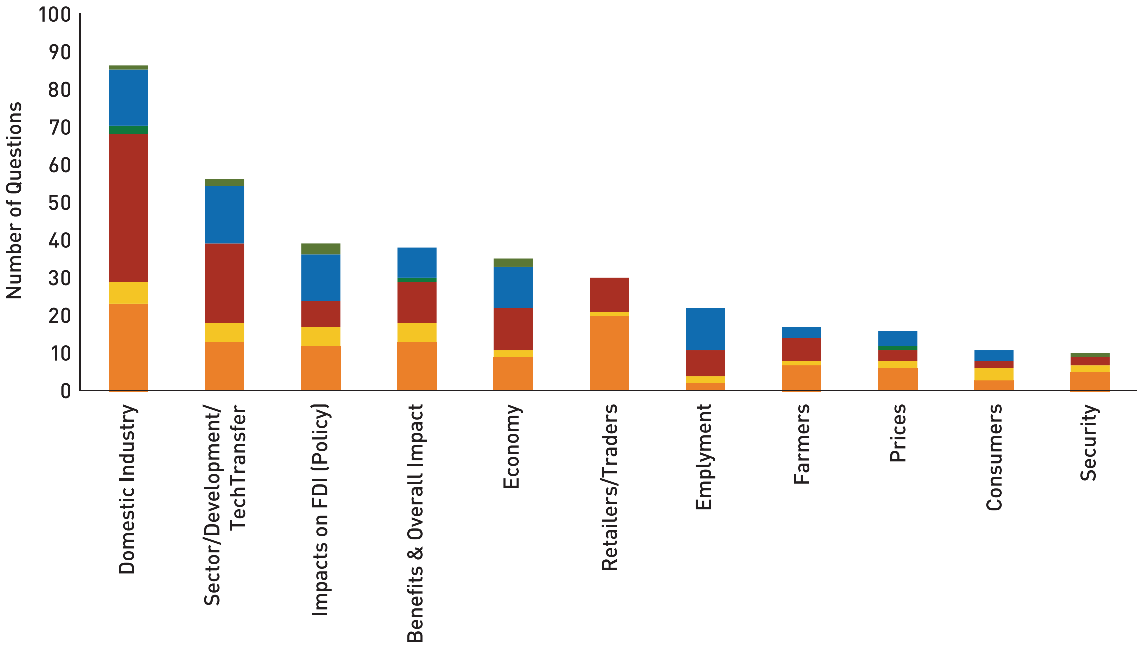
*(Per Cent of Fully Answered, Partially Answered and Unable to Answer queries within each category)*




***Notes***: 1. The numbers in each bar show the percentage of Fully Answered, Partially Answered and Unable to Answer queries in each category. The left vertical axis measures the numerical count of queries in each of these dominant impact categories. The right vertical axis shows the percentage of questions containing each type of impact query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

**Figure 2.24: Responses to Impact Queries (Actual Performance)**

*(Per Cent of Fully Answered, Partially Answered and Unable to Answer queries within each category)*




***Note***: 1. The numbers in each bar show the percentage of Fully Answered and Partially Answered queries in each category, when controlling for questions in which Ministries scored 100 per cent by default, or were justified not to answer because the question was difficult. (The percentages for the other categories are in Annex Table 2.3.19). The left vertical axis measures the numerical count of queries in each of these dominant impact categories. The right vertical axis shows the percentage of questions containing each type of impact query within the total sample of 1,210 questions.
2. Percentages may not add to 100 due to rounding.
***Source***: NCAER calculations.

### *2.4.3.1 Areas of success*

**Retailers/traders: "How is FDI impacting or likely to impact, retailers and traders?"**

The Government's only significant area of success in the impact category was in responding to queries about how retailers and traders have been – or might be – impacted by the opening of retail to FDI. It was able to fully answer 67 per cent of the queries in this category (Figure 2.24), largely by citing from the *Impact of Organized Retailing on the Unorganized Retail Sector*, the study it had commissioned from ICRIER[91] on this issue.[92] Take the following example: "While formulating the policy on FDI in multi-brand retail trading, the Government was conscious of the livelihood concerns of the millions of small retailers. Informed studies of global experience have revealed that even in developing economies like China, Brazil, Argentina, Singapore, Indonesia and Thailand, where FDI is permitted up to 100 per cent, local retailers have found innovative ways to co-exist along with organised retail and are integral to the organised retail chain. In Indonesia, even after several years of emergence of supermarkets, 99 per cent of the fresh food retail and 70 per cent of all food retail continues to be controlled by traditional retailers. In any case organised retail through Indian corporate entities is already allowed in India. The experience of the last one decade has shown that the small retailers have flourished alongside the large retail outlets. As per the ICRIER report referred to above, there was no evidence of a decline in overall employment in the unorganised sector as a result of the entry of organised retailers. Further, there was

91. Indian Council for Research on International Economic Relations.
92. Joseph, M., Soundararajan, N., Gupta, M. and S. Sahu. 2008. "Impact of Organized Retailing on the Unorganized Sector". ICRIER Working Paper No. 222. http://icrier.org/pdf/Working_Paper222.pdf. September.

competitive response from traditional retailers through improved business practices and technology upgradation. A majority of unorganised retailers were keen to stay in the business and compete, while also wanting the next generation to continue likewise, and most unorganised retailers were committed to remaining independent."[93]

**Prices: "How does FDI impact prices?"**

In addition, the Government did well in responding to questions about FDI's effects on prices, mostly in pharmaceuticals. When asked, for instance, how foreign takeovers of Indian pharma firms had affected drug production and prices, its reply was well argued. "The Department of Pharmaceuticals had made a price analysis of the drugs for the period May 2009–2011, in which prices of 7 top domestic companies and 7 top MNCs were compared with the prices of 7 major Indian companies acquired by MNCs. The trend in prices of all the companies was similar and no conclusion could be drawn to support the fact that acquisition by MNCs of Indian origin companies had resulted in price increase. It was also observed that there had been an increase in the number of medicine packs during the said period."[94] The answer would have been stronger had it cited the relevant excerpts from this report or advised the MP where he or she might obtain it while also providing a web link to the soft copy.

Even more detailed was its answer to "whether the foreign companies manufacturing drugs for treatment of cancer…like Herceptin and Mabthera…have agreed to reduce the prices of their products; and if not, the likely prices of these drugs in the country?"[95] It explained, "As per the IMS-Health data available with National Pharmaceutical Pricing Authority (NPPA), the MAT value (Moving Annual Turnover) of Mabthera (molecule name Redituxmab) of Dr. Reddy's product is Rs. 5.49 crore, PRTI (Price to Retailer) for a 500 mg (50 ml pack) is Rs 30,766,15 and for 100 mg (10 ml pack is Rs 7691.54. However, there is no information on the prices of Herceptin (molecule name Trastuzumab) in the IMS-Health data."

One of the foreign companies manufacturing drugs for treatment of cancer namely M/s Roche has informed that they have entered into an agreement with Indian manufacturing company M/s Emcure Pharmaceuticals Limited to produce its innovative biologies in India. The technology transfer project, through Roche's Global Technical Operations function, will allow for the local manufacture of Roche's medicines such as Trastuzumab and Rituximab.

They have further informed that currently the products are imported and distributed by Taksal Pharma Pvt. Ltd. (distributors of Roche). The Distributor's existing and proposed prices of the products are as under:

| Product Name | Current Prices (Rs.) | | Proposed New Prices (Rs.) | |
|---|---|---|---|---|
| | MRP (Inclusive of VAT) | Price to Patient (Excluding VAT) | MRP (Inclusive of VAT) | Price to Patient (Excluding VAT) |
| Trastuzumab–440mg | 1,10,700 | 85,715 | 75,000 | 50,000 |
| Rituximab–500mg | 80,000 | 60,000 | 37,500 | 25,000 |
| Rituximab–100mg | 16,000 | 12,000 | 7,500 | 5,000 |

(The injection Rituximab is also available as Biosimilar from Dr. Reddy's Labs).

The above proposed new prices are expected to be implemented by Taksal Pharma Pvt. Limited in the 3rd quarter of the current year, 2012.

With the introduction of the new prices as mentioned in the table above, patients will have the option of availing the 'Price to Patient.' The reduction in prices of the aforesaid drugs would be in the range of 32 per cent to 58 per cent."

**Other queries**

The Government also successfully answered most of the handful of queries about capacity addition by foreign firms in pharmaceuticals[96], oil and gas[97] (Annex Tables 2.3.18 and 2.3.19).

93. See, for example, Lok Sabha Unstarred Question No. 1105, *Proposals of FDI in retail*, answered on 04.03.2013 and Lok Sabha Unstarred Question No. 1129, *Sourcing requirement of FDI in retail*, answered on 04.03.2013.
94. Rajya Sabha Unstarred Question No. 2215, *FDI in brownfield companies*, answered on 30.08.2013.
95. Lok Sabha Unstarred Question No. 4450, *Prices of cancer drugs*, answered on 03.05.2012 and Rajya Sabha Unstarred Question No. 498, *Availability of cancer drugs at reduced prices*, answered on 01.03.2013.
96. See, for example, Rajya Sabha Unstarred Question No. 2215, *FDI in brownfield companies*, answered on 30.08.2013.
97. See, for example, Lok Sabha Unstarred Question No. 1016, *Revamping of DGH*, answered on 16.08.2012.

#### *2.4.3.2 Areas of challenge*

**Employment: "How much employment are foreign firms generating in India?"**

As mentioned earlier, the Government was unable to answer over 50 per cent of the queries on the quantum of employment generated, or likely to be generated, by foreign investors (Figure 2.24). Not only was this the highest Unable to Answer ratio in the impact category, more significantly it is the highest Unable to Answer ratio for the most frequently appearing queries across the entire sample (Figures 2.19, 2.20, 2.21, 2.22, 2.23 and 2.24).

Though the number of questions on this issue was relatively small (Annex Tables 2.3.18 and 2.3.19), Ministries' difficulty in answering these points to a crucial data gap – one that assumes especial significance in light of successive Indian Governments' claim that their purpose in attracting FDI is to generate more jobs.[98] The Government's answers to employment questions make it apparent that data on job creation by FDI-invested firms is not yet being systematically collected or reported. Some of these responses are replicated below. (Questions have been paraphrased and tightened for quicker reading and greater clarity).

**Q: Has the Government noticed any growth in employment after liberalising its FDI policy?[99]**

A: "No such data is maintained centrally."

**Q: Has the Government noticed any loss in retail employment after foreign retailers opened stores in India?[100]**

A: "No such information has come to the Government's notice."

**Q: How much employment has been created by foreign IT firms?[101]**

A: "The specific data regarding employment generated by these companies to the Indian software and hardware engineers is not maintained."

**Q: How much employment has been generated by companies which have spent more than Rs 500 crore of foreign funds on infrastructure projects?[102]**

A: "There is no data available regarding employment opportunities generated by companies receiving foreign funds for infrastructure projects."

**Q: How much employment is likely to be generated by the FDI received and approved in cold-storage and warehousing, and single/multi-brand retail trade?[103]**

A: "FDI in these sectors has been permitted inter-alia with a view to generating additional employment opportunities."

The Government partially answered some of the employment queries by quoting from the ICRIER study. These asked how many jobs FDI in multi brand retail would create and, typically, the Government answered: "According to the ICRIER study on the "Impact of Organised Retailing on the Unorganised Sector" submitted in 2008, organised retail was expected to generate nearly 1.7 million jobs in five years. In addition, significant indirect employment is likely to be generated as a result of the supply chain expected to come up to support the organised retail business."[104] What is not clear from the government's response, however, is how many of the 1.7 million jobs would be specifically generated by foreign investors.

98. See, for instance, The Indian Express. 2014, President's address: *BJP govt to encourage FDI to create jobs, assets*. 9 June 2014. Available at http://indianexpress.com/article/business/economy/narendra-modi-govt-to-encourage-fdi-to-create-jobs-assets/
99. Lok Sabha Unstarred Question No. 3300, *Review of FDI*, answered on 18.03.2013.
100. Lok Sabha Unstarred Question No. 544, *FDI in various sectors*, answered on 26.11.2012.
101. Lok Sabha Unstarred Question No. 2411, *Jobs in IT sector*, answered on 28.03.2012.
102. Lok Sabha Unstarred Question No. 3228, *Foreign fund for infrastructure project*, answered on 13.08.2010.
103. Lok Sabha Unstarred Question No. 1998, *FDI proposals*, answered on 19.08.2013.
104. Lok Sabha Starred Question No. 260, *Impact of FDI in retail*, answered on 12.12.2011.

The Government is able to provide hard employment data in only one of the 22 queries in this segment, most likely using French sources.[105] This question asks for "the number of French firms in India as against Indian firms in France along with the number of employees in both cases."[106] The Government responds, "As per available information, there are around 600 French companies based in India and they employ around 40,000 persons. As per available data, there are about 70 Indian companies based in France and they employ around 6,073 persons."

**Domestic Industry: "How are Indian firms being impacted by FDI?"**

Equally noteworthy, and as touched on earlier, Ministries could fully answer just 27 per cent of the queries about FDI's effects on domestic industry: the most dominant category in the Impact segment by far (Figures 2.24 and 2.25). The Government's best responses were to queries relating to FDI in the civil aviation sector.[107] The queries were largely about how Indian airlines – Air India, in particular – were likely to be impacted by the FDI cap hike in the sector, and the Government responded "Denial of access to foreign capital could result in the collapse of domestic airlines, creating a systemic risk for the financial institutions, and a vital gap in the country's infrastructure. Hence, Government has decided to permit foreign airlines to invest in the capital of Indian companies operating scheduled and non-scheduled air transport services, up to the limit of 49 per cent of their paid-up capital. The purpose of removing the existing restriction on investment by foreign airlines is to bring in strategic investors, as few private equity investors would be willing to invest in a risky business like civil aviation."[108]

However, here it must be emphasised that these successful answers relate to the likely impact of potentially expanded foreign participation in civil aviation. In contrast, the Government could not respond to questions on the actual impact of existing FDI in airport development, technical training institutes, and enhanced airline services. The typical response to queries on FDI's actual impact in the civil aviation sector is: "The Government has not made any such assessment."[109]

On pharma-related queries, which accounted for the largest share (20 per cent) of the Domestic Industry category, the government did not respond as well as it did to queries on civil aviation. It partially answered almost a half of all the queries on this sector. This was because Ministries tended to use a stock response that was too general to offer any insight into how FDI had affected or benefitted local firms. "Domestic companies are benefited by FDI by way of capital, state-of-art technology and best managerial practices so that they have better access to foreign technology and get opportunity of integration into the global market."[110]

Many questions were also incompletely answered because the Government overlooked the primary part of the query. When asked, for instance, "whether it is a fact that the Ministry has commissioned a study by Ernst and Young (E&Y) to find out the impact of MNCs taking over Indian pharmaceutical companies; if so what are the findings of E&Y?,"[111] its response was "The report of E&Y has been shared with all the concerned departments of Government of India including Department of Industrial Policy and Promotion with a request to keep the recommendations and findings in view while formulating the policies in pharma sector." The response does not include a summary of the report's findings, a web-link to its contents or directions on where it might be obtained.

Admittedly, many questions were intellectually challenging, and would be so even for an FDI expert. Among these was: "whether, in the light of the acquisition of Indian pharma companies by MNCs, it is a fact that a stage

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105. It is likely the Government used French data in responding to this query, as France collects and reports detailed statistics on employment by both foreign firms investing in its territory and French firms investing overseas, partly due to the European Union's 2007 regulation making it mandatory for all member countries to collect and report foreign affiliate statistics.
106. Lok Sabha Unstarred Question No. 2448, *Trade with France*, answered on 09.08.2010.
107. Civil aviation accounted for 14 per cent of all Domestic Industry questions.
108. Lok Sabha Unstarred Question No. 560, *FDI in civil aviation sector*, answered on 27.02.2013 and Rajya Sabha Unstarred Question No. 346, *Bailout for private airlines*, answered on 15.3.2012.
109. See, for example, Lok Sabha Unstarred Question No. 3813, *FDI in aviation sector*, answered on 30.07.2009.
110. Lok Sabha, Starred Question No. 146, *Impact of FDI on domestic companies*, answered on 30.11.2009.
111. Rajya Sabha Unstarred Question No. 957, *Impact of MNCs taking over Indian pharma companies*, answered on 30.11.2011.

is not far off when we may not have a company ready to manufacture drugs on behalf of Government in spite of invoking 'compulsory licence' provisions?"[112] Instead of attempting an answer of its own, the Department of Pharmaceuticals responded that it had asked the Department of Commerce to study the issue.

However, the Government did succeed in fully answering one third of the queries on FDI's impact on the Indian pharmaceutical industry. Most of these asked whether Indian pharma firms would be hit by the grant of patents to foreign competitors for drugs derived from indigenous medicinal plants and the answers are detailed and informative. "Medicinal plants… are not patentable under Section 3(j) and Section 3(p) of the Patents Act, 1970, respectively. However, substantial improvement in products derived from medicinal plants… can be granted patents. So far, thirty two (32) such patents have been granted to foreign companies. The patents are granted after following the procedures as in the Patents Act, 1970, which includes pre-grant opposition under section 25(1). Any Indian Company aggrieved by the grant of this patent can also oppose the grant of patent under section 25(2) of the Act. The details of the patents granted for products derived from medicinal plants are enclosed at Annexure.

…Further, Department of Ayurveda, Yoga, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Health & Family Welfare have established the Traditional Knowledge Digital Library (TKDL) in collaboration with the Council of Scientific and Industrial Research (CSIR) for prevention of grant of patents to inventions which are traditional medicinal knowledge in India. This database contains traditional medicinal knowledge from the existing literature compiled from Ayurved, Unani, Siddha and Yoga presented in international patent classification format and in five international languages. The database, therefore, breaks the language and format barriers and makes knowledge accessible and searchable to patent examiners for establishing prior art. TKDL has been provided to the European Patent Office (EPO), Indian Patent Office, German Patent Office, United States Patent and Trademarks Office, United Kingdom Intellectual Property Office, Canadian Intellectual Property Office, IP Australia and Japan Patent Office through an Access Agreement on non-disclosure basis."[113]

Additionally, each answer lists all patents granted, with patent number, title, name of the patentee, nationality, and relevant medicinal plant.

**Domestic Industry (Small and Medium Enterprises)**

Even though there were just 20 questions about FDI's impact on small and medium enterprises (SME)[114], 70 per cent were only partially answered, as illustrated by the following examples:

**Q: "The number of small, medium and cottage industries that have closed so far since entry of multinational companies?"[115]**

A: "The year-wise number of small, medium and cottage industries that have closed so far since entry of multinational companies is not available. However, as per data furnished by the Scheduled Commercial Banks, as at the end of March 2010, there were 77,723 sick micro and small enterprises."

**Q: "To what extent these easier FDI guidelines (i.e. more freedom for SMEs to partner with foreign investors) have helped the small scale sector?"[116]**

A: "It is expected that with easier FDI guidelines, Micro and Small Enterprises will attract more FDI.

**Q: "Whether Small and Medium Enterprises are likely to be affected adversely by allowing FDI in retail?"[117]**

A: "Foreign Direct Investment (FDI in retail) may bring along with it advance technology and capital to Micro, Small and Medium Enterprises (MSMEs) as well as increase their market share."

112. Rajya Sabha Unstarred Question No. 511, *Acquisition of Indian pharma companies by MNCs*, answered on 25.11.2011.
113. Lok Sabha Unstarred Question No. 35, *Patents to medicinal plants*, answered on 05.08.2013.
114. One third of the SME questions had no sector focus; one quarter focused on retail and one-fifth on food processing.
115. Lok Sabha, Unstarred Question 3913, *FDI in SMEs sector*, answered on 25.02.2011.
116. Rajya Sabha Unstarred Question No. 1014, *Foreign direct investment in MSES*, answered on 27.11.2009.
117. Lok Sabha Unstarred Question 3913, *FDI in SMEs sector,* answered on 25.02.2011.

**Q: Whether it is a fact that small and medium enterprises are expected to be benefited through the announcement to raise FDI limit in retail sector?**[118]

A: "Yes." No further explanation is given.

**Sector Development: "How does FDI help to develop this sector?"**

**Fully Answered**: Government officials could fully answer just 23 per cent of the queries on how FDI had helped or would help develop key sectors of the Indian economy: the second largest group of queries in the Impact category.

**Unable to Answer**: The Government could not answer any of the Sector Development queries in agriculture, which accounted for a quarter of all unanswered questions in this Impact segment. Typically, the Government said it had not assessed FDI's actual or potential contribution to this sector: "Department of Agriculture and Cooperation and Planning Commission have not conducted any study on impact of FDI in agriculture sector."[119] In one case, the respondent Ministry seemed to have misunderstood the question, answering "the Government assesses the flow of foreign investment in agriculture regularly."[120] For the same reason, it did not do too well in answering queries about FDI's actual or potential impact on farmers.

In other cases, the responding Ministry responded to only part of an agriculture-related query and left the other part unanswered.[121] When asked, for instance, about "the specific FDI guidelines issued (for contract farming), along with the role of FDI in upgradation and development of storage, warehouses, and other logistic in agriculture sector?" the Ministry presents a detailed description of the FDI guidelines, with no mention of contract farming's role in strengthening warehousing in India.

There was also a large concentration of Unable to Answer responses in defence, followed by civil aviation and textiles. The Government's typical response to queries about the benefits of hiking the FDI cap in the defence sector was "It is difficult to assess at this stage the likely benefit to the Defence sector."[122] In civil aviation, it was "It is too early to assess the impact of such FDI[123] in the aviation sector."[124] While it may be true that it was too early to assess the impact of FDI on these sectors, an explanation of the logic for expanding FDI in these sectors could have served as an adequate response to these questions. In textiles, similarly, the responses did not specify how FDI could help India achieve its, "target of growth of the textile industry."[125].

In a number of cases – food processing, in particular – responding Ministries said they did not have the necessary data: "No data is available centrally regarding effect of FDI on the domestic industry."[126]

**Partially Answered:** In one third of all Sector Development queries, Ministries provided only a partial answer. In other words, they outlined FDI's contribution to specific sectors, but so generally as to mean little. In telecom for instance, the stock answer was "Foreign Direct Investment (FDI) brings in Capital and Technology, which are essential for qualitative and quantitative growth of the Telecom industry."[127] In food processing, it was "Foreign Direct Investment (FDI) complements and supplements domestic investment. FDI brings in, apart from capital, state-of-art technology and best managerial practices, thereby providing better access to foreign technology by the domestic food processing industry."[128] These two sectors accounted for the largest share of partially answered Sector Development queries.

118. Rajya Sabha Unstarred Question No. 2858, *Profit to MSME due to FDI in retail sector*, answered on 19.12.2011.
119. Rajya Sabha, Unstarred Question No. 2786, *FDI in agriculture sector*, answered on 16.12.2011. Also, for example, Lok Sabha, Unstarred Question No. 2920, *Investment in agriculture*, answered on 11.12.2012.
120. Rajya Sabha Unstarred Question No. 3261, *Investment in agriculture*, answered on 18.12.2009.
121. See, for example, Lok Sabha, Unstarred Question No. 1839, *Contract farming*, answered on 04.12.2012.
122. Lok Sabha Unstarred Question No. 230, *FDI in defence sector*, answered on 05.08.2013, and Rajya Sabha Unstarred Question No. 369, *Increase in FDI in defence sector*, answered on 07.08.2013.
123. Here, the Government was referring to foreign airlines being allowed to invest in Indian airlines for the first time.
124. Lok Sabha Starred Question No. 331, *FDI in civil aviation*, answered on 13.02.2014.
125. Rajya Sabha Unstarred Question No. 1513, *Restructuring textile policy*, answered on 10.03.2010.
126. Raja Sabha Unstarred Question No. 2317, *FDI in food processing sector*, answered on 16.08.2010.
127. Lok Sabha Unstarred Question No. 2165, *Investment in telecom sector*, answered on 20.07.2009.
128. Lok Sabha Unstarred Question No. 5564, *FDI in food processing industries*, answered on 30.04.2013.

Other examples of partially answered Sector Development responses are:

- **Mining:** "FDI inflow leads to induction of i) mining technology, ii) automation in mining, and iii) productivity increases."[129] No other details are provided.
- **Textiles:** "The benefits flowing from FDI, viz., enhancement of production capacity, enhanced employment and technological upgradation are expected to have positive effects across the entire value chain."[130]
- **Power:** The response to "whether the Government has made any assessment of the achievements made after permitting 100% FDI in the power sector?"[131] is an account of the FDI inflow into this sector since 2003, with no details of its role in capacity addition and modernisation.

Such responses offer MPs no insights into FDI's role in the development of key sectors. Theoretically, it is hypothesised that FDI can bring new capital, technology and employment, and this is why Governments permit it in the first place. This is why MPs seek to understand whether FDI has, indeed, brought in these theoretical benefits and, if so, which. Specifically, what MPs are asking is how much capital, what kinds of technology and what sorts of new employment FDI has yielded, or is likely to yield, in key target sectors. Also, while FDI can complement and supplement domestic investment, it can also displace it, which is why MPs also seek to understand whether domestic industry has been squeezed out of particular sectors when assessing FDI's sector-specific effects.

**Fully Answered:** The Government gave detailed and persuasive answers to only one fifth of the Sector Development queries. In these cases, the responding Ministry was able to demonstrate, with facts and arguments, the differences FDI had made – or was likely to make – in a sector. Equally encouraging, these responses outlined both actual – and projected – effects.

For instance, when asked about "the benefits likely to accrue to the education sector as a result of the entry and operation of foreign university campuses?", the relevant Ministry replied "The Rules would ensure that only high quality foreign educational institutions (FEIs) are permitted to set up campuses and offer education services in the country, since only the top 400 institutions as per global rankings would be eligible to open campuses in the country. Existence of high quality FEIs would contribute to enhancing existing capacity of higher education system; arresting the brain drain and drain of resources from the country: availability of education and research facilities of international standards; quality gains in Indian higher educational institutions through collaborations and partnerships, etc. This would also facilitate higher investments in the higher education system, including FDI in the higher education system. Indian students would be benefitted with the entry and operation of FEIs through access to globally renowned and quality academic institutions in Indian higher education sector at relatively lower costs. These FEIs would also add to the existing capacity in higher education in India."[132]

To the question "what benefit insurance sector has derived after FDI was allowed?", the relevant Ministry responded "The major benefits derived by the insurance sector after foreign equity was allowed in the financial year 2000–01 are as under: i) Increase in number of players – 37 insurance companies are operating in private sector at the year-ending 2009–10 in collaboration with foreign insurance companies from across the globe; ii) Growth in the insurance sector – the insurance industry has grown at a very healthy rate. The life sector has registered a provisional CAGR of 15.02 per cent since liberalisation up to the financial year 2009–10; iii) Increase in insurance penetration (ratio of premium to gross domestic product) from 1.93 per cent in the year 2000 to 5.20 per cent in 2009; and iv) The insurance density (insurance premium per capita in USD) has increased from US$ 9.90 in the year 2000 to US$ 54.30 in the year 2009."[133]

129. Rajya Sabha Unstarred Question No. 1024, *FDI policy for mining sector*, answered on 03.12.2012.
130. Lok Sabha Unstarred Question No. 1339, *FDI in textile sector*, answered on 04.03.2010.
131. Lok Sabha Unstarred Question No. 1604, *FDI in power sector*, answered on 04.03.2011.
132. Lok Sabha Starred Question No. 84, *Campuses of foreign universities*, answered on11.12.2013.
133. Rajya Sabha Unstarred Question No. 2474, *FDI in insurance sector*, answered on 17.08.2010.

The response to "what was the PSU-wise benefit of the increase in FDI in terms of technology upgradation and employment generation?"[134] was: "The participation of HAL in MTA programme is expected to provide experience in activities related to design, development, production and certification of this class of aircraft, and thus enhance the capability of HAL to further design and produce such transport aircraft." The response also took care to describe Hindustan Aeronautics Limited's (HAL's) joint venture with Russia's Rosoboronexport and United Aircraft Corporation, to co-develop and produce a multirole transport aircraft.

Finally, when asked how FDI had contributed to renewable energy development, or how FDI "would enhance capacity at centrally regulated ports," the responses, respectively, were, "capacity addition of over 3,684 MW has been achieved during the first two years of the 12th Plan"[135] and "it is expected that these projects would result in capacity addition of 169.12 MT in the major ports of the country."[136]

However, these responses could have been supported with more relevant data, to provide an even better picture of the benefits of FDI. For example, the insurance, ports and power responses would have been stronger with an account of the role of specific foreign companies in capacity addition in India. On the whole, though, the responses clearly highlighted the positive impacts of FDI in the sectors under inquiry.

**Impact on FDI Flows (Policy): "How might changes in Government policy influence FDI flows to India?"**

Ministries also struggled in answering queries about the impact of regulatory changes on FDI flows, many of which were quite challenging. They could not answer 38 per cent of these queries, which constituted the second largest group of Unable to Answer queries in the Impact segment.

Some examples:

- "Whether environment-sensitive policies are hurting foreign direct investment (FDI); if so, the details thereof; and whether persistent procedural delays and acquisition issues and availability of quality infrastructure have added to the environment-related issues."[137]
- "Whether the Government proposes to amend the Income Tax Act retrospectively, and…the likely impact on foreign investment flow in the country as a result thereof?"[138]

Nevertheless, the Government was able to fully answer 44 per cent of these queries, either by taking care to detail the specific objectives of each regulatory amendment or by locating the necessary analyses. So, for example, when asked "whether changes in guidelines regarding FDI are also reasons behind low investment apart from recession[139]," it explained, "In February, 2009, the Government notified Press Note 2 (2009 Series) containing guidelines for calculation of total foreign investment in Indian companies and Press Note 4 (2009 Series) on the policy for downstream investments by investing Indian companies. … This clarification would result in clarity on the need for Government/ FIPB approval for Indian companies that are making downstream investments. These guidelines are expected to facilitate greater foreign capital inflows and send a positive signal in the present economic scenario."

Or, when asked "whether it is a fact that according to a study conducted by Reserve Bank of India, there has been reduction in the inflow of foreign capital during 2010–11 due to instability in Government policy?[140]," the Government responded: "A research study was undertaken by the RBI to examine as to why FDI flows to India remained sluggish in 2010–11, despite relatively better domestic economic performance ahead of global recovery. Based on an empirical exercise to analyse the factors behind such moderation in FDI inflows to India, the study, based on 10 major emerging market (economies), showed that FDI was significantly influenced by openness, growth prospects, macroeconomic sustainability, labour cost and uncertainty in Government policy."

134. Rajya Sabha Starred Question No. 59, *FDI in defence production*, answered on 07.08.2013.
135. Lok Sabha Starred Question No. 257, *Investment in renewable energy sector*, answered on 07.02.2014.
136. Lok Sabha Unstarred Question No. 1036, *Awarding of port projects*, answered on 15.11.2010.
137. Lok Sabha Unstarred Question No. 771, *Issues in foreign direct investment*, answered on 25.02.2011.
138. Lok Sabha Starred Question No. 326, *Offshore mergers and acquisitions deals*, answered on 27.04.2011.
139. Rajya Sabha Unstarred Question No. 1382, *Augmenting FDI inflow*, answered on 02.12.2009.
140. Rajya Sabha Unstarred Question No. 4348, *Reduction in inflow of foreign capital*, answered on 16.05.2012.

It also presented data to show that Indian inflows had, indeed, dropped.

*Other 'Impact on FDI' queries:* While the Government could explain how FDI in India had been affected by global economic developments, it could not adequately answer queries about the impact of domestic economic factors and corruption scandals on FDI inflows.

An important point to note is that the Government – in its replies to various 'Impact on FDI' queries – never provides an econometrically modelled projection of FDI inflows.

**Other queries**

*Economy* – Ministries also faced problems explaining FDI's impact on domestic economic parameters, such as GDP growth, inflation, market competition, and so on. However, many of the questions in this category were complex and would require sophisticated econometric modelling to answer.

*Benefits and Overall Impact* – The Government could Fully Answer an average of just 47 per cent of the queries on FDI's overall impact and benefits in India. A very powerful example is from mining, a sector it has been attempting to liberalise but in which many MPs are especially wary of FDI. When asked what benefits mining investments have brought for local communities, the Government responds, "The domestic investment in the mining sector is not centrally monitored. Therefore, comparison between FDI and domestic investment and their deliverable benefits are not available…. In so far as deliverable benefits to local population from investments are concerned, investment from FDI as well as domestic investments are both subject to the same policy and legislative framework and it is not possible, keeping also in view the quantum of foreign direct investment, to distinguish between domestic and foreign investment in so far as deliverable benefits to local population are concerned, and benefits in terms of direct and indirect employment and other income generation have accrued in both cases."[141]

Of the questions it successfully answered, about half asked for the pros and cons of FDI opening in multi brand retail. In these, the Government cited from ICRIER's study[142] on this issue. Typically, its answer was "Opening up of FDI in multi-brand retail trade is expected to bring in much needed investments, technologies and efficiencies to unlock the true potential of the agriculture value chain. The policy mandates minimum investment of $100 million with at least half going towards back-end infrastructure, including cold chains, refrigerated transportation and logistics. The condition that this investment will have to be made within 3 years of the first tranche of FDI has been put in to ensure that this purpose is actually achieved. Thus, FDI in multi-brand retail trade is expected to bring in global best practices and benefit farmers in the long run, in terms of quality, price, greater supply chain efficiencies in the agriculture sector and development of critical backend infrastructure. As per the Indian Council for Research on International Economic Relations (ICRIER) report on "Impact of Organized Retailing on the Unorganized Retail Sector," submitted in 2008, farmers would benefit significantly from the option of direct sales to organized retailers. For example, average price realisation for cauliflower farmers selling directly to organised retail was about 25 per cent higher than their proceeds from sale to regulated government mandi. Profit realisation for farmers selling directly to organised retailers was about 60 per cent higher than that received from selling in mandi"[143].

141. Lok Sabha Unstarred Question No. 963, *FDI in mining sector*, answered on 05.08.2011.
142. *Impact of Organised Retailing on the Unorganised Retail Sector*, the study it had commissioned from the Indian Council for Research in International Economic Relations
143. See, for example, Lok Sabha Unstarred Question No. 1105, *Proposals of FDI in retail*, answered on 04.03.2013 and Lok Sabha Unstarred Question No. 1129, *Sourcing requirement of FDI in retail*, answered on 04.03.2013.

CHAPTER TWO

# Annexure 2.1: Methodology

## A.1 ASSEMBLING THE QUESTIONS

This study's analytical sample of written FDI-related questions in Parliament between 2 July 2009 and 21 February 2014 was identified and categorised in the following manner:

### A.1.1 Website Search: Lok Sabha and Rajya Sabha Websites

A comprehensive search was conducted on both Lok Sabha and Rajya Sabha websites[1], using their respective 'Questions Search' facilities.[2] In both cases, the same 17 search terms were consecutively employed (Table M.1), These capture the range of expressions by which FDI and foreign direct investors are described, at least in India. As mentioned above, each search covered the period 2 July 2009 – 21 February 2014.

**Table M.1: List of 17 Search Terms Used to Identify Parliament's FDI-Related Questions**

| | | | |
|---|---|---|---|
| i. | FDI | ii. | foreign direct investment |
| iii. | foreign investment | iv. | foreign companies |
| v. | multinational companies | vi. | MNC |
| vii. | foreign investors | viii. | foreign firms |
| ix. | foreign enterprises | x. | foreign entrepreneurs |
| xi. | foreign capital | xii. | foreign capital investment |
| xiii. | foreign players | xiv. | global players |
| xv. | global firms | xvi. | global investors |
| xvii. | global companies | | |

***Source***: NCAER.

Further, to ensure these searches picked up all questions in which any of these terms had been used, the command 'Exact Term' in the 'Entire Text' was used, as opposed to just in the title.

Table M.2 lists the number of questions resulting from each search, totalling 1,267 for the Lok Sabha and 964 for the Rajya Sabha.[3]

1. The Lok Sabha website can be accessed at http://loksabha.nic.in/ and the Rajya Sabha website at http://rajyasabha.nic.in/
2. The Lok Sabha's question search facility can be accessed at http://164.100.47.132/LssNew/psearch/Qtextsearch.aspx, and the Rajya Sabha's at http://164.100.47.5/qsearch/qsearch.aspx
3. Seven of these 34 searches yielded no results (i.e. 3 Lok Sabha and 4 Rajya Sabha searches). The Lok Sabha website's response to searches on 'foreign enterprises', 'global firms' and 'global companies' was "Your search found no record." In the case of the four Rajya Sabha searches, the consistent response over many months was "Page is not available! Error can be due to invalid search option" or "No Search Option is Provided! Please provide Valid Search Options!"

**Table M.2: FDI-Related Questions Resulting from the Lok Sabha/Rajya Sabha Website Search**
*(Number of questions)*

| | | Lok Sabha Website | Rajya Sabha Website |
|---|---|---|---|
| i. | FDI | 479 | 471 |
| ii. | foreign direct investment | 359 | 0 |
| iii. | foreign investment | 169 | 156 |
| iv. | foreign companies | 131 | 143 |
| v. | multinational companies | 26 | 0 |
| vi. | MNC | 23 | 48 |
| vii. | foreign investors | 51 | 56 |
| viii. | foreign firms | 4 | 18 |
| ix. | foreign enterprises | 0 | 1 |
| x. | foreign entrepreneurs | 7 | 0 |
| xi. | foreign capital | 12 | 39 |
| xii. | foreign capital investment | 2 | 0 |
| xiii. | foreign players | 2 | 12 |
| xiv. | global players | 1 | 2 |
| xv. | global firms | 0 | 3 |
| xvi. | global investors | 1 | 3 |
| xvii. | global companies | 0 | 2 |
| | **Total** | **1,267** | **954** |

***Source***: NCAER.

Table M.3 recreates the format of the list of questions generated by each website' in response to each of these 34 searches. Within each list, individual entries list the question number, subject, date, name of the MP, and the responding Ministry. It also indicates whether the question was 'Starred' or 'Unstarred'.[4]

**Table M.3: Format of Questions on Lok Sabha and Rajya Sabha Websites**

| Question No | Question Type | Date | Ministry | Member | Subject |
|---|---|---|---|---|---|
| 2611* | Unstarred | 09.12.2011 | Health and Family Welfare | Ravneet Singh, Jagdish Thakor, M. K. Raghavan, Datta Raghobaji Meghe, Arjun Ram Meghwal, Lal Chand Kataria | Irregularities in clinical trials |
| 2408 | Unstarred | 08.12.2011 | Railways | Nikhil Kumar Choudhary, Jadhav Baliram Sukur, Patel Jayshreeben Kanubhai | High-speed trains |
| 168 | Starred | 01.12.2009 | Road Transport and Highways | Anandrao Vithoba Adsul, Sushila Saroj | Global bids for highway projects |

***Source***: NCAER.

4. Responding Ministers are supposed to respond orally to Starred Questions in Parliament, and in writing to Unstarred Questions.

### A.1.2 Removing Duplicate Questions

The sorting process began by identifying and removing duplicate questions.

Since the number of questions resulting from both Lok Sabha and Rajya Sabha searches was largest from the use of the term "FDI" (Table M.2), these two lists became the 'master files' for the sorting process. In other words, if there was a duplicate between the "FDI" and other lists, it was retained in the former and removed from the latter. In the case of duplicates between other lists – between "Multinational Companies" and "Foreign Investment," for example, the longer list became the "master file" and the question was removed from the shorter list.

### A.1.3 Identifying and Removing Non-FDI Questions

Once all duplicates had been removed, the full text of each question was closely examined. Questions that did not specifically address FDI issues, but to which the Government had responded with a passing mention of FDI (Box M.1) were removed. The remaining questions were judged against a strict criterion: that each contain at least one of the 17 search terms in Table M.1. For, only in such questions had the MP asked specifically about an FDI matter.

#### Box M.1: Example of a Non-FDI Question for Removal

***Lok Sabha***
***Unstarred Question No. 2364***
***Answered on 23.08.2013***
***Measures to Instil Confidence in Industries***

*Will the Minister of Finance be pleased to state:–*

*(a) whether the Government has explored any mechanism/undertaken any specific measures to instill confidence in the industries during the recent time;*

*(b) if so, the details thereof; and*

*(c) if not, the reasons therefore?*

***ANSWER***

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

*(a) & (b): In the recent past, the Government has announced a number of policy measures to increase the overall business confidence. These policy initiatives are targeted to remove investment bottlenecks and revive the economy. The key policy measure, inter alia, include setting up of the Cabinet Committee on Investment (CCI) to fast track large investment projects, strengthening of financial and banking sector, liberalizing FDI norms in several other sectors etc. The Union Budget 2013–14 has outlined several initiatives to boost investment in infrastructure and industry, that inter alia include encouraging Infrastructure Debt Funds, credit enhancement to infrastructure companies, raising of corpus of Rural Infrastructure Development Fund, introduction of investment allowance for new high value investments, etc. The Government has also taken several measures to increase exports, contain imports and attract foreign investment in order to reduce the current account deficit and improve the outlook of the external sector.*

*(c): Does not arise.*

There were also many questions containing some sub-queries which pertained to FDI, while others did not. These questions were not deleted, but the non-FDI queries were blacked out and omitted to ensure that the analysis' specific focus on FDI was not compromised. For example, in Question 2682 (Box M.2), queries a and *b* were omitted since they pertain to the Pravasi Bhartiya Divas,[5] not to FDI. However, queries *c* and *d* were retained, since – when read together – they pertain to the Government's steps to attract more FDI into India. Similarly, in Question 2546, it is not clear that "foreign trained personnel" necessarily refers to foreign firms' employees in India. So, read together, queries *a*, *b* and *c* seem to refer to the grant of visas to the foreign staff of small Indian fishery and maritime firms, and so have been omitted.[6] However, query *d* is indubitably FDI-related, so, it stays in the sample; as does query *e*, which asks the Government how it will safeguard the interests of small Indian fishery and maritime firms, if it indeed has a policy to fast track approvals for giant MNCs.

### Box M.2: Examples of Deletion of Non-FDI Queries

**Rajya Sabha**
**Unstarred Question No. 2682**
**Answered on 21.03.2013**
**PBD in Kochi**

*(a) whether Pravasi Bharatiya Divas (PBD) was held at Kochi in January, 2013;*

*(b) if so, the important decisions taken at the historic function inaugurated by Prime Minister;*

*(c) whether NRIs, OCIs and others from various countries suggested various steps to boost domestic and foreign investment, accelerate project implementation and reform capital market; and*

*(d) if so, the steps Government has taken or proposes to take to implement suggestions received from NRI's and OCI's?*

**Rajya Sabha**
**Unstarred Questions No. 2546**
**Answered on 20.03.2013**
**Visa for Personnel for Fishery and Maritime Sector**

*(a) whether Government has received recommendations from Agriculture Ministry to release visas for foreign trained personnel for the fishery and maritime sector;*

*(b) how many applications are pending since the last twelve months;*

*(c) the steps proposed to expedite such requests to assist the small scale sector;*

*(d) whether Government has a fast track system for giant MNCs; and*

*(e) the steps proposed to treat the small sector and small entrepreneurs with equal respect?*

5. Non-Resident Indians Day.
6. This interpretation is confirmed by the Government's answer to the three queries.

Similarly, there were questions and/or queries in which the terms 'global players' or 'foreign companies' had been used in a trade, not an FDI, context. These questions and queries were also dropped from the analysis.

However, there were a handful of questions which did not include any of the 17 search terms in Table M.1, but which were clearly linked to FDI. Typically, these questions referred to the New Exploration Licensing Policy (NELP) for petroleum and natural gas, but there were also a few relating to telecommunications, ports and so on, where the underlying structure of the sector is such that FDI firms are major players. Thus, any questions about government plans to use private investment to develop the sector would necessarily imply participation by foreign firms. Such questions were exempted from the 'only FDI' rule described above, and thus included in our analysis.

### A.1.4 The Finalised Sample

Once all non-FDI questions were dropped, the finalised sample of Lok Sabha and Rajya Starred and Unstarred Questions was ready: 1,199 questions in all. Table M.4 lists the specific count of questions remaining from each search.

**Table M.4: Finalised Set of Starred and Unstarred Questions for Analysis** *(Number of questions)*

| | | Lok Sabha | Rajya Sabha |
|---|---|---|---|
| i. | FDI | 362 | 366 |
| ii. | foreign direct investment | 107 | - |
| iii. | foreign investment | 34 | 42 |
| iv. | foreign companies | 65 | 100 |
| v. | multinational companies | 12 | 32 |
| vi. | MNC | 21 | - |
| vii. | foreign investors | 9 | 14 |
| viii. | foreign firms | 3 | 8 |
| ix. | foreign enterprises | - | - |
| x. | foreign entrepreneurs | 1 | - |
| xi. | foreign capital | 2 | 9 |
| xii. | foreign capital investment | - | - |
| xiii. | foreign players | - | 6 |
| xiv. | global players | 1 | 1 |
| xv. | global firms | - | - |
| xvi. | global investors | 1 | 1 |
| xvii. | global companies | - | 2 |
| | **Total** | **618** | **581** |

***Source***: NCAER.

### *Government assurances*

Then, all Government Assurances[7] relating to these 1,199 questions were downloaded from the Assurances section of the Ministry of Parliamentary Affairs' website[8] (Table M.5), which yielded 12 assurances. Since responding Ministries had already incorporated these assurances into the original questions in the finalised sample of Starred and Unstarred Lok Sabha and Rajya Sabha Questions, these did not have to be separately counted or analysed.

**Table M.5: Government Assurances Relating to the Finalised Sample of Starred and Unstarred Questions**
*(Number of questions)*

| | | Lok Sabha | Rajya Sabha |
|---|---|---|---|
| i. | FDI | 5 | 10 |
| ii. | foreign direct investment | - | - |
| iii. | foreign investment | 1 | 0 |
| iv. | foreign companies | - | 1 |
| v. | multinational companies | 1 | - |
| vi. | MNC | - | - |
| vii. | foreign investors | 2 | - |
| viii. | foreign firms | - | - |
| ix. | foreign enterprises | - | - |
| x. | foreign entrepreneurs | - | - |
| xi. | foreign capital | - | - |
| xii. | foreign capital investment | - | - |
| xiii. | foreign players | - | - |
| xiv. | global players | - | - |
| xv. | global firms | - | - |
| xvi. | global investors | - | - |
| xvii. | global companies | - | - |
| | **Total** | **9** | **3[9]** |

***Source***: NCAER.

### *Supplementary questions*

Finally, all FDI-specific Lok Sabha and Rajya Sabha Supplementary Questions[10] were identified, using the same rigorous sorting procedure applied to the Starred and Unstarred Questions. These were located in the Supplementary Questions section of both the Lok Sabha and Rajya Sabha websites.[11] This search resulted in 11 questions (Table M.6).

7. When a responding Ministry does not have all the information on hand to fully answer the question being put by the Member of Parliament, it can give an undertaking to collect the necessary data/take the specific action and report back to the house within a specified time limit. Such an undertaking is referred to as a Government Assurance. The Parliamentary rules on government assurances are available on the Ministry of Parliamentary Affairs website at http://mpa.nic.in/mpa/manual/Manual_English/Chapter/chapter-08.htm.
8. Both Lok Sabha and Rajya Sabha assurances can be accessed from http://www.mpa.gov.in/MPA/link.aspx.
9. 8 Rajya Sabha Assurances could not be analysed, since they had not been incorporated into the matching answer on the Rajya Sabha website. However, these accounted for just 0.66 per cent of the total sample.
10. If an MP's Starred Question is answered orally, he/she can then orally ask the responding Minister a related Supplementary Question in Parliament.
11. Supplementary Lok Sabha questions can be accessed at http://164.100.47.132/LssNew/Questions/supleadvanceqsearch16.aspx, and supplementary Rajya Sabha questions at http://164.100.47.4/newsupp/default.aspx.

**Table M.6: Number of FDI Questions Resulting from the Supplementary Questions Search**

| | | Lok Sabha | Rajya Sabha |
|---|---|---|---|
| i). | FDI | 5 | 3 |
| ii. | foreign direct investment | - | - |
| iii. | foreign investment | 1 | - |
| iv. | foreign companies | - | - |
| v. | multinational companies | - | - |
| vi. | MNC | 1 | - |
| vii. | foreign investors | 1 | - |
| viii. | foreign firms | - | - |
| ix. | foreign enterprises | - | - |
| x. | foreign entrepreneurs | - | - |
| xi. | foreign capital | - | - |
| xii. | foreign capital investment | - | - |
| xiii. | foreign players | - | - |
| xiv. | global players | - | - |
| xv. | global firms | - | - |
| xvi. | global investors | - | - |
| xvii. | global companies | - | - |
| | **Total** | **8** | **3** |

***Source***: NCAER.

Since these 11 Supplementary Questions were considerably different from their underlying Starred Questions, these were counted and analysed separately, bringing the total count of questions in the finalised analytical sample to 1,210.[12]

Appendix 2.2 lists these 1,210 questions. All questions can be viewed by entering the relevant details in the Question Search facility in the Rajya Sabha or Lok Sabha websites, links to which have been provided earlier in this Methodology section.

## A.2 ANALYSING THE QUESTIONS

On reading through all 1,210 questions, certain recurring themes and patterns became evident. Most important, each question comprised a mix of component sub-queries, as the examples in Boxes M.1 and M.2 highlight. Some of these asked for clarifications on FDI policy or government decisions on FDI matters; some requested data on FDI inflows or the activities of foreign firms; and others sought an account of how FDI had affected Indian producers, consumers and economic development in general.

Moreover, some questions focused on FDI developments in specific sectors, while others dealt with cross-cutting, sector-neutral FDI regulatory issues. Many questions also had a clearly identifiable driving theme or issue.

12. Starred and Unstarred Questions were treated equally in the analysis, since Ministries had the same time to respond to both types.

### A.2.1 Classifying Question Content

To properly understand the types of written FDI-related questions that Indian MPs submitted in Parliament (2 July 2009 to 21 February 2015), each question in the analytical sample was classified using the various categories below.

#### *(i) General FDI or sector-focused?*

Questions in which no sector was mentioned were marked 'FDI General'. All others were classified by the sector/sectors they referred to, using the categories in India's National Industrial Classification System 2008. When this process was complete, all 1,210 questions in the sample had either been marked 'FDI General', or with the name of the sector/ sectors to which they referred.

#### *(ii) Policy, data and impact questions*

As mentioned earlier, each question comprised a mix of component queries. Questions which posed at least one query about FDI policy or regulation, or asked for an explanation of the Government's decision on an FDI matter, were marked 'Policy.' Those which posed at least one query asking for information about India's FDI flow, FDI performance in global perspective or other parameters of foreign direct investor activity in India were labelled 'Data'. Questions that had at least one query about the effect or the likely effect of FDI on the economy, or on particular sectors or groups of stakeholders, were labelled 'Impact' (Box M.3).

Some questions contained just one Policy query or only policy queries. Others had just Data or Impact queries. However, most questions comprised a combination of Policy, Data and Impact sub-queries, as illustrated in Box M.3.

## Box M.3: Examples of Policy, Data and Impact Queries

***Lok Sabha***
***Unstarred Question No 6404***
*Answered on 06.05.2013*
***NRI Investment***

*a) whether the Government proposes to give a special dispensation to Non-Resident Indians (NRIs) without any condition for investments through various projects/sectors in order to encourage Foreign Direct Investment (FDI) in the country; (POLICY)*

*(b) if so, the details of investment made by the NRIs during the last three years; sector and project-wise; (DATA)*

*(c) whether the Government has fixed any target for investment made by NRIs; (POLICY) and*

*(d) if so, the details thereof along with the steps taken to achieve the desired target? (POLICY)*

***Lok Sabha***
***Unstarred Question No 3733***
*Answered on 20.03.2013*
***Investment by NRIs***

*(a) the total investment made by NRIs in India over the last five years; (DATA)*

*(b) themajor sectors in which the investment has been made; (DATA)*

*(c) the impact of the investment made by NRI citizens in the sectors involved; and (IMPACT)*

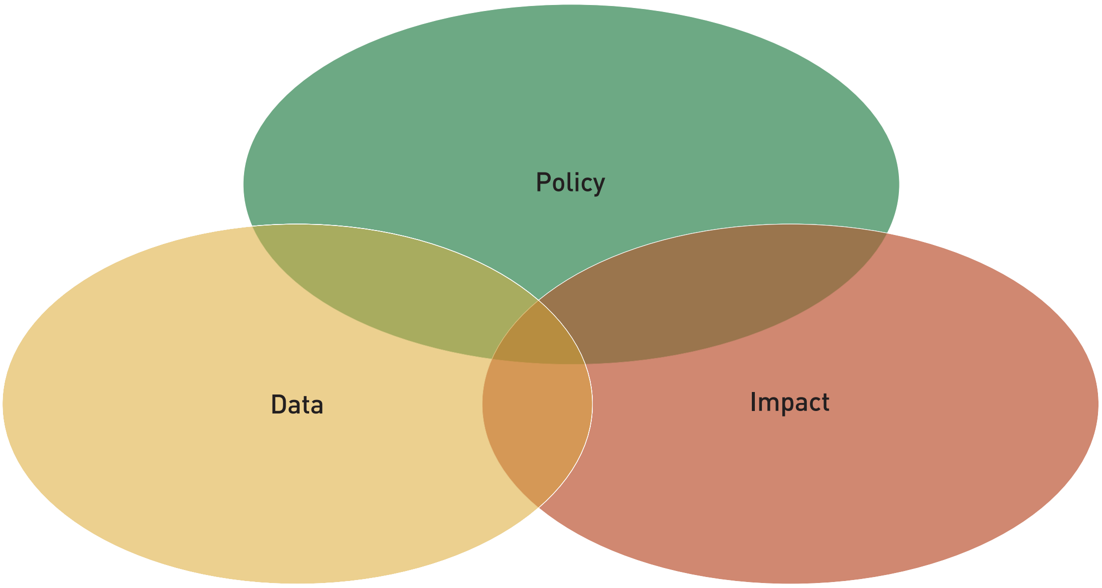
*(d) the steps taken/proposed to be taken by the Government to encourage NRI investments in the country? (POLICY)*

However, regardless of the number of Policy, Data and Impact queries within a question, only one from each category was sufficient to classify the question in the Policy, Data or Impact segments. Since the analysis' key objective was to count how many questions in the sample sought some information on FDI policy, FDI flows and FDI's effects in India, it was not necessary to further count the number of sub-queries addressing each of these issues.

For this reason, Question 6404 in Box M.3 above has been counted as both a Policy and a Data question, and Question 3733 as a Policy, Data and Impact question. Thus, the final Excel count for these two examples would record two questions with a policy aspect, two questions with a data aspect, and one question with an impact aspect.[13] For this reason, Policy, Data and Impact questions were not exclusive to each other and could thus overlap in a variety of ways (Figure M.1).

13. If, on the other hand, the the above mentioned analysis of Questions 6404 and 3733 counted queries, instead of questions, the results would have been 3 policy queries, 3 data queries, and 1 impact query.

**Figure M.1: Potential Overlaps between Policy, Data and Impact Questions**




***Source***: NCAER.

### A.2.2 Capturing the Content of Policy, Data and Impact Queries

Once questions had been labelled Policy, Data or Impact, the specific content of their policy, data and impact queries was captured through a variety of catchwords or codes. This list of codes evolved from reading through the questions and observing commonalities, rather than from a pre-set methodology. Tables M.7, M.8 and M.9 list the codes by which the content of Policy, Data and Impact queries were captured.

**Table M.7: Policy Query Codes**

| | |
|---|---|
| Acquisitions | Foreign takeover of Indian firms |
| Acquisitions-Outward | Indian takeover of foreign firms |
| Action | How the Government plans to address this matter |
| Action(Timelines) | How the Government plans to address this matter, and by when |
| Attract | Steps the Government is taking to attract more FDI |
| Attract-Competition | Whether the Government is seeking to attract FDI to increase competition in this sector |
| Attract-Development/Tech Transfer | Whether the Government is seeking to attract FDI to enhance the development of this sector and encourage technology transfer |
| Attract-JVs | What the Government is doing to attract FDI through joint ventures |
| Attract-NRI | What the Government is doing to attract FDI from non-resident Indians |
| Audit | The Government's FDI policy on international audit and accounting firms |
| Ban | Whether the Government has banned any foreign firms from operating in this sector/in India |

*(Contd...)*

## Table M.7: Policy Query Codes (Contd...)

| | |
|---|---|
| Bid | A Government bid or tender |
| Cap | The FDI cap in this sector |
| Claims/Compensation | A claim or compensation by an aggrieved foreign direct investor |
| Claims/Compensation(Stakeholder) | A claim or compensation by an aggrieved Indian stakeholder |
| CSR | Corporate social responsibility |
| Default(Domestic) | The Government's policy on foreign firms defaulting on their loans from Indian banks |
| Dispute | A dispute between a foreign direct investor and the Indian Government |
| Dues/Arrears – MNCs to Government | Whether foreign investors owe any money to the Indian Government |
| Employee – Registration/Visa | The Government's visa and local registration policy for foreign firms' foreign employees working in India |
| FIPB/Automatic | Whether FDI in this sector needs to be approved by the Foreign Investment Promotion Board, or is on the Automatic, non-approval route |
| Incentives/Preferential Treatment | Special incentives available to foreign firms. (In a couple of cases, the question implied is: does this practice accord de facto preferential treatment to foreign firms) |
| Incentives/Preferential Treatment(Domestic) | Special incentives/support offered by the Government to domestic firms competing with foreign direct investors |
| Incentives/Preferential Treatment(NRI) | Special incentives for non-resident Indian investors |
| Investment Promotion-Outward | Steps the Government is taking to encourage and support outward FDI by Indian firms |
| Investment Terms | Investment terms for foreign firms in this sector, or for an FDI project or FDI contract |
| Investor Friendly/Simplification/ Single-Window | Government actions to simplify and rationalise the FDI approval process and ease the operating environment for foreign direct investors |
| Investor Hurdles/Harassment | Difficulties confronted by foreign direct investors |
| Joint Ventures | Government's policy on joint ventures in a sector |
| Liability | Government's policy on foreign liability in a sector, or for an FDI project or FDI contract |
| MonitorInflows/Outflows | Whether Government actively monitors FDI inflows and outflows |
| Other | Miscellaneous issues |
| Outsourcing-Domestic | Foreign firms sourcing products or services from private Indian firms |
| Outsourcing-MNCs | Indian firms (private and public) sourcing products or services from foreign firms in India |
| Outsourcing-PSUs | Foreign firms sourcing products or services from Indian public sector firms |
| Patent | Government's policy on patents for foreign firms in a sector |
| Permit | Whether the Government permits FDI in this sector |
| Prices | Foreign firms' product pricing in India, or Government policy on this issue |
| Profit/Revenue Share –MNC-Government | The profit or revenue split between foreign investors and Government in this project or industry |
| Projects (Delayed) | Whether a project has been delayed |
| PropCon (Cancelled) | Whether a proposal has been cancelled and why |

*(Contd...)*

**Table M.7: Policy Query Codes (Contd...)**

| | |
|---|---|
| PropCon (Cleared) | Whether a proposal been cleared and why |
| PropCon (Deferred) | Whether a proposal been deferred and why |
| PropCon (Discussed/Presented) | Whether foreign investors have showed an interest in investing in India/ this sector/ this project, including signing a Memoranda of Understanding with the Indian Government or an Indian partner |
| PropCon (Expedited) | Whether a proposal or contract been expedited and why |
| PropCon (Pending) | Whether a proposal or contract is pending and why |
| PropCon (Rejected) | Whether a proposal or contract been rejected and why |
| PropCon (Submitted) | Whether foreign firms have submitted a proposal or a bid |
| PropCon (Selected) | Whether a tender has been selected and why |
| R&D | R&D activities by foreign firms in India |
| Registration-Companies | The registration of foreign firms in India |
| Review (Attract) | Whether the Government is planning to review FDI regulations to attract more FDI |
| Review (HigherCap) | Whether the Government is planning to lift the FDI cap in this sector |
| Reviewed (HigherCap) | Whether the Government has lifted the FDI cap in this sector |
| Review (Liberalize) | Whether the Government is planning to liberalise FDI regulations in this sector |
| Reviewed (Liberalize) | Whether the Government has liberalised FDI regulations in this sector |
| Review (LowerCap) | Whether the Government is planning to lower the FDI cap in this sector |
| Reviewed (LowerCap) | Whether the Government has lowered the FDI cap in this sector |
| Review (Permit) | Whether the Government plans to permit FDI in this sector |
| Review (Tighten) | Whether the Government is planning to tighten FDI regulations in this sector |
| Safeguard | What the Government is doing to safeguard the interest of local stakeholders |
| Security | Whether FDI in this sector compromises national security |
| Shares/Shareholding | Government policy on foreign shares or shareholdings |
| Sourcing (MNCs) | Indian firms (Government or private) sourcing products or services from foreign firms, or Government policy on this issue |
| Sourcing (SMEs) | Foreign firms sourcing from Indian SMEs, or Government policy on this issue |
| Stakeholder (BanRequest) | Whether aggrieved local stakeholders have asked the Government to ban any foreign firm operating in this sector/ in India |
| Stakeholder (ConsultationReaction) | Whether the Government consulted local stakeholders on this FDI reform proposal and what their reactions were |
| Stakeholder (InvestigationRequest) | Whether local stakeholders have asked for an investigation of this issue or this firm |
| StakeholderObjection | Whether local stakeholders objected to this FDI reform proposal and why |
| Stakeholder (ReviewRequest – HigherCap) | Whether local stakeholders have asked the Government to increase the FDI equity cap in this sector |
| Stakeholder (ReviewRequest – Liberalize) | Whether local stakeholders have asked the Government to liberalise the national/sector FDI |

*(Contd...)*

**Table M.7: Policy Query Codes (Contd...)**

| | |
|---|---|
| | regime |
| Stakeholder (ReviewRequest – LowerCap) | Whether local stakeholders have asked the Government to lower the FDI cap in this sector |
| Stakeholder (ReviewRequest –Tighten) | Whether local stakeholders have asked the Government to tighten the national/ sector FDI regime |
| Target | Whether the Government has set a national or sector target for FDI inflows |
| Target (NRI) | Whether the Government has set a national or sector target for investments by non-resident Indians |
| Taxation | The Government's policy on taxation |
| Tech Transfer | Technology transfer from foreign to domestic firms, or the Government's policy on this issue |
| Violation–Action | Whether foreign firms have violated Indian regulations, and what the Government is doing about it |

***Note***: The codes listed in the left column were used to label, and then quantify, the content of Policy queries. The subject matter of each code is explained in the right column.
***Source***: NCAER.

**Table M.8: Data Query Codes**

| | |
|---|---|
| Acquisitions | Number and/or details of foreign takeovers of Indian firms |
| Acquisitions–Outward | Number and/or details of Indian takeovers of foreign firms |
| Bilateral Investment Treaty | Number and/or details of India's bilateral investment treaties |
| Companies | Names/listing of foreign firms in India |
| Companies–Ban | Names/listing of foreign firms banned from operating in India |
| Companies–Countries | The country a firm (or firms) are from |
| Companies–Employment | How many people a particular foreign firm employs in India |
| Companies–Mismatch | The mismatch between a company's approved and actual investment in India |
| Companies–Number | The number of foreign firms in India/this sector/this state |
| Companies–Production | A firm's total production in India |
| Companies–Products | Products a firm is making/selling in India |
| Companies–Profits/Revenues | A firm's profits and revenues in India |
| Companies–Projects | A firm's projects in India |
| Companies–R&D | A firm's R&D expenditure/activity in India |
| Companies–Registration | The number and names of foreign firms registered with the Ministry of Corporate Affairs |
| Companies–Sales | A firm's total sales in India |
| Companies–Sector | Sectors in which a firm has invested |
| Companies–States | States in which a firm has invested |
| Companies–Tax | Tax paid by a firm in India |

*(Contd...)*

**Table M.8: Data Query Codes (Contd...)**

| | |
|---|---|
| Comparison (International) | A comparison of India's FDI regime with that of other countries |
| Country | Countries which have made foreign direct investments in India |
| Country–Outward | Countries in which Indian firms have made foreign direct investments |
| CSR | Data on the CSR activities of foreign firms in India |
| Decline | Have Indian FDI flows declined recently and, if so, by how much? |
| Dispute | A dispute between a foreign direct investor and the Indian Government |
| Dividend/Repatriation | Quantum of dividends issued and/or repatriated by foreign firms in India |
| Employment | How many people do foreign firms employ in India? |
| Divestment/Disinvestment | How many (and which firms) have sold stakes in, or exited, their Indian projects? |
| Exports | The value of exports generated by foreign firms in India/this sector/this state |
| Imports | The value of imports by foreign firms in India/this sector/this state |
| Interest on ECB | How much interest are foreign firms in India paying on external commercial borrowings? |
| Joint Ventures | A listing and/or details of foreign joint ventures in India or specific states or sectors |
| Land Acquisition | A listing and/or details of foreign firms that have acquired land in India |
| Loan Default | The size of foreign firms' default on their Indian borrowings |
| Losses (Government–Revenue) | Revenue the Government has lost because of tax avoidance or regulatory violations by foreign firms in India |
| Mismatch | The difference between approved and actual FDR inflows |
| MNC Lobbying Spend | How much has this foreign firm spent to lobby policy in India? |
| Other | Question on miscellaneous issues |
| Outsourcing-MNCs | A listing and/or details of cases in which Indian firms have outsourced core activities to foreign firms in India |
| Patents | A listing and/or details of patents granted to foreign firms in India/particular sectors |
| Prices | The prices of products sold by foreign direct investors in India/particular sectors |
| Product | Information on the products sold by foreign direct investors in India/particular sectors |
| Production | The value of production by foreign firms in India |
| Profits | The amount of profits being earned by foreign firms in India |
| Projects | A listing and/or details of foreign projects in India/particular sectors |
| Projects (Delayed) | A listing and/or details of delayed foreign projects in India/ particular sectors |
| Projects (Exploration) | A listing and/or details of foreign oil, gas and mining exploration projects in India |
| Projects (NRI) | A listing and/or details non-resident Indians projects in India |
| Projects (Outward) | A listing and/or details of Indian outward investing firms' overseas projects |
| Projects–State | A listing and/or details of foreign projects in particular states |
| PropCon (Cancelled) | The number and/or listing of cancelled projects and contracts |

*(Contd...)*

**Table M.8: Data Query Codes (Contd...)**

| | |
|---|---|
| PropCon (Cleared) | The number and/or listing of approved proposals and contracts. |
| PropCon (Deferred) | The number and/or listing of deferred proposals and contracts |
| PropCon (Discussed/Presented) | The number and/or listing of foreign firms expressing a desire to invest in India or a particular sector |
| PropCon (Expedited) | The number and/or listing of expedited proposals and contracts |
| PropCon (Pending) | The number and/or listing of pending proposals and contracts |
| PropCon (Rejected) | The number and/or listing of rejected proposals and contracts |
| PropCon (Selected) | The number and/or listing of winning FDI bids |
| PropCon (Submitted) | The number and/or listing of FDI proposals and bids |
| Quantum (Country) | The amount that a specific country/group of countries has/have invested in India |
| Quantum (Country) Outward | India's FDI outflow to a specific country/group of countries |
| Quantum (NRI) | The amount that non-resident Indians have invested in India |
| Quantum (Sector) | The FDI inflow into a sector or sectors |
| Quantum (Sector) (NRI) | How much non-resident Indians have invested in a sector or sectors |
| Quantum (Sector–Subsegment) | The FDI inflow into a specific segment or activity within a sector |
| Quantum (Sector) Projected | The amount of FDI a sector is likely to receive |
| Quantum (State) | The amount of FDI a state has received |
| Quantum (State) (NRI) | The amount non-resident Indians have invested in this state/these states |
| Quantum (T) | The size of India's total national FDI inflow |
| Quantum (T) Outward | The size of India's total national FDI outflow |
| Quantum (T)–Projected | The amount of FDI India is likely to receive |
| R&D | A list and/or details of R&D activity by foreign firms in India |
| Rank (International) | India's global rank by quantum of FDI inflows |
| Registration (Employees) | A list, and details, of foreign firms' registered foreign employees in India |
| Revenue Loss | The quantum of revenue that foreign firms have lost because of sudden changes in Government policy |
| Revenue (Govt) | The quantum of revenue that the Government earns from foreign firms in India/this industry |
| Sales/Premium | The quantum of foreign firms' sales and premiums in India/this industry |
| Shares/Shareholding | The foreign shareholding in a company or project |
| Sourcing | A list and/or details of foreign firms that source from Indian firms |
| State | States in which foreign firms have invested in India |
| Tax (Quantum T) | The quantum of tax that foreign firms in India pay the Indian Government |
| Tax Arrears | The quantum of tax arrears that foreign firms in India owe the Indian Government |
| Tech Transfer Agreements | A list and/or details of foreign firms' technology transfer agreements in India |
| Violation | A list and/or details of foreign firms that have violated Indian regulations |

*(Contd...)*

## Table M.8: Data Query Codes (Contd...)

| | |
|---|---|
| % Automatic/FIPB | What percentage of India's FDI inflow came through the Automatic, and the Foreign Investment Promotion Board approval, routes, respectively? |
| % FDI/FII | The size of India's FDI inflow compared to its portfolio inflow |
| % Foreign/Domestic | Foreign firms' share of the total investment/market in an industry |
| % Inward/Outward | The size of India's FDI inflow in comparison to its FDI outflow |
| % Profits (Repatriated/Reinvested) | The relative percentage of profits that foreign firms repatriated against that they reinvested in India |
| % Rural-Urban | The percentage of India's FDI inflow invested in rural as opposed to urban areas |
| % Share Country in FDI Total | A country's (or countries') share of India's total FDI inflow |
| % Share in Industry (Domestic) | A foreign firm's (or foreign firms') sales, production or trade share of an industry |
| % Share Sector in FDI Total | A sector's (or sectors') share in India's overall FDI inflow |
| % Share State in FDI Total | A state's (or states') share in India's overall FDI inflow |

***Note***: The codes listed in the left column were used to label, and then quantify, the content of Data queries. The subject matter of each code is explained in the right column.
***Source***: NCAER.

## Table M.9: Impact Query Codes

For the 7 codes below, the query was "How has FDI affected, or is likely to affect, the following groups of key Indian stakeholders?"

- Consumers
- Domestic Industry
- Domestic Industry (Small and Medium Enterprises)
- Farmers
- Fishermen
- Local Communities
- Retailers/traders

| | |
|---|---|
| Benefits | How has FDI benefitted, or is likely to benefit, India or a particular group of Indian stakeholders? |
| Economy | How has FDI affected, or is likely to affect, key Indian economic parameters, including exports, per capita incomes, inflation, foreign exchange reserves, the current account deficit, and market competition? |
| Employment | How has FDI impacted, or is likely to impact, employment generation in India? |
| Environment | What are FDI's environmental consequences in India? |
| Health | What are FDI's health consequences in India? |
| Impact on FDI (Domestic Economy) | How have developments in India's domestic economy impacted FDI flows to India? |
| Impact on FDI (Global Economy) | How have developments in the global economy impacted FDI flows to India? |
| Impact on FDI (Other) | How have other developments (including corruption) impacted FDI flows to India? |

*(Contd...)*

**Table M.9: Impact Query Codes (Contd...)**

| | |
|---|---|
| Impact on FDI (Policy) | How have Indian regulatory changes impacted FDI flows to India? |
| Other | Miscellaneous issues |
| Overall Impact | What is the overall impact that FDI has had, or is likely to have, in India? |
| Prices | Has FDI caused prices to rise in certain sectors? |
| Production | Has FDI boosted production in specific sectors? |
| Sector Development/Tech Transfer | How has FDI aided, or is likely to aid, the development and technological modernisation of specific sectors in India? |
| Security | How does FDI in sensitive sectors, or from unfriendly countries, impact national security? |

***Note***: The codes listed in the left column were used to label, and then quantify, the content of Impact queries. The subject matter of each of the codes is explained in the right column.
***Source***: NCAER.

Box M.4 illustrates how these various Policy, Data and Impact query codes were deployed. Here, it must be noted that all query codes are exclusive to each other. In other words, the same query can only be marked with a single code, as illustrated in Box M.4.

## Box M.4: Examples of How Policy, Data and Impact Codes Were Used

**Lok Sabha**
**Unstarred Question No. 6404**
Answered on 06.05.2013
**NRI Investment**

*a) whether the Government proposes to give a special dispensation to Non-Resident Indians (NRIs) without any condition for investments through various projects/sectors in order to encourage Foreign Direct Investment (FDI) in the country; POLICY – Incentives/ Preferential Treatment(NRI)*

*(b) if so, the details of investment made by the NRIs during the last three years; DATA – Quantum (NRI) sector DATA –Quantum(Sector)(NRI) and project-wise; DATA – Projects*

*(c) whether the Government has fixed any target for investment made by NRIs; DATA – Target (NRI) and*

*(d) if so, the details thereof along with the steps taken to achieve the desired target? POLICY – Attract (NRI)*

**Lok Sabha**
**Unstarred Questions No. 781**
Answered on 19.03.2012
**FDI in Single Brand Retail**

*(a) whether the Government has allowed the hundred per cent Foreign Direct Investment (FDI) in Single brand retails trade in the recent past in the country; POLICY – Permit*

*(b) if so, the salient features/rules framed therein POLICY – Investment Terms along with the anticipated DATA–Quantum(T)–Projected and actual FDI inflow during the year DATA – Quantum(T) including the number of proposals received by Foreign Investment Promotion Board for investment in India DATA – PropCon (Submitted) and number of proposals cleared so far; DATA – PropCon(Cleared)*

*(c) whether the Government has fixed some quota of sourcing requirement from small companies/retailers; POLICY – Outsourcing–Domestic and*

*(d) if so, the details thereof alongwith steps taken by the Government to protect the small retailers/farmers in the country? POLICY – Safeguard*

### A.2.3 Issue Questions

There were also a number of 'FDI General' questions with no sector focus which concentrated specifically on a clearly identifiable issue. For example, Question 6404 in Box M.4 singularly focuses on investments by non-resident Indians (NRIs).[14] As mentioned earlier, such questions were classified 'Issue Questions' and labelled with the subject on which they concentrated. Table M.10 lists the Issue Codes used to classify issue questions. These codes were also compiled after reading through the question. Sample and noticing commonalities, rather than from a pre-existing methodology.

14. Since Question 781 also singularly focuses on single-brand retail, it would be classified as such in the sector classification of questions.

## Table M.10: Issue Question Codes

| | |
|---|---|
| Acquisitions/Mergers | Foreign firms acquiring Indian firms in India |
| Acquisitions–Outward | Indian firms acquiring foreign firms overseas |
| Black Money/Tax Havens | Is FDI being used as a channel to funnel black money into India, especially via investments routed through tax haven economies? |
| Comprehensive Economic Cooperation Agreement (CECA) | How will India's Comprehensive Economic Cooperation Agreements impact its FDI flows? |
| Clinical Trials | Clinical trials by foreign firms in India |
| CSR | Corporate Social Responsibility |
| Disinvestment | MNCs exiting from Indian operations |
| Dividend Repatriation | MNCs repatriating dividends to their home countries |
| Double Taxation Agreement/ Mauritius Route | Foreign firms' use of Mauritius as a tax-saving location from which to make foreign direct investments in India |
| E-Business | The Government's FDI policy on e-commerce |
| Environment | Foreign investor violations of India's environmental laws |
| Foreign Exchange Management Act (FEMA) | Illegality of certain FDI transactions under the Foreign Exchange Management Act |
| Foreign Investment Promotion Board (FIPB) | Foreign Investment Promotion Board clearances of FDI projects |
| Intellectual Property Rights (Other) | Trademark, copyright, and brand-related intellectual property issues |
| Intellectual Property Rights (Patent) | Patent-related intellectual property issues |
| Investment Promotion | The Government's investment promotion institutions and activity |
| Investment Treaty–Bilateral (BIT) | FDI and India's Bilateral Investment Treaties |
| Investment Treaty–Multilateral | FDI and India's Multilateral Investment Treaties |
| Joint Ventures | FDI joint ventures |
| Labour Issues/Labour Law | Foreign direct investors and labour issues in India |
| Land Acquisition | Land acquisition by foreign direct investors in India |
| MNC Finance | The manner in which foreign direct investors finance their Indian operations |
| MNC/Foreign Lobbying | Foreign lobbying on FDI-related policy |
| MNC Tax/GAAR | Taxation of foreign direct investors in India, retroactive taxation |
| New Exploration and License Policy (NELP) | Foreign participation in the New Exploration and License Policy in the oil and gas sector |
| National Investment and Manufacturing Zones (NIMZ) | India's National Investment and Manufacturing Zone programme and its impact on FDI |
| NRI Investment | FDI by non-resident Indians in India |
| Indian Capital Flows/FDI | FDI in the broader picture of Indian capital inflows and outflows |
| Outward FDI | Indian outward FDI |

*(Contd...)*

**Table M.10: Issue Question Codes (Contd...)**

| | |
|---|---|
| Reinvested Earnings | MNCs reinvesting their Indian earnings |
| SME | FDI in and by Indian small and medium enterprises |
| Special Economic Zones | FDI in special economic zones |

***Note***: The codes listed in the left column were used to label, and then quantify, the content of Issue questions. The subject matter of each code is explained in the right column.
***Source***: NCAER.

## A.3 SCORING THE ANSWERS

Once each question had been thoroughly read, understood and labelled, the responding Ministry's answer was carefully analysed. This was done to determine how completely, it had been able to address each specific query within the MP's overall question. The objective was to ascertain whether the Ministry had the necessary data at its disposal.

### A.3.1 Fully Answered, Partially Answered and Unable to Answer

Complete answers were labelled 'Fully Answered' and those in which some information was missing as 'Partially Answered.' Unanswered or improperly answered queries were marked 'Unable to Answer.'

Box M.5 presents some examples. In Question 1272, all answers fully respond to the queries. So each answer is marked 'Fully Answered'. In Question 186, on the other hand, the response only partially answers the query about FDI's impact on existing companies, offering no details about how it is "supplementing domestic capital, technology and skills of existing companies… as well as through establishment of new companies." So this answer is marked 'Partially Answered.' However, the query about the steps taken by the Government to protect Indian airline companies is fully answered, which is why this part of the answer is marked Fully Answer.

In Question 2546, on the other hand, both policy queries are marked 'Unable to Answer' because the Ministry does not respond to either query. Even though it responds completely to Queries *a*, *b* and *c*, these are not FDI-related and so not in the analysis sample.

## Box M.5: Scoring the Answers: Some Examples

**FULLY ANSWERED**
**Rajya Sabha**
**Unstarred Question No. 127,**
Answered on 08.03.2013
**Pharmaceutical MNCs in the Country**

*(a) the details of the total number of MNCs DATA – Companies(Number): SCORE – Fully Answered that have set up pharmaceutical companies in the country, during last two years, year-wise and company-wise; DATA – Companies: SCORE – Fully Answered*

*(b) whether it is a fact that prices of medicines have been hiked after their entry and their subsequent actions; IMPACT – Prices: SCORE – Fully Answered and*

*(c) if so, the details thereof and the response of Government thereto? POLICY – Action: SCORE – Fully Answered*

**ANSWER**

*a) As per the information from Centre for Monitoring Indian Economy (CMIE),[15] six MNCs have set up pharmaceutical units as per table below:*

| Sl. No. | Name of MNC | Year |
|---|---|---|
| 1. | Abbott Healthcare Pvt. Ltd. | 2011 |
| 2. | Fresenius Kabi Oncology Ltd. | 2011 |
| 3. | Mylan Laboratories Ltd. | 2011 |
| 4. | Vascular Concepts Pvt. Ltd. | 2011 |
| 5. | ShanthaBiotechnics Ltd. | 2011 |
| 6. | Ranbaxy Laboratories Ltd.(Daichi-Sankyo Group) | 2012 |

*(b) & (c) Under the provisions of the Drugs (Prices Control) Order, 1995, the prices of 74 scheduled bulk drugs and the formulations containing any of these scheduled drugs are controlled. NPPA/Govt. fixes or revises prices of scheduled drugs/formulations as per the provisions of the DPCO, 1995. No one is authorised to sell any scheduled drug/formulation at a price higher than the price fixed by NPPA/Govt.*

*In respect of drugs not covered under the Drugs (Prices Control) Order, 1995 i.e. "non-scheduled drugs", manufacturers are at liberty to fix the prices by themselves without seeking the approval of Government/NPPA. Also there is no control on the launch price of the non-scheduled formulations.*

*However, as a part of price-monitoring activity, NPPA regularly examines the movement in prices of non-scheduled formulations. The monthly reports of IMS Health and the information furnished by individual manufacturers are utilized for the purpose of monitoring prices of non-scheduled formulations. Wherever a price increase beyond 10% per annum is noticed, the manufacturer is asked to bring down the price voluntarily failing which, subject to prescribed conditions, action is initiated under paragraph 10(b) of the DPCO, 1995 for fixing the price of the formulation in public interest.*

(Contd...)

15. What is interesting to note is that the Government uses a private data source, CMIE, rather than its own data, to answer Query a. This might imply that the Government does not have its own data on the number of pharmaceutical MNCs in the country.

## Box M.5: (Contd...)

**PARTIALLY ANSWERED**
**(Query Extracted from) Lok Sabha**
**Unstarred Question No. 186**
**Answered on 05.08.2013**
**Impact of FDI**

*(c) whether the Government has assessed the impact of FDI on existing companies particularly Aviation sector in the country: IMPACT – Domestic Industry: SCORE – Partially Answered and*

*(d) if so, the details thereof along with the steps taken by the Government to protect the domestic industries: POLICY – Safeguard: SCORE – Fully Answered*

**ANSWER**

*(c)& (d) FDI inflows have a positive impact by supplementing domestic capital, technology and skills of existing companies including in the aviation sector, as well as through establishment of new companies. Keeping in view the sensitivity of the aviation sector, investment by foreign airlines has been allowed only up to 49 per cent and on the government approval route.*

**UNABLE TO ANSWER**
**Rajya Sabha**
**Unstarred Questions No. 2546**
**Answered on 20.03.2013**
**Visa for Personnel for Fishery and Maritime Sector**

*(a) whether Government has received recommendations from Agriculture Ministry to release visas for foreign trained personnel for the fishery and maritime sector;*

*(b) how many applications are pending since the last twelve months;*

*(c) the steps proposed to expedite such requests to assist the small scale sector;*

*(d) whether Government has a fast track system for giant MNCs; and POLICY PropCon (Expedited) : SCORE – Unable to Answer and*

*(e) the steps proposed to treat the small sector and small entrepreneurs with equal respect? POLICY–Safeguard: SCORE – Unable to Answer*

**ANSWER**

*(a) to (c): As per information available, the Ministry of Home Affairs has received 21 proposals from the Ministry of Agriculture (Department of Animal Husbandry, Dairying & Fisheries) since October, 2011 seeking security clearance for the foreign fishing crew to be engaged in Indian registered fishing vessels. Clearance for grant of Employment visa to the foreign fishing crew involved in these 21 cases could not be given as they did not fulfil the minimum salary condition of US$ 25000 per annum. Recognising the requirements in this sector, a decision on the policy issue relating to engagement of foreign crew on the Deep Sea Fishing Vessels has been conveyed on 14th March, 2013.*

In other words, Fully Answered questions are those in which responding Ministries have Fully Answered all constituent queries, as illustrated in Table M.11a. This reproduces the quantitative analysis by which the content and scoring for Rajya Sabha Unstarred Question No. 127, *Pharmaceutical MNCs in the Country*, in Box M.5 was both captured and scored. In other words, it would have been marked as a Fully Answered Policy question, a Fully Answered Data question and a Fully Answered Impact question, since all its constituent Policy, Data and Impact queries would have scored 1, which means Fully Answered.

**Table M.11a: Quantitative Analysis of Rajya Sabha Unstarred Question No. 127, *Pharmaceutical MNCs in the Country*, Answered on 08.03.2013**

| Policy Question Score: 100% (Fully Answered) | | | | | |
|---|---|---|---|---|---|
| Maximum Score | Actual Score | Policy Query 1 | Policy Query 1 Score | Policy Query 2 | Policy Query 2 Score |
| 1 | 1 | Action | 1 | - | - |
| **Data Question Score: 100% (Fully Answered)** | | | | | |
| Maximum Score | Actual Score | Data Query 1 | Data Query 1 Score | Data Query 2 | Data Query 2 Score |
| 2 | 2 | Companies (Number) | 1 | Companies | 1 |
| **Impact Question Score: 100% (Fully Answered)** | | | | | |
| Maximum Score | Actual Score | Impact Query 1 | Impact Query 1 Score | Impact Query 2 | Impact Query 2 Score |
| 1 | 1 | Prices | 1 | - | - |

***Source***: NCAER.

In contrast, Lok Sabha Unstarred Question No. 186, *Impact of FDI*, in Box M.5 would have been captured and scored as Table M.11b illustrates. Its Fully Answered Policy query on safeguards for local stakeholders would have scored 1, while its Partially Answered Impact query about FDI's impact on domestic industry would have scored 0.5.

**Table M.11b: Quantitative Analysis of Lok Sabha Unstarred Question No. 186, *Impact of FDI*, Answered on 05.08.2013**

| Policy Question Score: 100% (Fully Answered) | | | | | |
|---|---|---|---|---|---|
| Maximum Score | Actual Score | Policy Query 1 | Policy Query 1 Score | Policy Query 2 | Policy Query 2 Score |
| 1 | 1 | Safeguard | 1 | - | - |
| **Impact Question Score: 50% (Partially Answered)** | | | | | |
| Maximum Score Score | Actual Score | Impact Query 1 | Impact Query 1 Score | Impact Query 2 | Impact Query 2 |
| 1 | 0.5 | Domestic Industry | 0.5 | - | - |

***Source***: NCAER.

Finally, Rajya Sabha Unstarred Question No. 2546, *Visa for Personnel for Fishery and Maritime Sector*, in Box M.5, would have scored 0 (Unable to Answer), since both its component FDI-related queries remained unaddressed.

**Table M.11c: Quantitative Analysis of Rajya Sabha Unstarred Question No. 2546, Visa for Personnel for Fishery and Maritime Sector, Answered on 20.03.2013**

| Policy Question Score: 0% (Unable to Answer) | | | | | |
|---|---|---|---|---|---|
| Maximum Score | Actual Score | Policy Query 1 | Policy Query 1 Score | Policy Query 2 | Policy Query 2 Score |
| 2 | 0 | PropCon (Expedited) | 0 | Safeguard | 0 |

***Source***: NCAER.

### A.3.2 Questions that Scored 100 per cent by Default

In many queries, the answer scores full marks not because the responding Ministry has provided the information requested, but because the presumed conditions do not exist. For instance, the MP asks how many wholly-owned insurance subsidiaries operate in India after 100 per cent FDI was permitted in this sector. The relevant Ministry's response is that there are no wholly-owned insurance subsidiaries in India because the FDI cap in this sector is still 26 per cent. Another MP asks for a list of foreign firms running nuclear power plants in India. The relevant Ministry responds that FDI is prohibited in atomic energy, so there are no FDI firms in this sector.

In both cases, the responding Ministry would score full marks because its answer is correct, even though it has not had to provide the requested information. These queries, in which circumstances relieve the responding Ministry from having to provide the requested data, were labelled '100 per cent by Default' and counted separately during the analysis. The objective in doing so is to present a clear insight into those questions which were Fully Answered because responding Ministries have succeeded in providing all the information requested, and those where they scored 100 per cent by default.

### A.3.3 Justified not to answer fully

At the same time, there were a few Partially Answered or Unable to Answer queries in which the responding Ministry might have been justified to not answer fully for national security reasons, or because these queries would challenge even the most highly trained FDI expert or econometrician. These questions were also marked and counted separately to enhance analytical accuracy.

Additionally, the analysis distinguished queries which asked for projected FDI data or impact from those that requested current or past information and analysis, for insights into the Government's ability to answer these two types of queries.

**Please see Annexure 2.2: List of 1,210 Written Parliament Questions on FDI Analysed (2 July 2009 – 21 February 2014) in the form of attached booket***

CHAPTER TWO

# Annexure 2.3: Data Tables

### Annexure 2.3.1: Which Sectors Attracted FDI-Related Questions?

*(This is the total sector count across the complete sample of 1,210 questions)*

| Sector | Number of questions | % of total 1,210 questions |
|---|---|---|
| FDI General (no sector focus) | 356 | 29.4 |
| Sector-focused | 854 | 70.6 |
| *of which:* | | |

| | Number of questions | % of 854 sector-focused questions | % of total 1,210 questions |
|---|---|---|---|
| Retail | 140 | 16.4 | 11.6 |
| *of which:* | | | |
| Multibrand | 63 | 7.4 | 5.2 |
| Mutibrand and Single Brand combined | 53 | 6.2 | 4.4 |
| Single Brand | 20 | 2.3 | 1.7 |
| E-Commerce | 4 | 0.5 | 0.3 |
| Pharmaceuticals | 82 | 9.6 | 6.8 |
| Defence | 55 | 6.4 | 4.5 |
| Telecommunications | 54 | 6.3 | 4.5 |
| Electricity | 48 | 5.6 | 4.0 |
| Air Transport | 43 | 5 | 3.6 |
| Petroleum and Natural Gas | 41 | 4.8 | 3.4 |
| Food Processing | 37 | 4.3 | 3.1 |
| Agriculture | 33 | 3.9 | 2.7 |
| Broadcasting and Programming Activities | 28 | 3.3 | 2.3 |
| Roads and Railways | 21 | 2.5 | 1.7 |
| Ports and Shipping | 21 | 2.5 | 1.7 |
| Education | 17 | 2 | 1.4 |
| Insurance, Reinsurance and Pension | 17 | 2 | 1.4 |
| Textiles | 17 | 2 | 1.4 |
| Mining of Coal and Lignite | 17 | 2 | 1.4 |
| Publishing Activities | 16 | 1.9 | 1.3 |
| Steel | 12 | 1.4 | 1.0 |
| Financial Services | 11 | 1.3 | 0.9 |

*(Contd...)*

## Annexure 2.3.1: Which Sectors Attracted FDI-Related Questions? (Contd...)

| | | | |
|---|---|---|---|
| Infrastructure | 11 | 1.3 | 0.9 |
| Land Transport and Transport via Pipelines | 11 | 1.3 | 0.9 |
| Tourism | 11 | 1.3 | 0.9 |
| Other Mining and Quarrying | 10 | 1.2 | 0.8 |
| Real Estate Activities | 10 | 1.2 | 0.8 |
| Warehousing and Support Activities | 8 | 0.9 | 0.7 |
| Manufacture of Computer and Electronic Hardware | 7 | 0.8 | 0.6 |
| Nuclear Energy | 7 | 0.8 | 0.6 |
| Wholesale Trade | 7 | 0.8 | 0.6 |
| Renewable Energy | 6 | 0.7 | 0.5 |
| Wind Energy | 6 | 0.7 | 0.5 |
| Fishing and Aquaculture | 5 | 0.6 | 0.4 |
| Legal and Accounting Activities | 5 | 0.6 | 0.4 |
| Other Financial Activities | 5 | 0.6 | 0.4 |
| Manufacture of Tobacco Products | 4 | 0.5 | 0.3 |
| Solar Energy | 4 | 0.5 | 0.3 |
| Computer Programming, Consultancy | 3 | 0.4 | 0.2 |
| Hydro Energy | 3 | 0.4 | 0.2 |
| Manufacture of Electric Equipment | 3 | 0.4 | 0.2 |
| Manufacturing | 3 | 0.4 | 0.2 |
| Scientific Research and Development | 3 | 0.4 | 0.2 |
| Services | 3 | 0.4 | 0.2 |
| Human Health Activities | 2 | 0.2 | 0.2 |
| Printing and Reproduction of Recorded Media | 2 | 0.2 | 0.2 |
| Sports Activities and Amusements | 2 | 0.2 | 0.2 |
| Electric Power Generation, Transmission | 1 | 0.1 | 0.1 |
| Manufacture of Chemical and Chemical Products | 1 | 0.1 | 0.1 |
| Manufacture of Machinery and Equipment | 1 | 0.1 | 0.1 |

## Annexure 2.3.2: Which Ministries Attracted FDI-Related Questions?

*(This is the total count for Ministries across the complete sample of 1,210 questions)*

| | Ministry | Number of questions | % of total 1,210 questions |
|---|---|---|---|
| 1. | Commerce and Industry | 353 | 29.2 |
| 2. | Finance | 190 | 15.7 |
| 3. | Communications and Information Technology | 60 | 5.0 |
| 4. | Defence | 50 | 4.1 |
| 5. | Chemicals and Fertilizers | 45 | 3.7 |
| 6. | Petroleum and Natural Gas | 43 | 3.6 |
| 7. | Information and Broadcasting | 40 | 3.3 |
| 8. | Civil Aviation | 39 | 3.2 |
| 9. | Power | 39 | 3.2 |
| 10. | Food Processing Industries | 36 | 3.0 |
| 11. | Agriculture | 31 | 2.6 |
| 12. | New and Renewable Energy | 24 | 2.0 |
| 13. | Road Transport and Highways | 21 | 1.7 |
| 14. | Home Affairs | 18 | 1.5 |
| 15. | Textiles | 18 | 1.5 |
| 16. | Human Resource Development | 17 | 1.4 |
| 17. | Shipping | 17 | 1.4 |
| 18. | Coal | 16 | 1.3 |
| 19. | Corporate Affairs | 16 | 1.3 |
| 20. | Consumer Affairs, Food and Public Distribution | 12 | 1.0 |
| 21. | Labour and Employment | 12 | 1.0 |
| 22. | Health and Family Welfare | 11 | 0.9 |
| 23. | Micro, Small and Medium Enterprises | 11 | 0.9 |
| 24. | Steel | 11 | 0.9 |
| 25. | Tourism | 11 | 0.9 |
| 26. | Atomic Energy | 10 | 0.8 |
| 27. | Railways | 10 | 0.8 |
| 28. | Mines | 9 | 0.7 |
| 29. | Environment And Forests | 7 | 0.6 |
| 30. | Overseas Indian Affairs | 6 | 0.5 |
| 31. | External Affairs | 5 | 0.4 |
| 32. | Planning | 4 | 0.3 |
| 33. | Science and Technology | 4 | 0.3 |

*(Contd...)*

## Annexure 2.3.2: Which Ministries Attracted FDI-Related Questions? (Contd...)

| | | | |
|---|---|---|---|
| 34. | Urban Development | 4 | 0.3 |
| 35. | Rural Development | 3 | 0.3 |
| 36. | Heavy Industries and Public Enterprises | 2 | 0.2 |
| 37. | Personnel, Public Grievances and Pension | 2 | 0.2 |
| 38. | Youth Affairs and Sports | 2 | 0.2 |
| 39. | Housing and Urban Poverty Alleviation | 1 | 0.1 |

## Annexure 2.3.3: What Types of Policy Questions Were Asked?

*(This is the count for policy sub-queries across the sample of 1,039 Policy Questions)*

| Subject | Number of times this query occurred | % of 1,039 Policy Questions in which this query occurred | % of total 1,210 questions in which this query occurred |
|---|---|---|---|
| **Review** | 318 | 30.6 | 26.3 |
| *of which:* | | | |
| Review (HigherCap) | 83 | 8.0 | 6.9 |
| Review (Permit) | 69 | 6.6 | 5.7 |
| Review (Liberalise) | 58 | 5.6 | 4.8 |
| Review (Tighten) | 57 | 5.5 | 4.7 |
| Review (Attract) | 33 | 3.2 | 2.7 |
| Review (LowerCap) | 6 | 0.6 | 0.5 |
| Reviewed (HigherCap) | 6 | 0.6 | 0.5 |
| Reviewed (Liberalise) | 5 | 0.5 | 0.4 |
| Reviewed (Lower Cap) | 1 | 0.1 | 0.1 |
| **Stakeholder** | 192 | 18.5 | 15.9 |
| *of which:* | | | |
| StakeholderConsultationReaction | 77 | 7.4 | 6.4 |
| StakeholderObjection | 67 | 6.5 | 5.5 |
| StakeholderReviewRequest (Liberalise) | 20 | 1.9 | 1.7 |
| StakeholderReviewRequest (HigherCap) | 10 | 1.0 | 0.8 |
| StakeholderReviewRequest (Tighten) | 10 | 1.0 | 0.8 |
| StakeholderBanRequest | 5 | 0.5 | 0.4 |
| StakeholderReviewRequest (LowerCap) | 2 | 0.2 | 0.2 |
| StakeholderInvestigationRequest | 1 | 0.1 | 0.1 |
| **Attract** | 185 | 17.8 | 15.3 |
| *of which:* | | | |
| Attract | 130 | 12.5 | 10.7 |
| Attract-Development/Tech Transfer | 31 | 3.0 | 2.6 |
| Attract-JVs | 12 | 1.2 | 1.0 |
| Attract-NRI | 9 | 0.9 | 0.7 |
| Attract-Competition | 3 | 0.3 | 0.2 |
| **Safeguard** | 134 | 12.9 | 11.1 |
| **Violation-Action** | 116 | 11.2 | 9.6 |
| **Permit** | 125 | 12.0 | 10.3 |
| **Investment Terms** | 92 | 8.9 | 7.6 |

*(Contd...)*

## Annexure 2.3.3: What Types of Policy Questions Were Asked? (Contd...)

| | | | |
|---|---|---|---|
| **Action** | 90 | 5.7 | 7.4 |
| **Incentives/Preferential Treatment** | 54 | 5.2 | 4.5 |
| *of which:* | | | |
| Incentives/Preferential Treatment (for MNCs) | 41 | 4.0 | 3.4 |
| Incentives/Preferential Treatment (for Domestic Firms) | 8 | 0.8 | 0.7 |
| Incentives/Preferential Treatment (for NRI) | 5 | 0.5 | 0.4 |
| **Proposals and Contracts** | 53 | 5.1 | 4.4 |
| *of which:* | | | |
| PropCon (Cleared) | 19 | 1.8 | 1.6 |
| PropCon (Discussed/Presented) | 11 | 1.1 | 0.9 |
| PropCon (Expedited) | 10 | 1.0 | 0.8 |
| PropCon (Deferred) | 4 | 0.4 | 0.3 |
| PropCon (Selected) | 2 | 0.2 | 0.2 |
| PropCon (Cancelled) | 2 | 0.2 | 0.2 |
| PropCon (Pending) | 2 | 0.2 | 0.2 |
| PropCon (Rejected) | 2 | 0.2 | 0.2 |
| PropCon (Submitted) | 1 | 0.1 | 0.1 |
| **Security** | 47 | 4.5 | 3.9 |
| **Investor Hurdles/Harassment** | 42 | 4.0 | 3.5 |
| **Cap** | 29 | 2.8 | 2.4 |
| **Target** | 21 | 2.0 | 1.7 |
| **Simplying FDI Policy** | 20 | 1.9 | 1.7 |
| MonitorInflows/Outflows | 15 | 1.4 | 1.2 |
| Outourcing | 12 | 1.2 | 1.0 |
| Shares/Shareholding | 11 | 1.1 | 0.9 |
| Sourcing | 10 | 1.0 | 0.8 |
| *of which:* | | | |
| Sourcing (MNCs from SMEs) | 7 | 0.7 | 0.6 |
| Sourcing (Domestic Firms from MNCs) | 2 | 0.2 | 0.2 |
| Sourcing (MNC from Domestic Firms) | 1 | 0.1 | 0.1 |
| Ban | 9 | 0.9 | 0.7 |
| Investment Promotion-Outward | 8 | 0.8 | 0.7 |
| Other | 8 | 0.8 | 0.7 |
| Employee – Registration/Visa | 6 | 0.6 | 0.5 |

*(Contd...)*

### Annexure 2.3.3: What Types of Policy Questions Were Asked? (Contd...)

| | | | |
|---|---|---|---|
| Joint Ventures | 6 | 0.6 | 0.5 |
| Taxation | 6 | 0.6 | 0.5 |
| Claims/Compensation | 5 | 0.5 | 0.4 |
| Acquisitions | 4 | 0.4 | 0.3 |
| Dispute | 4 | 0.4 | 0.3 |
| Prices | 4 | 0.4 | 0.3 |
| Profit/Revenue Share(MNC-Government) | 4 | 0.4 | 0.3 |
| Patent | 3 | 0.4 | 0.2 |
| Tech Transfer | 3 | 0.3 | 0.2 |
| Bid | 2 | 0.3 | 0.2 |
| CSR | 2 | 0.2 | 0.2 |
| Dues/Arrears – MNCs to Government | 2 | 0.2 | 0.2 |
| FIPB/Automatic | 2 | 0.2 | 0.2 |
| Registration-Companies | 2 | 0.2 | 0.2 |
| Acquisitions-Outward | 1 | 0.1 | 0.1 |
| Audit | 1 | 0.1 | 0.1 |
| Default(Domestic) | 1 | 0.1 | 0.1 |
| Liability | 1 | 0.1 | 0.1 |
| R&D | 1 | 0.1 | 0.1 |

**Annexure 2.3.4: Which Ministries Received Policy Questions?**

*(This is the Ministry count across the sample of 1,039 Policy Questions)*

| | Ministry | Number of questions | % of 1,039 Policy Questions |
|---|---|---|---|
| 1. | Commerce and Industry | 310 | 29.8 |
| 2. | Finance | 168 | 16.2 |
| 3. | Communications and Information Technology | 53 | 5.1 |
| 4. | Defence | 45 | 4.3 |
| 5. | Petroleum and Natural Gas | 37 | 3.6 |
| 6. | Civil Aviation | 36 | 3.5 |
| 7. | Information and Broadcasting | 36 | 3.5 |
| 8. | Power | 34 | 3.3 |
| 9. | Chemicals and Fertilizers | 33 | 3.2 |
| 10. | Food Processing Industries | 26 | 2.5 |
| 11. | Agriculture | 24 | 2.3 |
| 12. | Home Affairs | 18 | 1.7 |
| 13. | New and Renewable Energy | 18 | 1.7 |
| 14. | Human Resource Development | 16 | 1.5 |
| 15. | Shipping | 16 | 1.5 |
| 16. | Textiles | 15 | 1.4 |
| 17. | Coal | 11 | 1.1 |
| 18. | Consumer Affairs, Food and Public Distribution | 11 | 1.1 |
| 19. | Corporate Affairs | 11 | 1.1 |
| 20. | Labour and Employment | 11 | 1.1 |
| 21. | Road Transport and Highways | 19 | 1.9 |
| 22. | Health and Family Welfare | 10 | 1.0 |
| 23. | Micro, Small and Medium Enterprises | 10 | 1.0 |
| 24. | Railways | 9 | 0.9 |
| 25. | Steel | 8 | 0.8 |
| 26. | Environment and Forests | 7 | 0.7 |
| 27. | Tourism | 7 | 0.7 |
| 28. | Atomic Energy | 6 | 0.6 |
| 29. | Mines | 6 | 0.6 |
| 30. | Overseas Indian Affairs | 6 | 0.6 |
| 31. | External Affairs | 5 | 0.5 |
| 32. | Planning | 3 | 0.3 |
| 33. | Rural Development | 3 | 0.3 |

*(Contd...)*

## Annexure 2.3.4: Which Ministries Received Policy Questions? (Contd...)

| | | | |
|---|---|---|---|
| 34. | Science and Technology | 3 | 0.3 |
| 35. | Heavy Industries and Public Enterprises | 2 | 0.2 |
| 36. | Personnel, Public Grievances and Pension | 2 | 0.2 |
| 37. | Youth Affairs and Sports | 2 | 0.2 |
| 38. | Housing and Urban Poverty Alleviation | 1 | 0.1 |
| 39. | Urban Development | 1 | 0.1 |

## Annexure 2.3.5: On Which Sectors Did Policy Questions Focus?

*(This is the sector count across the sample of 1,039 Policy Questions)*

| Sector | Number of questions | % of 1,039 Policy Questions |
|---|---|---|
| FDI General (no sector focus) | 301 | 29% |
| Sector-focused | 738 | 71% |

*of which:*

| | Number of questions | % of 738 sector-focused questions | % of total 1,210 questions |
|---|---|---|---|
| Retail | 130 | 17.6 | 10.7 |
| Pharmaceuticals | 69 | 9.3 | 5.7 |
| Defence | 52 | 7.0 | 4.3 |
| Telecommunications | 50 | 6.8 | 4.1 |
| Air Transport | 43 | 5.8 | 3.6 |
| Electricity | 43 | 5.8 | 3.6 |
| Petroleum and Natural Gas | 37 | 5.0 | 3.1 |
| Agriculture | 31 | 4.2 | 2.6 |
| Broadcasting and Programming Activities | 30 | 4.1 | 2.5 |
| Food Processing | 27 | 3.7 | 2.2 |
| Civil Engineering | 20 | 2.7 | 1.7 |
| Water Transport | 20 | 2.7 | 1.7 |
| Education | 18 | 2.4 | 1.5 |
| Insurance, Reinsurance and Pension | 17 | 2.3 | 1.4 |
| Manufacture of Textiles | 14 | 1.9 | 1.2 |
| Publishing Activities | 14 | 1.9 | 1.2 |
| Financial Services | 12 | 1.6 | 1.0 |
| Land Transport and Transport via Pipelines | 11 | 1.5 | 0.9 |
| Mining of Coal and Lignite | 10 | 1.4 | 0.8 |
| Real Estate Activities | 10 | 1.4 | 0.8 |
| Manufacture of Basic Metals | 9 | 1.2 | 0.7 |
| Other Mining and Quarrying | 8 | 1.1 | 0.7 |
| Warehousing and Support Activities | 8 | 1.1 | 0.7 |
| Wholesale Trade | 8 | 1.1 | 0.7 |
| Infrastructure | 7 | 0.9 | 0.6 |
| Tourism | 7 | 0.9 | 0.6 |
| Manufacture of Computer, Electronic Hardware | 6 | 0.8 | 0.5 |
| Wind Energy | 6 | 0.8 | 0.5 |
| Legal and Accounting Activities | 5 | 0.7 | 0.4 |
| Manufacture of Tobacco Products | 5 | 0.7 | 0.4 |

*(Contd...)*

## Annexure 2.3.5: On Which Sectors Did Policy Questions Focus? (Contd...)

| | | | |
|---|---|---|---|
| Other Financial Activities | 5 | 0.7 | 0.4 |
| Fishing and Aquaculture | 4 | 0.5 | 0.3 |
| Renewable Energy | 4 | 0.5 | 0.3 |
| Services | 4 | 0.5 | 0.3 |
| Hydro Energy | 3 | 0.4 | 0.2 |
| Manufacturing | 3 | 0.4 | 0.2 |
| Nuclear Energy | 3 | 0.4 | 0.2 |
| Solar Energy | 3 | 0.4 | 0.2 |
| Computer Programming, Consultancy | 2 | 0.3 | 0.2 |
| Printing and Reproduction of Recorded Media | 2 | 0.3 | 0.2 |
| Scientific Research and Development | 2 | 0.3 | 0.2 |
| Sports Activities and Amusements | 2 | 0.3 | 0.2 |
| Electric Power Generation, Transmission | 1 | 0.1 | 0.1 |
| Human Health Activities | 1 | 0.1 | 0.1 |
| Manufacture of Textiles | 1 | 0.1 | 0.1 |
| Manufacture of Chemical and Chemical Products | 1 | 0.1 | 0.1 |
| Manufacture of Electric Equipment | 1 | 0.1 | 0.1 |
| Manufacture of Motor Vehicles, Trailers and Semi-trailers | 1 | 0.1 | 0.1 |
| Monetary Intermediation | 1 | 0.1 | 0.1 |

## Annexure 2.3.6: What Types of Data Questions Were Asked?

*(This is the count for data sub-queries across the sample of 594 Data Questions)*

| Subject | Number of times this query occurred | % of 594 Data Questions in which this query occurred | % of total 1,210 questions in which this query occurred |
|---|---|---|---|
| Quantum | 290 | 48.9 | 24.1 |
| *of which:* | | | |
| Quantum (Sector) | 123 | 20.7 | 10.2 |
| Quantum (T) | 66 | 11.1 | 5.5 |
| Quantum (State) | 29 | 4.9 | 2.4 |
| Quantum (Country) | 19 | 3.2 | 1.6 |
| Quantum (NRI) | 15 | 2.5 | 1.2 |
| Quantum (T)-Projected | 9 | 1.5 | 0.7 |
| Quantum (Sector-Subsegment) | 8 | 1.4 | 0.7 |
| Quantum (T)Outward | 8 | 1.4 | 0.7 |
| Quantum (Sector) Projected | 7 | 1.2 | 0.6 |
| Quantum (Country) Outward | 2 | 0.3 | 0.2 |
| Quantum (Sector) (NRI) | 2 | 0.3 | 0.2 |
| Sector (NRI) | 1 | 0.2 | 0.1 |
| Quantum (State) (NRI) | 1 | 0.2 | 0.1 |
| ProposalsContracts | 173 | 29.1 | 14.3 |
| *of which:* | | | |
| PropCon (Cleared) | 59 | 9.9 | 4.9 |
| PropCon (Submitted) | 41 | 6.9 | 3.4 |
| PropCon (Discussed/Presented) | 39 | 6.6 | 3.2 |
| PropCon (Pending) | 13 | 2.1 | 1.0 |
| PropCon (Rejected) | 7 | 1.2 | 0.6 |
| PropCon (Selected) | 6 | 1.0 | 0.5 |
| PropCon (Deferred) | 5 | 0.8 | 0.4 |
| PropCon (Cancelled) | 2 | 0.3 | 0.2 |
| PropCon (Expedited) | 1 | 0.2 | 0.1 |
| Companies | 169 | 28.5 | 14.0 |
| *of which:* | | | |
| Companies-Name | 75 | 12.6 | 6.2 |
| Companies-Number | 28 | 4.7 | 2.3 |
| Companies-Investments | 21 | 3.5 | 1.7 |
| Companies-Ban | 11 | 1.9 | 0.9 |
| Companies-States | 9 | 1.5 | 0.7 |

*(Contd...)*

## Annexure 2.3.6: What Types of Data Questions Were Asked? (Contd...)

| | | | |
|---|---|---|---|
| Companies-Projects | 6 | 1.0 | 0.5 |
| Companies-Products | 3 | 0.5 | 0.2 |
| Companies-Profits/Revenues | 3 | 0.5 | 0.2 |
| Companies-Registration | 3 | 0.5 | 0.2 |
| Companies-Production | 2 | 0.3 | 0.2 |
| Companies-Sales | 2 | 0.3 | 0.2 |
| Companies-Countries | 1 | 0.2 | 0.1 |
| Companies-Employment | 1 | 0.2 | 0.1 |
| Companies-Mismatch | 1 | 0.2 | 0.1 |
| Companies-R&D | 1 | 0.2 | 0.1 |
| Companies-Sector | 1 | 0.2 | 0.1 |
| Companies-Tax | 1 | 0.2 | 0.1 |
| **Projects** | 58 | 9.8 | 4.8 |
| *of which:* | | | |
| Projects | 36 | 6.1 | 3.0 |
| Projects (Exploration) | 10 | 1.7 | 0.8 |
| Projects-State | 7 | 1.2 | 0.6 |
| Projects (Delayed) | 2 | 0.3 | 0.2 |
| Projects (NRI) | 2 | 0.3 | 0.2 |
| Projects (Outward) | 1 | 0.2 | 0.1 |
| **Decline** | 36 | 6.0 | 2.9 |
| **Violation** | 30 | 5.1 | 2.5 |
| **Joint Ventures** | 27 | 4.5 | 2.1 |
| **Rank (International)** | 21 | 3.5 | 1.7 |
| **%Foreign/Domestic** | 16 | 2.7 | 1.3 |
| **Acquisitions** | 15 | 2.5 | 1.2 |
| **Mismatch** | 15 | 2.5 | 1.2 |
| **Exit/Sale** | 14 | 2.4 | 1.2 |
| **Country** | 13 | 2.2 | 1.1 |
| **State** | 12 | 2.0 | 1.0 |
| Comparison (International) | 9 | 1.5 | 0.7 |
| Dividend/Repatriation | 9 | 1.5 | 0.7 |
| Dispute | 6 | 1.0 | 0.5 |
| Patents | 6 | 1.0 | 0.5 |
| Product | 6 | 1.0 | 0.5 |

*(Contd...)*

## Annexure 2.3.6: What Types of Data Questions Were Asked? (Contd...)

| | | | |
|---|---|---|---|
| Profits | 6 | 1.0 | 0.5 |
| Shares/Shareholding | 6 | 1.0 | 0.5 |
| Employment | 5 | 0.8 | 0.4 |
| Losses (Government – Revenue) | 5 | 0.8 | 0.4 |
| Tax (Quantum T) | 5 | 0.8 | 0.4 |
| Tax Arrears | 5 | 0.8 | 0.4 |
| % Share Country in FDI Total | 4 | 0.7 | 0.3 |
| % Share in Industry(Domestic) | 4 | 0.7 | 0.3 |
| Bilateral Investment Treaty | 4 | 0.7 | 0.3 |
| R&D | 4 | 0.7 | 0.3 |
| % FDI/FII | 4 | 0.7 | 0.3 |
| % Automatic/FIPB | 3 | 0.5 | 0.2 |
| Exports | 3 | 0.5 | 0.2 |
| Other | 3 | 0.5 | 0.2 |
| Revenue (Govt) | 3 | 0.5 | 0.2 |
| Sales/Premium | 3 | 0.5 | 0.2 |
| % Rural-Urban | 2 | 0.3 | 0.2 |
| Country-Outward | 2 | 0.3 | 0.2 |
| Imports | 2 | 0.3 | 0.2 |
| Land Acquisition | 2 | 0.3 | 0.2 |
| Loan Default | 2 | 0.3 | 0.2 |
| Prices | 2 | 0.3 | 0.2 |
| Production | 2 | 0.3 | 0.2 |
| Registration (Employees) | 2 | 0.3 | 0.2 |
| % Share Sector in FDI Total | 2 | 0.3 | 0.2 |
| % Inward/Outward | 1 | 0.2 | 0.1 |
| % Profits (Repatriated/Reinvested) | 1 | 0.2 | 0.1 |
| % Share State in FDI Total | 1 | 0.2 | 0.1 |
| Acquisitions (Outward) | 1 | 0.2 | 0.1 |
| CSR | 1 | 0.2 | 0.1 |
| Foreign Exchange | 1 | 0.2 | 0.1 |
| Interest on ECB | 1 | 0.2 | 0.1 |
| MNC Lobbying Spend | 1 | 0.2 | 0.1 |
| Outsourcing-MNCs | 1 | 0.2 | 0.1 |
| Revenue Loss | 1 | 0.2 | 0.1 |
| Sourcing | 1 | 0.2 | 0.1 |
| TechTransferAgreements | 1 | 0.2 | 0.1 |

## Annexure 2.3.7: Which Ministries Received Data Questions?

*(This is the Ministry count across the sample of 594 Data Questions)*

| | Ministry | Number of questions | % of 594 Data Questions |
|---|---|---|---|
| 1. | Commerce and Industry | 168 | 28.3 |
| 2. | Finance | 98 | 16.5 |
| 3. | Communications and Information Technology | 32 | 5.4 |
| 4. | Petroleum and Natural Gas | 31 | 5.2 |
| 5. | Food Processing Industries | 25 | 4.2 |
| 6. | Power | 24 | 4.0 |
| 7. | Chemicals and Fertilizers | 22 | 3.7 |
| 8. | Defence | 17 | 2.9 |
| 9. | Information and Broadcasting | 16 | 2.7 |
| 10. | New and Renewable Energy | 14 | 2.4 |
| 11. | Civil Aviation | 12 | 2.0 |
| 12. | Agriculture | 10 | 1.7 |
| 13. | Road Transport and Highways | 10 | 1.7 |
| 14. | Coal | 9 | 1.5 |
| 15. | Corporate Affairs | 9 | 1.5 |
| 16. | Textiles | 9 | 1.5 |
| 17. | Tourism | 9 | 1.5 |
| 18. | Steel | 8 | 1.4 |
| 19. | Human Resource Development | 7 | 1.2 |
| 20. | Mines | 7 | 1.2 |
| 21. | Atomic Energy | 6 | 1.0 |
| 22. | Health and Family Welfare | 6 | 1.0 |
| 23. | Home Affairs | 6 | 1.0 |
| 24. | Overseas Indian Affairs | 5 | 0.8 |
| 25. | Shipping | 5 | 0.8 |
| 26. | Consumer Affairs, Food and Public Distribution | 4 | 0.7 |
| 27. | Urban Development | 4 | 0.7 |
| 28. | Environment and Forests | 3 | 0.5 |
| 29. | Labour and Employment | 3 | 0.5 |
| 30. | Rural Development | 3 | 0.5 |
| 31. | External Affairs | 2 | 0.3 |
| 32. | Railways | 2 | 0.3 |
| 33. | Youth Affairs and Sports | 2 | 0.3 |

*(Contd...)*

## Annexure 2.3.7: Which Ministries Received Data Questions? (Contd...)

| | | | |
|---|---|---|---|
| 34. | Heavy Industries and Public Enterprises | 1 | 0.2 |
| 35. | Housing and Urban Poverty Alleviation | 1 | 0.2 |
| 36. | Micro, Small and Medium Enterprises | 1 | 0.2 |
| 37. | Personnel, Public Grievances and Pensions | 1 | 0.2 |
| 38. | Planning | 1 | 0.2 |
| 39. | Science and Technology | 1 | 0.2 |

## Annexure 2.3.8: On Which Sectors Did Data Questions Focus?

*(This is the sector count across the sample of 594 Data Questions)*

| Sector | Number of questions | % of 594 Data Questions |
|---|---|---|
| FDI General (no sector focus) | 211 | 36% |
| Sector-focused | 383 | 64% |

*of which:*

| | Number of questions | % of 383 sector-focused questions | % of total 1,210 questions |
|---|---|---|---|
| Pharmaceuticals | 40 | 10.4 | 3.3 |
| Retail | 38 | 9.9 | 3.1 |
| Petroleum and Natural Gas | 29 | 7.6 | 2.4 |
| Electricity | 27 | 7.0 | 2.2 |
| Food Processing | 27 | 7.0 | 2.2 |
| Telecommunications | 27 | 7.0 | 2.2 |
| Defence | 19 | 5.0 | 1.6 |
| Agriculture | 15 | 3.9 | 1.2 |
| Air Transport | 14 | 3.7 | 1.2 |
| Broadcasting and Programming Activities | 14 | 3.7 | 1.2 |
| Civil Engineering | 11 | 2.9 | 0.9 |
| Mining of Coal and Lignite | 11 | 2.9 | 0.9 |
| Infrastructure | 9 | 2.3 | 0.7 |
| Manufacture of Textiles | 9 | 2.3 | 0.7 |
| Tourism | 9 | 2.3 | 0.7 |
| Education | 8 | 2.1 | 0.7 |
| Manufacture of Basic Metals | 8 | 2.1 | 0.7 |
| Other Mining and Quarrying | 8 | 2.1 | 0.7 |
| Publishing Activities | 7 | 1.8 | 0.6 |
| Real Estate Activities | 6 | 1.6 | 0.5 |
| Insurance, Reinsurance and Pension | 5 | 1.3 | 0.4 |
| Nuclear Energy | 5 | 1.3 | 0.4 |
| Water Transport | 5 | 1.3 | 0.4 |
| Wholesale Trade | 5 | 1.3 | 0.4 |
| Wind Energy | 5 | 1.3 | 0.4 |
| Renewable Energy | 4 | 1.0 | 0.3 |
| Services | 4 | 1.0 | 0.3 |
| Financial Services | 3 | 0.8 | 0.2 |
| Land Transport and Transport via Pipelines | 3 | 0.8 | 0.2 |
| Manufacture of Computer, Electronic Hardware | 3 | 0.8 | 0.2 |

*(Contd...)*

## Annexure 2.3.8: On Which Sectors Did Data Questions Focus? (Contd...)

| | | | |
|---|---|---|---|
| Computer Programming, Consultancy | 2 | 0.5 | 0.2 |
| Human Health Activities | 2 | 0.5 | 0.2 |
| Hydro Energy | 2 | 0.5 | 0.2 |
| Manufacture of Electric Equipment | 2 | 0.5 | 0.2 |
| Sports Activities and Amusements | 2 | 0.5 | 0.2 |
| Warehousing and Support Activities | 2 | 0.5 | 0.2 |
| Legal and Accounting Activities | 1 | 0.3 | 0.1 |
| Manufacture of Chemical and Chemical Products | 1 | 0.3 | 0.1 |
| Manufacture of Machinery and Equipment | 1 | 0.3 | 0.1 |
| Other Financial Activities | 1 | 0.3 | 0.1 |
| Scientific Research and Development | 1 | 0.3 | 0.1 |
| Solar Energy | 1 | 0.3 | 0.1 |

## Annexure 2.3.9: What Types of Impact Questions Were Asked?

*(This is the count for impact queries across the sample of 322 Impact Questions)*

| Subject | Number of times this query occurred | % of 322 Impact Questions in which this query occurred | % of total 1,210 questions in which this query occurred |
|---|---|---|---|
| Domestic Industry | 86 | 26.7 | 7.1% |
| *of which:* | | | |
| Domestic Industry | 66 | 20.5 | 5.5% |
| Domestic Industry (SMEs) | 20 | 6.2 | 1.7% |
| Sector Development/Tech Transfer | 56 | 17.4 | 4.6% |
| Impact on FDI (Policy) | 39 | 12.1 | 3.2% |
| Economy | 35 | 10.8 | 2.9% |
| Retailers/Traders | 30 | 9.3 | 2.5% |
| Benefits | 22 | 6.8 | 1.8% |
| Employment | 22 | 6.8 | 1.8% |
| Farmers | 17 | 5.3 | 1.4% |
| Overall Impact | 16 | 5.0 | 1.3% |
| Prices | 16 | 5.0 | 1.3% |
| Consumers | 11 | 3.4 | 0.9% |
| Impact on FDI (Other) | 10 | 3.1 | 0.8% |
| *of which:* | | | |
| Impact on FDI (Other) | 5 | 1.6 | 0.4% |
| Impact on FDI (Global Economy) | 3 | 0.9 | 0.2% |
| Impact on FDI (Domestic Economy) | 2 | 0.6 | 0.2% |
| Security | 10 | 3.1 | 0.8% |
| Health | 4 | 1.2 | 0.3% |
| Environment | 3 | 0.9 | 0.2% |
| Local communities | 3 | 0.9 | 0.2% |
| Other | 3 | 0.9 | 0.2% |
| Competition | 2 | 0.6 | 0.2% |
| Fishermen | 2 | 0.6 | 0.2% |

## Annexure 2.3.10: Which Ministries Received Impact Questions?

*(This is the Ministry count across the sample of 322 Impact Questions)*

| | Ministry | Number of questions | % of 322 Impact Questions |
|---|---|---|---|
| 1. | Commerce and Industry | 116 | 36.0 |
| 2. | Finance | 35 | 10.9 |
| 3. | Chemicals and Fertilizers | 21 | 6.5 |
| 4. | Agriculture | 15 | 4.7 |
| 5. | Communications and Information Technology | 15 | 4.7 |
| 6. | Civil Aviation | 14 | 4.4 |
| 7. | Food Processing Industries | 11 | 3.4 |
| 8. | Defence | 10 | 3.1 |
| 9. | Petroleum and Natural Gas | 9 | 2.8 |
| 10. | Micro, Small and Medium Enterprises | 8 | 2.5 |
| 11. | Textiles | 7 | 2.2 |
| 12. | Human Resource Development | 6 | 1.9 |
| 13. | Information and Broadcasting | 5 | 1.6 |
| 14. | Mines | 5 | 1.6 |
| 15. | Power | 5 | 1.6 |
| 16. | Road Transport and Highways | 5 | 1.6 |
| 17. | Consumer Affairs, Food and Public Distribution | 4 | 1.2 |
| 18. | Labour and Employment | 4 | 1.2 |
| 19. | Shipping | 4 | 1.2 |
| 20. | Coal | 3 | 0.9 |
| 21. | Health and Family Welfare | 3 | 0.9 |
| 22. | Tourism | 3 | 0.9 |
| 23. | Corporate Affairs | 2 | 0.6 |
| 24. | Environment and Forests | 2 | 0.6 |
| 25. | Overseas Indian Affairs | 2 | 0.6 |
| 26. | Steel | 2 | 0.6 |
| 27. | Atomic Energy | 1 | 0.3 |
| 28. | Heavy Industries and Public Enterprises | 1 | 0.3 |
| 29. | New and Renewable Energy | 1 | 0.3 |
| 30. | Planning | 1 | 0.3 |
| 31. | Science and Technology | 1 | 0.3 |
| 32. | Youth Affairs and Sports | 1 | 0.3 |

## Annexure 2.3.11: Which Sectors Received Impact Questions?

*(This is the sector count across the sample of 322 Impact Questions)*

| Sector | Number of questions | % of 322 Impact Questions |
|---|---|---|
| FDI General (no sector focus) | 80 | 25% |
| Sector-focused | 242 | 75% |

*of which:*

| | Number of questions | % of 242 sector-focused questions | % of total 1,210 questions |
|---|---|---|---|
| Retail | 55 | 22.7 | 4.5 |
| Pharmaceuticals | 35 | 14.5 | 2.9 |
| Telecommunications | 17 | 7.0 | 1.4 |
| Air Transport | 16 | 6.6 | 1.3 |
| Agriculture | 16 | 6.6 | 1.3 |
| Food Processing | 13 | 5.4 | 1.1 |
| Defence | 11 | 4.5 | 0.9 |
| Petroleum and Natural Gas | 9 | 3.7 | 0.7 |
| Insurance, Reinsurance and Pension | 9 | 3.7 | 0.7 |
| Civil Engineering | 6 | 2.5 | 0.5 |
| Education | 6 | 2.5 | 0.5 |
| Financial Services | 6 | 2.5 | 0.5 |
| Manufacture of Textiles | 6 | 2.5 | 0.5 |
| Other Mining and Quarrying | 6 | 2.5 | 0.5 |
| Broadcasting and Programming Activities | 5 | 2.1 | 0.4 |
| Electricity and Gas | 5 | 2.1 | 0.4 |
| Water Transport | 4 | 1.7 | 0.3 |
| Other Financial Activities | 3 | 1.2 | 0.2 |
| Tourism | 3 | 1.2 | 0.2 |
| Warehousing and Support Activities | 3 | 1.2 | 0.2 |
| Fishing and Aquaculture | 2 | 0.8 | 0.2 |
| Manufacture of Basic Metals | 2 | 0.8 | 0.2 |
| Mining of Coal and Lignite | 2 | 0.8 | 0.2 |
| Publishing Activities | 2 | 0.8 | 0.2 |
| Computer Programming, Consultancy | 1 | 0.4 | 0.1 |
| Infrastructure | 1 | 0.4 | 0.1 |
| Manufacture of Textiles | 1 | 0.4 | 0.1 |
| Manufacture of Tobacco Products | 1 | 0.4 | 0.1 |
| Manufacture of Electric Equipment | 1 | 0.4 | 0.1 |
| Monetary Intermediation | 1 | 0.4 | 0.1 |

***(Contd...)***

## Annexure 2.3.11: Which Sectors Received Impact Questions? (Contd...)

| | | | |
|---|---|---|---|
| Nuclear Energy | 1 | 0.4 | 0.1 |
| Renewable Energy | 1 | 0.4 | 0.1 |
| Scientific Research and Development | 1 | 0.4 | 0.1 |
| Services | 1 | 0.4 | 0.1 |
| Sports Activities and Amusements | 1 | 0.4 | 0.1 |
| Wholesale Trade | 1 | 0.4 | 0.1 |

## Annexure 2.3.12: Which Issues Were Covered?

*(This is the issue count for the 360 Issue questions in the total sample of 1,210 questions)*

| Subject (Issue Code) | Number of questions | % of 360 Issue Questions | % of total 1,210 Questions |
|---|---|---|---|
| Outward and Inward Capital Flows/FDI | 44 | 12.2 | 3.6 |
| Joint Ventures | 38 | 10.6 | 3.1 |
| Acquisitions/Mergers | 27 | 7.5 | 2.2 |
| MNC Tax/GAAR | 24 | 6.7 | 2.0 |
| NRI Investment | 20 | 5.6 | 1.7 |
| New Exploration Licensing Policy (NELP) | 16 | 4.4 | 1.3 |
| Outward FDI | 16 | 4.4 | 1.3 |
| MNC/Foreign Lobbying | 15 | 4.2 | 1.2 |
| Investment Promotion | 14 | 3.9 | 1.2 |
| FIPB-Foreign Investment Promotion Board | 13 | 3.6 | 1.1 |
| Labour Issues/Labour Law | 13 | 3.6 | 1.1 |
| FEMA-Foreign Exchange Management Act | 12 | 3.3 | 1.0 |
| Black Money/Tax Havens | 11 | 3.1 | 0.9 |
| Intellectual Property Rights (Patent) | 11 | 3.1 | 0.9 |
| SME | 11 | 3.1 | 0.9 |
| Double Taxation Agreement/Mauritius Route | 10 | 2.8 | 0.8 |
| Investment Treaty-Bilateral (BIT) | 9 | 2.5 | 0.7 |
| Environment | 7 | 1.9 | 0.6 |
| Disinvestment | 6 | 1.7 | 0.5 |
| E-Business | 6 | 1.7 | 0.5 |
| MNC Finance | 6 | 1.7 | 0.5 |
| Clinical Trials | 5 | 1.4 | 0.4 |
| Intellectual Property Rights (Other) | 5 | 1.4 | 0.4 |
| Special Economic Zones | 4 | 1.1 | 0.3 |
| Investment Promotion | 3 | 0.8 | 0.3 |
| NIMZ – National Investment and Manufacturing Zones | 3 | 0.8 | 0.3 |
| Dividend Repatriation | 2 | 0.6 | 0.2 |
| Investment Treaty-Multilateral | 2 | 0.6 | 0.2 |
| Land Acquisition | 2 | 0.6 | 0.2 |
| Acquisitions-Outward | 1 | 0.3 | 0.1 |
| CECA-Comprehensive Economic Cooperation Agreement | 1 | 0.3 | 0.1 |
| CSR | 1 | 0.3 | 0.1 |
| Outward FDI(SME) | 1 | 0.3 | 0.1 |
| Reinvested Earnings | 1 | 0.3 | 0.1 |

## Annexure 2.3.13: Which Countries Were Mentioned?

*(This is the Country count for the 146 questions that mentioned a country in the total sample of 1,210 questions)*

| Country | Frequency | % of 146 Country Questions |
|---|---|---|
| China | 38 | 26.0 |
| United States of America | 35 | 24.0 |
| Mauritius | 16 | 11.0 |
| Pakistan | 14 | 9.6 |
| Japan | 11 | 7.5 |
| Europe | 8 | 5.5 |
| Singapore | 8 | 5.5 |
| Russia | 7 | 4.8 |
| Germany | 5 | 3.4 |
| France | 5 | 3.4 |
| Bangladesh | 4 | 2.7 |
| Malaysia | 4 | 2.7 |
| United Arab Emirates | 4 | 2.7 |
| Australia | 3 | 2.1 |
| Brazil | 3 | 2.1 |
| United Kingdom | 3 | 2.1 |
| OECD | 3 | 2.1 |
| Argentina | 2 | 1.4 |
| Switzerland | 2 | 1.4 |
| Norway | 2 | 1.4 |
| Nepal | 2 | 1.4 |
| Afghanistan | 1 | 0.7 |
| Bermuda | 1 | 0.7 |
| Brunei Darrusalam | 1 | 0.7 |
| Chile | 1 | 0.7 |
| Egypt | 1 | 0.7 |
| Gulf Countries | 1 | 0.7 |
| Israel | 1 | 0.7 |
| Italy | 1 | 0.7 |
| South Korea | 1 | 0.7 |
| Kuwait | 1 | 0.7 |
| Sri Lanka | 1 | 0.7 |
| Middle East | 1 | 0.7 |

*(Contd...)*

## Annexure 2.3.13: Which Countries Were Mentioned? (Contd...)

| | | |
|---|---|---|
| New Zealand | 1 | 0.7 |
| Philippines | 1 | 0.7 |
| Qatar | 1 | 0.7 |
| Saudi Arabia | 1 | 0.7 |
| Sudan | 1 | 0.7 |
| Sweden | 1 | 0.7 |
| South Asia | 1 | 0.7 |
| South Korea | 1 | 0.7 |
| Thailand | 1 | 0.7 |

## Annexure 2.3.14: How Were Policy Queries Answered?

*(Analysis by number of questions)*

| Policy Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| **Review** | **318** | **26.3** | **294** | **290** | **4** | **20** | **19** | **1** | **4** | **4** | **0** |
| *of which:* | | | | | | | | | | | |
| Review (Higher Cap) | 83 | 6.9 | 76 | 74 | 2 | 5 | 5 | - | 2 | 2 | - |
| Review (Permit) | 69 | 5.7 | 64 | 64 | - | 4 | 4 | - | 1 | 1 | - |
| Review (Liberalise) | 58 | 4.8 | 50 | 50 | - | 7 | 6 | 1 | 1 | 1 | - |
| Review (Tighten) | 57 | 4.7 | 57 | 56 | 1 | 0 | 0 | - | 0 | 0 | - |
| Review (Attract) | 33 | 2.7 | 29 | 29 | - | 4 | 4 | - | 0 | 0 | - |
| Review (Lower Cap) | 6 | 0.5 | 6 | 5 | 1 | 0 | 0 | - | 0 | 0 | - |
| Reviewed (Higher Cap) | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |
| Reviewed (Liberalise) | 5 | 0.4 | 5 | 5 | - | 0 | 0 | - | 0 | 0 | - |
| Reviewed (Lower Cap) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| **Stakeholder** | **192** | **15.9** | **154** | **143** | **11** | **17** | **11** | **6** | **21** | **18** | **3** |
| *of which:* | | | | | | | | | | | |
| StakeholderConsultation Reaction | 77 | 6.4 | 63 | 56 | 7 | 6 | 5 | 1 | 8 | 6 | 2 |
| StakeholderObjection | 67 | 5.5 | 54 | 51 | 3 | 6 | 4 | 2 | 7 | 6 | 1 |
| StakeholderReviewRequest (Liberalise) | 20 | 1.7 | 14 | 14 | - | 4 | 1 | 3 | 2 | 2 | - |
| StakeholderReviewRequest (HigherCap) | 10 | 0.8 | 7 | 7 | - | 0 | 0 | - | 3 | 3 | - |
| StakeholderReviewRequest (Tighten) | 10 | 0.8 | 8 | 8 | - | 1 | 1 | - | 1 | 1 | - |
| StakeholderBanRequest | 5 | 0.4 | 5 | 4 | 1 | 0 | 0 | - | 0 | 0 | - |
| StakeholderReviewRequest (LowerCap) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| StakeholderInvestigationRequest | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| **Attract** | **185** | **15.3** | **154** | **154** | **0** | **25** | **24** | **1** | **6** | **6** | **0** |
| *of which:* | | | | | | | | | | | |
| Attract | 130 | 10.7 | 107 | 106 | 1 | 21 | 20 | 1 | 2 | 2 | - |
| Attract-Development/ TechTransfer | 31 | 2.6 | 24 | 24 | - | 3 | 3 | - | 4 | 4 | - |
| Attract-JVs | 12 | 1.0 | 12 | 12 | - | 0 | 0 | - | 0 | 0 | - |

*(Contd...)*

## Annexure 2.3.14: How Were Policy Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Attract-NRI | 9 | 0.7 | 8 | 8 | - | 1 | 1 | - | 0 | 0 | - |
| Attract-Competition | 3 | 0.2 | 3 | 3 | - | 0 | 0 | - | 0 | 0 | - |
| **Safeguard** | **134** | **11.1** | **91** | **76** | **15** | **21** | **20** | **1** | **22** | **21** | **1** |
| **Violation-Action** | **116** | **9.6** | **103** | **94** | **9** | **8** | **6** | **2** | **5** | **5** | - |
| **Permit** | **126** | **10** | **121** | **120** | **1** | **3** | **3** | **0** | **2** | **2** | **0** |
| **Investment Terms** | **92** | **7.6** | **85** | **80** | **5** | **6** | **5** | **1** | **1** | **1** | - |
| **Action** | **90** | **7.4** | **73** | **54** | **19** | **9** | **7** | **2** | **8** | **5** | **3** |
| *of which:* | | | | | | | | | | | |
| Action | 49 | 4.0 | 41 | 35 | 6 | 4 | 4 | 0 | 4 | 4 | 0 |
| Action (Timelines) | 41 | 3.4 | 32 | 19 | 13 | 5 | 3 | 2 | 4 | 1 | 3 |
| **Incentives/Preferential Treatment** | **54** | **4.5** | **50** | **49** | **1** | **2** | **2** | **0** | **2** | **2** | **0** |
| *of which:* | | | | | | | | | | | |
| Incentives/Preferential Treatment (for MNCs) | 41 | 3.4 | 37 | 36 | 1 | 2 | 2 | - | 2 | 2 | - |
| Incentives/Preferential Treatment (for Domestic Firms) | 8 | 0.7 | 8 | 8 | - | 0 | 0 | - | 0 | 0 | - |
| Incentives/Preferential Treatment (for NRI) | 5 | 0.4 | 5 | 5 | - | 0 | 0 | - | 0 | 0 | - |
| **Proposals and Contracts** | **53** | **4.4** | **48** | **46** | **2** | **2** | **2** | **0** | **3** | **2** | **1** |
| *of which:* | | | | | | | | | | | |
| PropCon (Cleared) | 19 | 1.6 | 18 | 18 | - | 0 | - | - | 1 | 0 | 1 |
| PropCon (Discussed/Presented) | 11 | 0.9 | 9 | 9 | - | 1 | 1 | - | 1 | 1 | - |
| PropCon (Expedited) | 10 | 0.8 | 8 | 7 | 1 | 1 | 1 | - | 1 | 1 | - |
| PropCon (Deferred) | 4 | 0.3 | 4 | 3 | 1 | 0 | 0 | - | 0 | 0 | - |
| PropCon (Selected) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| PropCon (Cancelled) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| PropCon (Pending) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| PropCon (Rejected) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| PropCon (Submitted) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| **Security** | **47** | **3.9** | **45** | **41** | **4** | **1** | **1** | - | **1** | **1** | - |
| **Investor Hurdles/Harassment** | **42** | **3.5** | **34** | **34** | - | **6** | **6** | - | **2** | **2** | - |
| **Cap** | **29** | **2.4** | **29** | **28** | **1** | **0** | **0** | - | **0** | **0** | - |
| **Target** | **21** | **1.7** | **21** | **21** | - | **0** | **0** | - | **0** | **0** | - |
| **Simplifying FDI Policy** | **20** | **1.7** | **18** | **16** | **2** | **1** | **1** | - | **1** | **1** | - |
| MonitorInflows/Outflows | 15 | 1.2 | 14 | 13 | 1 | 1 | 1 | - | 0 | 0 | - |

*(Contd...)*

## Annexure 2.3.14: How Were Policy Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Outsourcing** | **12** | **1.0** | **11** | **11** | **0** | **0** | **0** | **0** | **1** | **1** | **0** |
| *of which:* | | | | | | | | | | | |
| Outsourcing-Domestic | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Outsourcing-MNCs | 8 | 0.7 | 8 | 8 | - | 0 | 0 | - | 0 | 0 | - |
| Outsourcing-PSUs | 3 | - | 2 | 2 | - | 0 | 0 | - | 1 | 1 | - |
| **Shares/Shareholding** | **11** | **0.9** | **11** | **11** | - | **0** | **0** | - | **0** | **0** | - |
| **Sourcing** | **10** | **0.8** | **9** | **8** | **1** | **1** | **1** | - | **0** | **0** | - |
| *of which:* | | | | | | | | | | | |
| Sourcing (MNCs from SMEs) | 7 | 0.6 | 6 | 5 | 1 | 1 | 1 | - | 0 | 0 | - |
| Sourcing (Domestic Firms from MNCs) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| Sourcing (MNC from Domestic Firms) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Ban | 9 | 0.7 | 6 | 6 | - | 1 | 1 | - | 2 | 2 | - |
| Investment Promotion-Outward | 8 | 0.7 | 8 | 8 | - | 0 | 0 | - | 0 | 0 | - |
| Other | 8 | 0.7 | 6 | 6 | - | 1 | 0 | 1 | 1 | 1 | - |
| Employee - Registration/Visa | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |
| Joint Ventures | 6 | 0.5 | 5 | 5 | - | 1 | 1 | - | 0 | 0 | - |
| Taxation | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |
| Claims/Compensation | 5 | 0.4 | 5 | 5 | - | 0 | 0 | - | 0 | 0 | - |
| Acquisitions | 4 | 0.3 | 2 | 2 | - | 2 | 2 | - | 0 | 0 | - |
| Dispute | 4 | 0.3 | 3 | 3 | - | 1 | 1 | - | 0 | 0 | - |
| Prices | 4 | 0.3 | 3 | 3 | - | 0 | 0 | - | 1 | 1 | - |
| Profit/Revenue Share (MNC-Government) | 4 | 0.3 | 4 | 4 | - | 0 | 0 | - | 0 | 0 | - |
| Patent | 3 | 0.2 | 3 | 3 | - | 0 | 0 | - | 0 | 0 | - |
| Tech Transfer | 3 | 0.2 | 3 | 3 | - | 0 | 0 | - | 0 | 0 | - |
| Bid | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| CSR | 2 | 0.2 | 1 | 1 | - | 1 | 1 | - | 0 | 0 | - |
| Dues/Arrears (MNCs to Government) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| %FIPB/Automatic | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| Registration-Companies | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| Acquisitions-Outward | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Audit | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Default (Domestic) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Liability | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| R&D | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |

## Annexure 2.3.15: How Were Policy Queries Answered?

*(Analysis by percentage of questions)*

Note: The percentage of Fully Answered, Partially Answered and Unable to Answer in each row might not add to 100 due to rounding.

| Policy Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| **Review** | **318** | **26.3** | **92** | **91** | **1** | **6** | **6** | **0** | **1** | **1** | **0** |
| *of which:* | | | | | | | | | | | |
| Review (HigherCap) | 83 | 6.9 | 92 | 89 | 2 | 6 | 6 | 0 | 2 | 2 | 0 |
| Review (Permit) | 69 | 5.7 | 93 | 93 | 0 | 6 | 6 | 0 | 1 | 1 | 0 |
| Review (Liberalise) | 58 | 4.8 | 86 | 86 | 0 | 12 | 10 | 2 | 2 | 2 | 0 |
| Review (Tighten) | 57 | 4.7 | 100 | 98 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Review (Attract) | 33 | 2.7 | 88 | 88 | 0 | 12 | 12 | 0 | 0 | 0 | 0 |
| Review (LowerCap) | 6 | 0.5 | 100 | 83 | 17 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reviewed (HigherCap) | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reviewed (Liberalise) | 5 | 0.4 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reviewed (Lower Cap) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Stakeholder** | **192** | **15.9** | **80** | **74** | **6** | **9** | **6** | **3** | **11** | **9** | **2** |
| *of which:* | | | | | | | | | | | |
| StakeholderConsultationReaction | 77 | 6.4 | 82 | 73 | 9 | 8 | 6 | 1 | 10 | 8 | 3 |
| StakeholderObjection | 67 | 5.5 | 81 | 76 | 4 | 9 | 6 | 3 | 10 | 9 | 1 |
| StakeholderReviewRequest (Liberalise) | 20 | 1.7 | 70 | 70 | 0 | 20 | 5 | 15 | 10 | 10 | 0 |
| StakeholderReviewRequest (HigherCap) | 10 | 0.8 | 70 | 70 | 0 | 0 | 0 | 0 | 30 | 30 | 0 |
| StakeholderReviewRequest (Tighten) | 10 | 0.8 | 80 | 80 | 0 | 10 | 10 | 0 | 10 | 10 | 0 |
| StakeholderBanRequest | 5 | 0.4 | 100 | 80 | 20 | 0 | 0 | 0 | 0 | 0 | 0 |
| StakeholderReviewRequest (LowerCap) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| StakeholderInvestigation Request | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Attract** | **185** | **15.3** | **83** | **83** | **0** | **4** | **3** | **2** | **3** | **4** | **0** |
| *of which:* | | | | | | | | | | | |
| Attract | 130 | 10.7 | 82 | 82 | 1 | 15 | 15 | 1 | 2 | 2 | 0 |
| Attract-Development/ TechTransfer | 31 | 2.6 | 77 | 77 | 0 | 10 | 10 | 0 | 13 | 13 | 0 |
| Attract-JVs | 12 | 1.0 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*(Contd...)*

## Annexure 2.3.15: How Were Policy Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Attract-NRI | 9 | 0.7 | 89 | 89 | 0 | 11 | 11 | 0 | 0 | 0 | 0 |
| Attract-Competition | 3 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Safeguard** | **134** | **11.1** | **68** | **57** | **11** | **16** | **15** | **1** | **16** | **16** | **1** |
| **Permit** | **126** | **10.4** | **96** | **95** | **1** | **2** | **2** | **0** | **2** | **2** | **0** |
| **Violation-Action** | **116** | **9.6** | **89** | **81** | **8** | **7** | **5** | **2** | **4** | **4** | **0** |
| **Investment Terms** | **92** | **7.6** | **92** | **87** | **5** | **7** | **5** | **1** | **1** | **1** | **0** |
| **Action** | **90** | **7.4** | **20** | **20** | **0** | **0** | **0** | **0** | **3** | **3** | **0** |
| *of which:* | | | | | | | | | | | |
| Action | 49 | 4.0 | 84 | 69 | 12 | 8 | 8 | 0 | 8 | 8 | 0 |
| Action (Timelines) | 41 | 3.4 | 78 | 46 | 32 | 12 | 7 | 5 | 10 | 2 | 7 |
| **Incentives/Preferential Treatment** | **54** | **4.5** | **93** | **91** | **2** | **4** | **4** | **0** | **4** | **4** | **0** |
| *of which:* | | | | | | | | | | | |
| Incentives/Preferential Treatment (for MNCs) | 41 | 3.4 | 90 | 88 | 2 | 5 | 5 | 0 | 5 | 5 | 0 |
| Incentives/Preferential Treatment (for Domestic Firms) | 8 | 0.7 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Incentives/Preferential Treatment (for NRI) | 5 | 0.4 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Proposals and Contracts** | **53** | **4.4** | **91** | **87** | **4** | **4** | **4** | **0** | **6** | **4** | **2** |
| *of which:* | | | | | | | | | | | |
| PropCon (Cleared) | 19 | 1.6 | 95 | 95 | 0 | 0 | 0 | 0 | 5 | 0 | 5 |
| PropCon (Discussed/Presented) | 11 | 0.9 | 82 | 82 | 0 | 9 | 9 | 0 | 9 | 9 | 0 |
| PropCon (Expedited) | 10 | 0.8 | 80 | 70 | 10 | 10 | 10 | 0 | 10 | 10 | 0 |
| PropCon (Deferred) | 4 | 0.3 | 100 | 75 | 25 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Selected) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Cancelled) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Pending) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Rejected) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Submitted) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Security** | **47** | **3.9** | **96** | **87** | **9** | **2** | **2** | **0** | **2** | **2** | **0** |
| **Investor Hurdles/Harassment** | **42** | **3.5** | **81** | **81** | **0** | **14** | **14** | **0** | **5** | **5** | **0** |
| **Cap** | **29** | **2.4** | **100** | **97** | **3** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Target** | **21** | **1.7** | **100** | **100** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Simplying FDI Policy** | **20** | **1.7** | **90** | **80** | **10** | **5** | **5** | **0** | **5** | **5** | **0** |
| MonitorInflows/Outflows | 15 | 1.2 | 93 | 87 | 7 | 7 | 7 | 0 | 0 | 0 | 0 |
| Outsourcing | 12 | 1.0 | 92 | 92 | 0 | 0 | 0 | 0 | 8 | 8 | 0 |

*(Contd...)*

## Annexure 2.3.15: How Were Policy Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *of which:* | | | | | | | | | | | |
| Outsourcing-Domestic | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outsourcing-MNCs | 8 | 0.7 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outsourcing-PSUs | 3 | 0.2 | 67 | 67 | 0 | 0 | 0 | 0 | 33 | 33 | 0 |
| Shares/Shareholding | 11 | 0.9 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sourcing** | **10** | **0.8** | **90** | **90** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| *of which:* | | | | | | | | | | | |
| Sourcing (MNCs from SMEs) | 7 | 0.6 | 86 | 71 | 14 | 14 | 14 | 0 | 0 | 0 | 0 |
| Sourcing (Domestic Firms from MNCs) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sourcing (MNC from Domestic Firms) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ban | 9 | 0.7 | 67 | 67 | 0 | 11 | 11 | 0 | 22 | 22 | 0 |
| Investment Promotion-Outward | 8 | 0.7 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 8 | 0.7 | 75 | 75 | 0 | 13 | 0 | 13 | 13 | 13 | 0 |
| Employee-Registration/Visa | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Joint Ventures | 6 | 0.5 | 83 | 83 | 0 | 17 | 17 | 0 | 0 | 0 | 0 |
| Taxation | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims/Compensation | 5 | 0.4 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions | 4 | 0.3 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Dispute | 4 | 0.3 | 75 | 75 | 0 | 25 | 25 | 0 | 0 | 0 | 0 |
| Prices | 4 | 0.3 | 75 | 75 | 0 | 0 | 0 | 0 | 25 | 25 | 0 |
| Profit/Revenue Share (MNC-Government) | 4 | 0.3 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patent | 3 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tech Transfer | 3 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bid | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CSR | 2 | 0.2 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Dues/Arrears (MNCs to Government) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FIPB/Automatic | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Registration-Companies | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions-Outward | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Audit | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Default (Domestic) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liability | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R&D | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## Annexure 2.3.16: How Were Data Queries Answered?

*(Analysis by number of questions)*

| Data Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| **Quantum** | **290** | **24.1** | **222** | **215** | **7** | **23** | **19** | **4** | **45** | **43** | **2** |
| *of which:* | | | | | | | | | | | |
| Quantum (Sector) | 123 | 10.2 | 106 | 101 | 5 | 7 | 7 | - | 10 | 9 | 1 |
| Quantum (T) | 66 | 5.5 | 62 | 62 | - | 0 | 0 | - | 4 | 4 | - |
| Quantum (State) | 29 | 2.4 | 22 | 22 | - | 0 | 0 | - | 7 | 7 | - |
| Quantum (Country) | 19 | 1.6 | 14 | 12 | 2 | 2 | 2 | - | 3 | 3 | - |
| Quantum (NRI) | 15 | 1.2 | 4 | 4 | - | 5 | 5 | - | 6 | 6 | - |
| Quantum (T)-Projected | 9 | 0.7 | 0 | 0 | - | 1 | 0 | 1 | 8 | 8 | - |
| Quantum (Sector-Subsegment) | 8 | 0.7 | 2 | 2 | - | 1 | 1 | - | 5 | 4 | 1 |
| Quantum (T) Outward | 8 | 0.7 | 7 | 7 | - | 1 | 1 | - | 0 | 0 | - |
| Quantum (Sector)Projected | 7 | 0.6 | 1 | 1 | - | 4 | 1 | 3 | 2 | 2 | - |
| Quantum (Sector) (NRI) | 3 | 0.2 | 2 | 2 | - | 1 | 1 | - | 0 | 0 | - |
| Quantum (Country) Outward | 2 | 0.2 | 1 | 1 | - | 1 | 1 | - | 0 | 0 | - |
| Quantum (State) (NRI) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| **Proposals Contracts** | **173** | **14.3** | **146** | **119** | **27** | **14** | **11** | **3** | **13** | **11** | **2** |
| *of which:* | | | | | | | | | | | |
| PropCon (Cleared) | 59 | 4.9 | 52 | 51 | 1 | 3 | 2 | 1 | 4 | 3 | 1 |
| PropCon (Submitted) | 41 | 3.4 | 33 | 20 | 13 | 6 | 4 | 2 | 2 | 2 | - |
| PropCon (Discussed/Presented) | 39 | 3.2 | 31 | 22 | 9 | 3 | 3 | - | 5 | 4 | 1 |
| PropCon (Pending) | 13 | 1.0 | 12 | 11 | 1 | 1 | 1 | - | 0 | 0 | - |
| PropCon (Rejected) | 7 | 0.6 | 5 | 5 | - | 1 | 1 | - | 1 | 1 | - |
| PropCon (Selected) | 6 | 0.5 | 5 | 4 | 1 | 0 | 0 | - | 1 | 1 | - |
| PropCon (Deferred) | 5 | 0.4 | 5 | 4 | 1 | 0 | 0 | - | 0 | 0 | - |
| PropCon (Cancelled) | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| PropCon (Expedited) | 1 | 0.1 | 1 | 0 | 1 | 0 | 0 | - | 0 | 0 | - |
| **Companies** | **169** | **14.0** | **106** | **90** | **16** | **23** | **22** | **1** | **40** | **36** | **4** |
| *of which:* | | | | | | | | | | | |
| Companies-Name | 75 | 6.2 | 46 | 37 | 9 | 12 | 11 | 1 | 17 | 15 | 2 |
| Companies-Number | 28 | 2.3 | 22 | 22 | - | 0 | 0 | - | 6 | 5 | 1 |
| Companies-Investments | 21 | 1.7 | 12 | 11 | 1 | 3 | 3 | - | 6 | 6 | - |
| Companies-Ban | 11 | 0.9 | 8 | 4 | 4 | 1 | 1 | - | 2 | 2 | - |
| Companies-States | 9 | 0.7 | 5 | 5 | - | 3 | 3 | - | 1 | 1 | - |

*(Contd...)*

## Annexure 2.3.16: How Were Data Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Companies-Projects | 6 | 0.5 | 3 | 1 | 2 | 1 | 1 | - | 2 | 2 | - |
| Companies-Products | 3 | 0.2 | 2 | 2 | 0 | 1 | 1 | - | 0 | 0 | - |
| Companies-Profits/Revenues | 3 | 0.2 | 2 | 2 | - | 0 | 0 | - | 1 | 1 | - |
| Companies-Registration | 3 | 0.2 | 3 | 3 | - | 0 | 0 | - | 0 | 0 | - |
| Companies-Production | 2 | 0.2 | 0 | 0 | - | 1 | 1 | - | 1 | 0 | 1 |
| Companies-Sales | 2 | 0.2 | 1 | 1 | - | 0 | 0 | - | 1 | 1 | - |
| Companies-Countries | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Companies-Employment | 1 | 0.1 | 0 | 0 | - | 0 | 0 | - | 1 | 1 | - |
| Companies-Mismatch | 1 | 0.1 | 0 | 0 | - | 0 | 0 | - | 1 | 1 | - |
| Companies-R&D | 1 | 0.1 | 0 | 0 | - | 1 | 1 | - | 0 | 0 | - |
| Companies-Sector | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| Companies-Tax | 1 | 0.1 | 0 | 0 | - | 0 | 0 | - | 1 | 1 | - |
| **Projects** | **58** | **4.8** | **34** | **30** | **4** | **11** | **10** | **1** | **13** | **12** | **1** |
| *of which:* | | | | | | | | | | | |
| Projects | 36 | 3.0 | 22 | 18 | 4 | 6 | 5 | 1 | 8 | 7 | 1 |
| Projects (Exploration) | 10 | 0.8 | 8 | 8 | - | 1 | 1 | - | 1 | 1 | - |
| Projects-State | 7 | 0.6 | 1 | 1 | - | 2 | 2 | - | 4 | 4 | - |
| Projects (Delayed) | 2 | 0.2 | 1 | 1 | - | 1 | 1 | - | 0 | 0 | - |
| Projects (NRI) | 2 | 0.2 | 1 | 1 | - | 1 | 1 | - | 0 | 0 | - |
| Projects (Outward) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| **Decline** | **36** | **2.9** | **31** | **31** | **-** | **2** | **2** | **-** | **3** | **2** | **1** |
| **Violation** | **30** | **2.5** | **16** | **12** | **4** | **5** | **4** | **1** | **9** | **5** | **4** |
| **Joint Ventures** | **26** | **2.1** | **14** | **12** | **2** | **4** | **3** | **1** | **9** | **9** | **-** |
| **Rank(International)** | **21** | **1.7** | **19** | **19** | **-** | **1** | **1** | **-** | **1** | **1** | **-** |
| **% Foreign/ Domestic** | **16** | **1.3** | **4** | **3** | **1** | **6** | **6** | **-** | **6** | **5** | **1** |
| **Acquisitions** | **15** | **1.2** | **5** | **3** | **2** | **6** | **6** | **-** | **4** | **4** | **-** |
| **Mismatch** | **15** | **1.2** | **5** | **3** | **2** | **1** | **1** | **-** | **9** | **8** | **1** |
| **Exit/Sale** | **14** | **1.2** | **11** | **6** | **5** | **1** | **1** | **-** | **2** | **2** | **-** |
| **Country** | **13** | **1.1** | **8** | **5** | **3** | **2** | **2** | **-** | **3** | **3** | **-** |
| **State** | **12** | **1.0** | **7** | **7** | **-** | **2** | **2** | **-** | **3** | **3** | **-** |
| Comparison (International) | 9 | 0.7 | 6 | 6 | - | 1 | 0 | 1 | 2 | 2 | - |
| Dividend/Repatriation | 9 | 0.7 | 6 | 6 | - | 1 | 1 | - | 2 | 2 | - |
| Dispute | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |
| Patents | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |
| Product | 6 | 0.5 | 6 | 6 | - | 0 | 0 | - | 0 | 0 | - |

*(Contd...)*

**Annexure 2.3.16: How Were Data Queries Answered? (Contd...)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Profits | 6 | 0.5 | 3 | 3 | - | 1 | 1 | - | 2 | 2 | - |
| Shares/Shareholding | 6 | 0.5 | 3 | 2 | 1 | 0 | 0 | - | 3 | 3 | - |
| Employment | 5 | 0.4 | 1 | 1 | - | 0 | 0 | - | 4 | 4 | - |
| Losses(Government - Revenue) | 5 | 0.4 | 1 | 1 | - | 0 | 0 | - | 4 | 2 | 2 |
| Tax (Quantum T) | 5 | 0.4 | 4 | 4 | - | 1 | 1 | - | 0 | 0 | - |
| Tax Arrears | 5 | 0.4 | 0 | 0 | - | 2 | 2 | - | 3 | 2 | 1 |
| % Share Country in FDI Total | 4 | 0.3 | 3 | 3 | - | 1 | 1 | - | 0 | 0 | - |
| % Share in Industry (Domestic) | 4 | 0.3 | 2 | 0 | 2 | 0 | 0 | - | 2 | 2 | - |
| Bilateral Investment Treaty | 4 | 0.3 | 3 | 3 | - | 1 | 1 | - | 0 | 0 | - |
| R&D | 4 | 0.3 | 0 | 0 | - | 1 | 1 | - | 3 | 1 | 2 |
| % FDI/FII | 4 | 0.2 | 4 | 4 | - | 0 | 0 | - | 0 | 0 | - |
| % Automatic/FIPB | 3 | 0.2 | 2 | 1 | 1 | 0 | 0 | - | 1 | 0 | 1 |
| Exports | 3 | 0.2 | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - |
| Other | 3 | 0.2 | 1 | 1 | - | 0 | 0 | - | 2 | 0 | 2 |
| Revenue (Govt) | 3 | 0.2 | 3 | 3 | - | 0 | 0 | - | 0 | 0 | - |
| Sales/Premium | 3 | 0.2 | 1 | 1 | - | 0 | 0 | - | 2 | 1 | 1 |
| % Rural-Urban | 2 | 0.2 | 0 | 0 | - | 0 | 0 | - | 2 | 2 | - |
| Country-Outward | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| Imports | 2 | 0.2 | 1 | 1 | - | 0 | 0 | - | 1 | 1 | - |
| Land Acquisition | 2 | 0.2 | 0 | 0 | - | 0 | 0 | - | 2 | 2 | - |
| Loan Default | 2 | 0.2 | 0 | 0 | - | 0 | 0 | - | 2 | 0 | 2 |
| Prices | 2 | 0.2 | 1 | 1 | - | 1 | 1 | - | 0 | 0 | - |
| Production | 2 | 0.2 | 0 | 0 | - | 1 | 0 | 1 | 1 | 1 | - |
| Registration (Employees) | 2 | 0.2 | 0 | 0 | - | 0 | 0 | - | 2 | 2 | - |
| % Share Sector in FDI Total | 2 | 0.1 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| % Inward/Outward | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| % Profits (Repatriated/Reinvested) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| % Share State in FDI Total | 1 | 0.1 | 0 | 0 | - | 1 | 1 | - | 0 | 0 | - |
| Acquisitions (Outward) | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| CSR | 1 | 0.1 | 0 | 0 | - | 0 | 0 | - | 1 | 1 | - |
| Foreign Exchange | 1 | 0.1 | 0 | 0 | - | 1 | 1 | - | 0 | 0 | - |
| Interest on ECB | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |
| MNC Lobbying Spend | 1 | 0.1 | 0 | 0 | - | 0 | 0 | - | 1 | 1 | - |
| Outsourcing-MNCs | 1 | 0.1 | 0 | 0 | - | 1 | 1 | - | 0 | 0 | - |
| Revenue Loss | 1 | 0.1 | 0 | 0 | - | 1 | 0 | 1 | 0 | 0 | - |
| Sourcing | 1 | 0.1 | 1 | 0 | 1 | 0 | 0 | - | 0 | 0 | - |
| TechTransferAgreements | 1 | 0.1 | 1 | 1 | - | 0 | 0 | - | 0 | 0 | - |

## Annexure 2.3.17: How Were Data Queries Answered?

*(Analysis by percentage of questions)*

Note: The percentage of Fully Answered, Partially Answered and Unable to Answer might not add to 100 for each row due to rounding

| Data Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| **Quantum** | **290** | **24.1** | **77** | **74** | **2** | **8** | **7** | **1** | **16** | **15** | **1** |
| *of which:* | | | | | | | | | | | |
| Quantum (Sector) | 123 | 10.2 | 86 | 82 | 4 | 6 | 6 | 0 | 8 | 7 | 1 |
| Quantum (T) | 66 | 5.5 | 94 | 94 | 0 | 0 | 0 | 0 | 6 | 6 | 0 |
| Quantum (State) | 29 | 2.4 | 76 | 76 | 0 | 0 | 0 | 0 | 24 | 24 | 0 |
| Quantum (Country) | 19 | 1.6 | 74 | 63 | 11 | 11 | 11 | 0 | 16 | 16 | 0 |
| Quantum (NRI) | 15 | 1.2 | 27 | 27 | 0 | 33 | 33 | 0 | 40 | 40 | 0 |
| Quantum (T)-Projected | 9 | 0.7 | 0 | 0 | 0 | 11 | 0 | 11 | 89 | 89 | 0 |
| Quantum (Sector-Subsegment) | 8 | 0.7 | 25 | 25 | 0 | 13 | 13 | 0 | 63 | 50 | 13 |
| Quantum (T) Outward | 8 | 0.7 | 88 | 88 | 0 | 13 | 13 | 0 | 0 | 0 | 0 |
| Quantum (Sector) Projected | 7 | 0.6 | 14 | 14 | 0 | 57 | 14 | 43 | 29 | 29 | 0 |
| Quantum (Sector) (NRI) | 3 | 0.2 | 67 | 67 | 0 | 33 | 33 | 0 | 0 | 0 | 0 |
| Quantum (Country) Outward | 2 | 0.2 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Quantum (State) (NRI) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **ProposalsContracts** | **173** | **14.3** | **84** | **69** | **16** | **8** | **6** | **2** | **8** | **6** | **1** |
| *of which:* | | | | | | | | | | | |
| PropCon (Cleared) | 59 | 4.9 | 88 | 86 | 2 | 5 | 3 | 2 | 7 | 5 | 2 |
| PropCon (Submitted) | 41 | 3.4 | 80 | 49 | 32 | 15 | 10 | 5 | 5 | 5 | 0 |
| PropCon (Discussed/Presented) | 39 | 3.2 | 79 | 56 | 23 | 8 | 8 | 0 | 13 | 10 | 3 |
| PropCon (Pending) | 13 | 1.0 | 92 | 85 | 8 | 8 | 8 | 0 | 0 | 0 | 0 |
| PropCon (Rejected) | 7 | 0.6 | 71 | 71 | 0 | 14 | 14 | 0 | 14 | 14 | 0 |
| PropCon (Selected) | 6 | 0.5 | 83 | 67 | 17 | 0 | 0 | 0 | 17 | 17 | 0 |
| PropCon (Deferred) | 5 | 0.4 | 100 | 80 | 20 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Cancelled) | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PropCon (Expedited) | 1 | 0.1 | 100 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Companies** | **169** | **14.0** | **63** | **53** | **9** | **14** | **13** | **1** | **24** | **21** | **2** |
| *of which:* | | | | | | | | | | | |
| Companies-Name | 75 | 6.2 | 61 | 49 | 12 | 16 | 15 | 1 | 23 | 20 | 3 |
| Companies-Number | 28 | 2.3 | 79 | 79 | 0 | 0 | 0 | 0 | 21 | 18 | 4 |
| Companies-Investments | 21 | 1.7 | 57 | 52 | 5 | 14 | 14 | 0 | 29 | 29 | 0 |

*(Contd...)*

## Annexure 2.3.17: How Were Data Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Companies-Ban | 11 | 0.9 | 73 | 36 | 36 | 9 | 9 | 0 | 18 | 18 | 0 |
| Companies-States | 9 | 0.7 | 56 | 56 | 0 | 33 | 33 | 0 | 11 | 11 | 0 |
| Companies-Projects | 6 | 0.5 | 50 | 17 | 33 | 17 | 17 | 0 | 33 | 33 | 0 |
| Companies-Products | 3 | 0.2 | 67 | 67 | 0 | 33 | 33 | 0 | 0 | 0 | 0 |
| Companies-Profits/Revenues | 3 | 0.2 | 67 | 67 | 0 | 0 | 0 | 0 | 33 | 33 | 0 |
| Companies-Registration | 3 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Companies-Production | 2 | 0.2 | 0 | 0 | 0 | 50 | 50 | 0 | 50 | 0 | 50 |
| Companies-Sales | 2 | 0.2 | 50 | 50 | 0 | 0 | 0 | 0 | 50 | 50 | 0 |
| Companies-Countries | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Companies-Employment | 1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Companies-Mismatch | 1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Companies-R&D | 1 | 0.1 | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 |
| Companies-Sector | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Companies-Tax | 1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| **Projects** | **58** | **4.8** | **59** | **52** | **7** | **19** | **17** | **2** | **22** | **21** | **2** |
| *of which:* | | | | | | | | | | | |
| Projects | 36 | 3.0 | 61 | 50 | 11 | 17 | 14 | 3 | 22 | 19 | 3 |
| Projects (Exploration) | 10 | 0.8 | 80 | 80 | 0 | 10 | 10 | 0 | 10 | 10 | 0 |
| Projects-State | 7 | 0.6 | 14 | 14 | 0 | 29 | 29 | 0 | 57 | 57 | 0 |
| Projects (Delayed) | 2 | 0.2 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Projects (NRI) | 2 | 0.2 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Projects (Outward) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Decline** | **36** | **2.9** | **86** | **86** | **0** | **6** | **6** | **0** | **8** | **6** | **3** |
| **Violation** | **30** | **2.5** | **53** | **40** | **13** | **17** | **13** | **3** | **30** | **17** | **13** |
| **Joint Ventures** | **26** | **2.1** | **54** | **46** | **8** | **15** | **12** | **4** | **35** | **35** | **0** |
| **Rank(International)** | **21** | **1.7** | **90** | **90** | **0** | **5** | **5** | **0** | **5** | **5** | **0** |
| **% Foreign/Domestic** | **16** | **1.3** | **25** | **19** | **6** | **38** | **38** | **0** | **38** | **31** | **6** |
| **Acquisitions** | **15** | **1.2** | **33** | **20** | **13** | **40** | **40** | **0** | **27** | **27** | **0** |
| **Mismatch** | **15** | **1.2** | **33** | **20** | **13** | **7** | **7** | **0** | **60** | **53** | **7** |
| **Exit/Sale** | **14** | **1.2** | **79** | **43** | **36** | **7** | **7** | **0** | **14** | **14** | **0** |
| **Country** | **13** | **1.1** | **62** | **38** | **23** | **15** | **15** | **0** | **23** | **23** | **0** |
| **State** | **12** | **1.0** | **58** | **58** | **0** | **17** | **17** | **0** | **25** | **25** | **0** |
| Comparison (International) | 9 | 0.7 | 67 | 67 | 0 | 11 | 0 | 11 | 22 | 22 | 0 |
| Dividend/Repatriation | 9 | 0.7 | 67 | 67 | 0 | 11 | 11 | 0 | 22 | 22 | 0 |

*(Contd...)*

## Annexure 2.3.17: How Were Data Queries Answered? (Contd...)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dispute | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patents | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Product | 6 | 0.5 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profits | 6 | 0.5 | 50 | 50 | 0 | 17 | 17 | 0 | 33 | 33 | 0 |
| Shares/Shareholding | 6 | 0.5 | 50 | 33 | 17 | 0 | 0 | 0 | 50 | 50 | 0 |
| Employment | 5 | 0.4 | 20 | 20 | 0 | 0 | 0 | 0 | 80 | 80 | 0 |
| Losses (Government-Revenue) | 5 | 0.4 | 20 | 20 | 0 | 0 | 0 | 0 | 80 | 40 | 40 |
| Tax (Quantum T) | 5 | 0.4 | 80 | 80 | 0 | 20 | 20 | 0 | 0 | 0 | 0 |
| Tax Arrears | 5 | 0.4 | 0 | 0 | 0 | 40 | 40 | 0 | 60 | 40 | 20 |
| % Share Country in FDI Total | 4 | 0.3 | 75 | 75 | 0 | 25 | 25 | 0 | 0 | 0 | 0 |
| % Share in Industry (Domestic) | 4 | 0.3 | 50 | 0 | 50 | 0 | 0 | 0 | 50 | 50 | 0 |
| Bilateral Investment Treaty | 4 | 0.3 | 75 | 75 | 0 | 25 | 25 | 0 | 0 | 0 | 0 |
| R&D | 4 | 0.3 | 0 | 0 | 0 | 25 | 25 | 0 | 75 | 25 | 50 |
| % FDI/FII | 4 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| % Automatic/FIPB | 3 | 0.2 | 67 | 33 | 33 | 0 | 0 | 0 | 33 | 0 | 33 |
| Exports | 3 | 0.2 | 33 | 33 | 0 | 33 | 33 | 0 | 33 | 33 | 0 |
| Other | 3 | 0.2 | 33 | 33 | 0 | 0 | 0 | 0 | 67 | 0 | 67 |
| Revenue (Govt) | 3 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales/Premium | 3 | 0.2 | 33 | 33 | 0 | 0 | 0 | 0 | 67 | 33 | 33 |
| % Rural-Urban | 2 | 0.2 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Country-Outward | 2 | 0.2 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Imports | 2 | 0.2 | 50 | 50 | 0 | 0 | 0 | 0 | 50 | 50 | 0 |
| Land Acquisition | 2 | 0.2 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Loan Default | 2 | 0.2 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 100 |
| Prices | 2 | 0.2 | 50 | 50 | 0 | 50 | 50 | 0 | 0 | 0 | 0 |
| Production | 2 | 0.2 | 0 | 0 | 0 | 50 | 0 | 50 | 50 | 50 | 0 |
| Registration (Employees) | 2 | 0.2 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| % Share Sector in FDI Total | 2 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| % Inward/Outward | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| % Profits (Repatriated/Reinvested) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| % Share State in FDI Total | 1 | 0.1 | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 |
| Acquisitions (Outward) | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CSR | 1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |
| Foreign Exchange | 1 | 0.1 | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 |
| Interest on ECB | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MNC Lobbying Spend | 1 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 | 0 |

*(Contd...)*

**Annexure 2.3.17: How Were Data Queries Answered? (Contd...)**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Outsourcing-MNCs | 1 | 0.1 | 0 | 0 | 0 | 100 | 100 | 0 | 0 | 0 | 0 |
| Revenue Loss | 1 | 0.1 | 0 | 0 | 0 | 100 | 0 | 100 | 0 | 0 | 0 |
| Sourcing | 1 | 0.1 | 100 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| TechTransferAgreements | 1 | 0.1 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## Annexure 2.3.18: How Were Impact Queries Answered?

*(Analysis by number of questions)*

| Impact Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| Domestic Industry | 86 | 7.1 | 29 | 23 | 6 | 41 | 39 | 2 | 16 | 15 | 1 |
| Sector Development/TechTransfer | 56 | 4.6 | 18 | 13 | 5 | 21 | 21 | - | 17 | 15 | 2 |
| Impact on FDI (Policy) | 39 | 3.2 | 17 | 12 | 5 | 7 | 7 | - | 15 | 12 | 3 |
| Economy | 35 | 2.9 | 11 | 9 | 2 | 11 | 11 | - | 13 | 11 | - |
| Retailers/Traders | 30 | 2.5 | 21 | 20 | 1 | 9 | 9 | - | 0 | 0 | - |
| Benefits | 22 | 1.8 | 11 | 7 | 4 | 7 | 6 | 1 | 4 | 4 | - |
| Employment | 22 | 1.8 | 4 | 2 | 2 | 7 | 7 | - | 11 | 11 | - |
| Farmers | 17 | 1.4 | 8 | 7 | 1 | 6 | 6 | - | 3 | 3 | - |
| Overall Impact | 16 | 1.3 | 7 | 6 | 1 | 5 | 5 | - | 4 | 4 | - |
| Prices | 16 | 1.3 | 8 | 6 | 2 | 4 | 3 | 1 | 4 | 4 | - |
| Consumers | 11 | 0.9 | 6 | 3 | 3 | 2 | 2 | - | 3 | 3 | - |
| Security | 10 | 0.8 | 7 | 5 | 2 | 2 | 2 | - | 1 | 0 | 1 |
| Impact on FDI (Other) | 5 | 0.4 | 1 | 1 | - | 2 | 2 | - | 2 | 0 | 2 |
| Health | 4 | 0.3 | 2 | 2 | - | 1 | 0 | 1 | 1 | 1 | - |
| Environment | 3 | 0.2 | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - |
| Impact on FDI (Global Economy) | 3 | 0.2 | 2 | 2 | - | 1 | 0 | 1 | 0 | 0 | - |
| Local communities | 3 | 0.2 | 0 | 0 | - | 3 | 3 | - | 0 | 0 | - |
| Other | 3 | 0.2 | 1 | 1 | - | 1 | 0 | 1 | 1 | 1 | - |
| Competition | 2 | 0.2 | 2 | 2 | - | 0 | 0 | - | 0 | 0 | - |
| Fishermen | 2 | 0.2 | 1 | 0 | 1 | 1 | 1 | - | 0 | 0 | - |
| Impact on FDI (Domestic) | 2 | 0.2 | 0 | 0 | - | 2 | 2 | - | 0 | 0 | - |

## Annexure 2.3.19: How Were Impact Queries Answered?

*(Analysis by percentage of questions)*

Note: The percentage of Fully Answered, Partially Answered and Unable to Answer in each row might not add to 100 due to rounding.

| Impact Query | Number | % of 1,210 questions | Fully Answered | | | Partially Answered | | | Unable to Answer | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Full Answer (Total) | Full Answer (Actual) | 100% by Default | Partial Answer (Total) | Partial Answer (Actual) | Difficult Question | Unable to Answer (Total) | Unable to Answer (Actual) | Difficult Question |
| Domestic Industry | 86 | 7.1 | 34 | 27 | 7 | 48 | 45 | 2 | 19 | 17 | 1 |
| Sector Development/TechTransfer | 56 | 4.6 | 32 | 23 | 9 | 38 | 38 | - | 30 | 27 | 4 |
| Impact on FDI (Policy) | 39 | 3.2 | 44 | 31 | 13 | 18 | 18 | - | 38 | 31 | 8 |
| Economy | 35 | 2.9 | 31 | 26 | 6 | 31 | 29 | 3 | 37 | 34 | 3 |
| Retailers/Traders | 30 | 2.5 | 70 | 67 | 3 | 30 | 30 | - | 0 | 0 | - |
| Benefits | 22 | 1.8 | 50 | 32 | 18 | 32 | 27 | 5 | 18 | 18 | - |
| Employment | 22 | 1.8 | 18 | 9 | 9 | 32 | 32 | - | 50 | 50 | - |
| Farmers | 17 | 1.4 | 47 | 41 | 6 | 35 | 35 | - | 18 | 18 | - |
| Overall Impact | 16 | 1.3 | 44 | 38 | 6 | 31 | 31 | - | 25 | 25 | - |
| Prices | 16 | 1.3 | 50 | 38 | 13 | 25 | 19 | 6 | 25 | 25 | - |
| Consumers | 11 | 0.9 | 55 | 27 | 27 | 18 | 18 | - | 27 | 27 | - |
| Security | 10 | 0.8 | 70 | 50 | 20 | 20 | 20 | - | 10 | 0 | 10 |
| Impact on FDI (Other) | 5 | 0.4 | 20 | 20 | - | 40 | 40 | - | 40 | 0 | 40 |
| Health | 4 | 0.3 | 50 | 50 | - | 25 | 0 | 25 | 25 | 25 | - |
| Environment | 3 | 0.2 | 33 | 33 | - | 33 | 33 | - | 33 | 33 | - |
| Impact on FDI (Global Economy) | 3 | 0.2 | 67 | 67 | - | 33 | 0 | 33 | 0 | 0 | - |
| Local communities | 3 | 0.2 | 0 | 0 | - | 100 | 100 | - | 0 | 0 | - |
| Other | 3 | 0.2 | 33 | 33 | - | 33 | 0 | 33 | 33 | 33 | - |
| Competition | 2 | 0.2 | 100 | 100 | - | 0 | 0 | - | 0 | 0 | - |
| Fishermen | 2 | 0.2 | 50 | 0 | 50 | 50 | 50 | - | 0 | 0 | - |
| Impact on FDI (Domestic) | 2 | 0.2 | 0 | 0 | - | 100 | 100 | - | 0 | 0 | - |

CHAPTER THREE

# Locating the Principal Gaps in Indian FDI Statistics

## Findings from interviews with Indian policymakers, FDI experts and statisticians

*Premila Nazareth Satyanand, with inputs from Safa Mohsin Khan and Bornali Bhandari*

## 3.1 BACKGROUND, OBJECTIVES AND APPROACH OF THE SURVEY

### 3.1.1 Background

As explained at the outset of this volume, one goal of NCAER's *Enhancing the Scope and Quality of Indian FDI Statistics* project has been to determine the FDI data needs of Indian policymakers and FDI experts and pinpoint critical lacunae, if any. However, NCAER's analysis does not stop here. Far more critical has been to determine how exactly these gaps hinder a more holistic policy understanding of FDI and foreign direct investor activity in India, including determinants, differential corporate structure, strategy and socioeconomic impact. In the absence of complete data, policymaking tends to be shaped largely by intuition, anecdotes and lobbying, rather by than statistical evidence as it should be.

In locating the principal gaps' and the constraints they pose to more robust policymaking, NCAER set out to examine the perspectives of a variety of key FDI data users. Our analysis of parliamentary questions and answers on foreign direct investment (Chapter 2) revealed, firstly, that Members of Parliament (MPs) have much interest in this issue. Secondly, in many instances, Ministries were not fully able to answer questions about FDI either because they did not have, or were not able to easily access, the types of data required to do so.

This raises questions about the nature and detail of the FDI statistics being collected and reported by India's national and state governments, as also by private agencies with an interest in FDI. To answer these questions, we interviewed some of India's prime users of FDI data on their experiences with India's FDI statistics, the gaps they confront, as also their suggestions on how these might be resolved.

Our interviews broadly covered two sets of FDI data users: government officials who oversee or plan for FDI activity at the national or state level and FDI specialists studying inward and outward FDI in India, sometimes on commission from the government.

As key government users of FDI statistics, the first group relies significantly on such data to design and implement business and economic policy, and to examine whether particular sets of foreign direct investors merit the tax and other incentives they are offered. Such officials would thus have the best perspective on the principal gaps in India's current FDI statistics, and the practical steps that might be taken to remedy these. FDI specialists rely heavily on FDI statistics to answer policy-relevant questions about foreign direct investment into and out of India. For this reason, they too would have the most direct and extensive understanding of the areas in which India's FDI data could be improved, and how exactly this could be done.

### 3.1.2 Objectives of the Interviews

This is why NCAER interviewed a cross-section of central and state government officials and FDI researchers on their experiences with India's FDI data and the improvements they would suggest. The principal objective of these interviews was to bring to government attention the parameters on which India most needs to bolster and enhance its FDI statistics. For this reason, the interviews sought to capture respondents' views on the following:

- *Data use* – To understand the purposes for which these stakeholders typically use FDI statistics.
- *Data sources* – To identify the data sources they typically use, to determine whether the data from these

sources sufficiently fulfils their research objectives and, if not, what the principal limitations are.

- *Data improvements* – To suggest an action framework for FDI data improvement and enhancement to remove these limitations.

### 3.1.3 Scope and Methodology

A detailed interview was conducted with each person listed in Annexure 3.1, a total of 55 interviews.[1] Interviews took place between December 2013 and June 2014.

**Interview questions**

To ensure consistency across interviews, each interviewee was asked the same following set of questions:

- Policy or research purpose – What are the types of FDI-related questions you are seeking (or have sought to) answer using India's FDI statistics?
- Data sources – Typically, where do you source the Indian FDI statistics you need to answer these questions? To what extent do you rely on government sources, and which are these? To what extent do you rely on private sources, and which are these?
- Data access – How easy and affordable was it to access this data?
- Data adequacy and sufficiency – Are you sufficiently able to answer your policy or research questions with the data available from government and private sources, respectively? If not, which specific questions are you unable to answer, and why?
- Policy and research impact of data gaps – In your opinion, are the data limitations you have just identified significantly constraining FDI policymaking and research in India, and why?
- Areas for priority action – In light of the above, what specific types of FDI data would you advise the Indian Government to urgently begin to collect, analyse and publicly report?
- Optimal institutional structure – Ideally, what agency (or agencies) should collect, analyse and report the new types of FDI data you recommend at the central, state and district levels? What specific roles would you suggest for each agency?

### 3.1.4 Structure of the Chapter

The rest of this chapter is divided into three major sections. Section 3.2 summarises respondents' answers to the preceding questions, Section 3.3 outlines the priority action areas identified by interviewees, and Section 3.4 presents their views on the optimal institutional structure for enhancing the collection, analysis and reporting of Indian FDI statistics.

## 3.2 KEY FINDINGS ON DATA RELATED ISSUES

### 3.2.1 Policy or Research Purpose

Respondents said they use Indian FDI statistics to help answer four broad questions about FDI and foreign direct investor activity in the country. These are:

- The quantum, sources, and regional and sector distribution of Indian FDI inflows and outflows;
- The nature and characteristics of Indian FDI inflows and outflows;
- The determinants of Indian inward and outward FDI flows and their relationships with other variables; and

1. Typically, each interview ran for 45–60 minutes. Most interviews were recorded with the permission of the respondent. This was to ensure that all the points made by each respondent were correctly captured. One interview was conducted by email.

- The economic and other effects of Indian FDI inflows and outflows.

Table 3.1 summarises how the three stakeholder groups interviewed approach these questions. Though, broadly, their interest in these issues is similar, the specific focus of their enquiry varies, influencing their data needs. For, instance, Central Government officials are most interested in India's broad FDI numbers and the determinants for national inflows and outflows. State Government officials, on the other hand, tend to be interested primarily in FDI inflows into their states and into those states they view as economic competitors. Though academic researchers situate their research in the context of broad national FDI numbers, they must drill further down into micro (firm-level) flows to understand the behaviour of individual investors. However, all of them are keen to understand the economic contribution of FDI in the country.

**Table 3.1: Policy or Research Purpose**

| Category | Data parameter required | Geographic focus | Principal FDI data user | Level of disaggregated data required |
|---|---|---|---|---|
| Quantum, source, and regional and sector distribution of FDI inflows and outflows | Quantum and regional distribution, clustering | Within India and within states | Central and state government and academic respondents | National, state and district-level flows |
| | Competition among states | Within India | State governments | State-level macro flows |
| | Relative shares of specific countries and their bilateral inflow/outflow FDI relationship with India | India | Central government and academic respondents | National macro flows |
| | Relative share of sectors | India | Central government and academic respondents | National macro flows |
| | | India | Academic respondents | Firm-level data |
| | | Relative to other states | State governments | State-level macro flows |
| Determinants of FDI inflows and outflows | FDI and host region economic growth, human capital, and infrastructure | India, state, district | Central and state government and academic respondents | National, state and district macro flows |
| | FDI and bilateral/ multilateral agreements | | | |
| | FDI and regulatory regime (including taxes and incentives) | | | |
| | FDI and exchange rate | | | |
| | Other | | | |

*(Contd...)*

**Table 3.1: Policy or Research Purpose (Contd...)**

| Category | Data parameter required | Geographic focus | Principal FDI data user | Level of disaggregated data required |
|---|---|---|---|---|
| Nature/characteristics of FDI inflows and outflows | Greenfield or brownfield investment[2] | India | Central government | Macrodata |
| | Local joint ventures or wholly owned subsidiaries | | State governments | |
| | Type of investor activity: production, R&D[3], trading, re-sale, etc | | | |
| | Financing investment activity in either direction | | | |
| | Earnings: reinvested or repatriated, and their relative share of inflows | | Academic respondents | Macro and firm-level data |
| Economic contribution of FDI | Employment generation | India/state | Central and state government and academic respondents | National and state macrodata and firm-level data |
| | Production | | | |
| | Exports | | | |
| | Justification of special incentives at the local level | | | |
| | Technological competitiveness | India | Academic respondents | Firm-level data |
| | Productivity | | | |
| | Wages and income | | | |
| | Skills development | | | |
| | Spillover effects | | | |

***Source***: NCAER.

### 3.2.2 Data Sources

This section discusses the FDI data sources that survey respondents use to research the issues just referred to. The discussion includes both government and private sources on Indian inward and outward FDI.

#### *3.2.2.1 Inward foreign direct investment*

Respondents variously use macro and micro (firm-level) data for research. All of them stated that their two main sources of macrodata are the Reserve Bank of India (RBI), and the Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce and Industry. They find aggregate FDI totals on the RBI website,[4] and the sectoral and geographic break-up of FDI inflows on the DIPP website.[5]

2. A greenfield investment is one that establishes a new productive facility or activity. A brownfield investment involves an infusion of capital or an expansion in an existing plant or activity.
3. Research and development.
4. RBI's website is www.rbi.org.in
5. DIPP's website is www.dipp.nic.in

Both the RBI and DIPP maintain firm-level FDI data, but only the DIPP displays this on its website. Firm-level FDI data is also available from a number of private databases, leading among which are Prowess[6] and Capitaline.[7] While all the respondents stated that they used public data for their research, only 42 per cent (all academic respondents) referred to private sources as well.

### *3.2.2.1.1 Macrodata*

When studying inward FDI, respondents' first points of call are the RBI and DIPP, which report India's FDI statistics in the formats described below. All respondents said they only use data from one or both of these two sources to understand the total quantum of Indian inward FDI in the period they are studying, as also to understand where it comes from, where it goes in India, and to which sectors it is flowing.

**1. The Reserve Bank of India (RBI)**

The RBI collects India's FDI statistics as part of its mandate to compile and maintain national balance of payments data. It thus compiles and reports monthly, quarterly and annual totals for FDI inflows and outflows.

The monthly RBI Bulletin reports data on that month's FDI inflow, disaggregated into equity, reinvested earnings and other capital (Annexure 3.2). It also reports how much of the monthly inflow came in through the automatic (or RBI) route, the government approval (SIA/FIPB) route, and the acquisitions route.[8] Each month's bulletin is accessible in the Current Statistics section under the Database head of the RBI website.

Times series data for total monthly, quarterly[9] and annual FDI flows is available in the Database on Indian Economy[10] within the Database section of the RBI website (Annexures 3.3, 3.4 and 3.5, respectively). This data is also disaggregated into equity, reinvested earnings, capital components, and entry routes. Consolidated annual FDI inflow totals are also available in the RBI's annual Handbook of Statistics on Indian Economy (Annexure 3.6).

**2. Department of Industrial Policy and Promotion (DIPP)**

The Department of Industrial Policy and Promotion (DIPP) reports the geographic and sector disaggregation for the FDI inflow totals reported by RBI, in the following formats:

***Fact Sheet on Foreign Direct Investment***

The Fact Sheet on Foreign Direct Investment[11] is a monthly update on cumulative inward FDI in India since April 2000, disaggregated by source country, and geographic and sectoral destination within India. This monthly series of fact sheets, going back to December 2010, is available in the FDI Statistics link in the Publications vertical of the DIPP website. Each Fact Sheet also reports how much of the total inflow is comprised of equity, reinvested earnings and other capital, in keeping with the underlying RBI data. For the reader's convenience, Annexure 3.7 recreates a recent issue of the Fact Sheet.

***SIA Newsletter***

The SIA Newsletter,[12] a monthly report on inward FDI volumes and individual transactions, contains much of the same information as the Fact Sheet on Foreign Direct Investment, but in greater detail. In addition to the disaggregation of inflows by source country, destination sector and RBI office, it reports FDI by 'entry route' – that is, how much of the inflow in a month, and financial or calendar year, came through the automatic route, approval route, or through acquisitions.

6. The Prowess website is www.prowess.cmie.com
7. The Capitaline website is www.capitaline.com
8. The automatic route requires no governmental approval, since the FDI inflow is in sectors which are open to 100% foreign direct investment. This investment would also be an infusion of fresh equity into an existing or greenfield operation of the investor. The government approval route requires an approval from the Foreign Investment Promotion Board, since it is in sectors in which there would be foreign equity caps. The acquisitions route are investments in which the foreign investor buys shares in, or acquires, the operations of another company.
9. The data for quarterly FDI inflows can be viewed at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics
10. The database on http://dbie.rbi.org.in/DBIE/dbie.rbi?site=home. Labelled Foreign Investment Inflows, this data is available within the International Finance link within the External Sector section.
11. This series of Fact Sheets can be accessed at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/FDI_Statistics.aspx
12. This series of newsletters can be accessed at: http://www.dipp.nic.in/English/Publications/SIA_NewsLetter/SIA_NewsLetter.aspx

Most importantly, these monthly issues list all individual inward FDI transactions for the month, separated by automatic route, approval route, and acquisitions route. This listing will be discussed in more detail later in this chapter.

*SIA Newsletter: Annual Issue*

DIPP also compiles the information it reports in its monthly *SIA Newsletters* into what is effectively an annual national 'FDI report'. Entitled the *SIA Newsletter: Annual Issue*,[13] it contains a yearly round-up of FDI flows: namely, which countries India got its FDI from that year, to which locations and sectors it went, and who key investors were (Box 3.1). It also presents data on the share of FDI through the automatic route, government route and acquisitions route.

### Box 3.1: DIPP's SIA Newsletter: Annual Issue

Launched in 2000, the Annual Issue is typically structured as follows:

***FDI in India*** (Chapter 1) presents an overview of inflows since 2000, including Top 10 source countries, recipient sectors and destinations within India, and cumulative FDI stock. It also reports India's annual inward FDI growth rate.

***Consolidated FDI Policy and Press Notes*** (Chapter 2) lists government FDI policy directives in the past year.

***Cumulative FDI Equity Inflows*** (Chapter 3) disaggregates annual FDI inflows for the previous three years by source countries, destination sectors, RBI regional offices, and entry routes.

***FDI Equity Inflows for the Calendar Year*** (Chapter 4) and FDI Equity Inflows for the Financial Year (Chapter 5) report the same disaggregation as Chapter 3, but for the calendar year (January–December) and the financial year (April–March) covered by that particular issue of the Annual Issue.

***FDI Synopsis on Country, Sector and RBI Regional Office*** (Chapter 6) examines cumulative FDI by each of India's Top 10 source countries:[14] namely, each country's share in total Indian inward FDI since 2000, its largest investors and investments, and in which sectors and locations it has most invested in India. There is a similar break-up for India's Top 10 sectors and Top 5 recipient RBI regional offices (Maharashtra, Delhi, Karnataka, Tamil Nadu, and Gujarat), examining which countries and investors led FDI inflows into these sectors, regions, and so on.

***FIPB Approvals*** (Chapter 7) disaggregates FDI inflows approved by the Foreign Investment Promotion Board by source country, destination sector and RBI regional office.[15]

***Source***: NCAER (adapted from *SIA Newsletter: Annual Issue* 2013).

#### *3.2.2.1.2 Microdata (firm level data)*

Respondents who wish to examine the financial structure, operations, developmental contributions, and differential strategy and performance of foreign direct investors source the necessary firm-level data primarily from the RBI, or from a growing array of private databases. Most often, they match this microdata with information from other government data sets on corporate R&D, technology tie-ups, exports, and so on, to expand the scope and detail of their research.

14. It also analyses FDI from major economic groupings of countries, such as the OECD, European Union, ASEAN, and so on.
15. This includes a count of approved projects by number and volume/percentage of total proposed investment.

**A. Government Sources**

*1. Reserve Bank of India*

For many years, the RBI's microdata was the only source of firm-level data on FDI firms. This data is compiled from two sources. First is the mandatory reporting that the RBI requires from all India's inward foreign direct investors, as per India's Foreign Exchange Management Act 1999.[16] Leading among these are the Foreign Collaborations – General Permissions Route (FC-GPR) report, and the Annual Return on Foreign Assets and Liabilities (FLA).[17] The FC-GPR report must be submitted by all inward foreign direct investors each time they make a foreign direct investment in India. It requires basic information on the investor and Indian investee, their relative shareholdings, the nature and location of the project, and the amount, and mode of payment (Annexure 3.8). The FLA return must be submitted annually by any firm with inward or outward foreign direct investment on its balance sheet. It requires detailed information on all overseas liabilities and assets resulting from a firm's inward or outward foreign direct investment activity (Annexure 3.9).

The RBI's other source of microdata on inward foreign direct investors are its occasional FDI-focused surveys and analyses. Leading amongst these is its biennial survey of *Finances of Non-Government Non-Financial (NGNF) Foreign Direct Investment (FDI)* Companies,[18] which analyses the financial structure and operational parameters of some 750–920 non-financial inward foreign direct investors, with over 10 per cent foreign equity shareholding. The RBI compiles this data via desk research on sample firms' audited balance sheets. Aggregate results are extremely detailed, including such parameters as sources and maturity of funds, sales, production, earnings and profits, expenses, inventories, imports and exports, asset formation, and R&D expenditures (Annexure 3.10).[19] The *Survey on Foreign Collaboration in Indian Industry* captures comprehensive information on various aspects of the operations of Indian companies with technical collaborations with foreign companies (Annexure 3.11), though here the sample is just about 500 firms or so.[20] The annual *Survey on Computer Software and Information Technology Enabled Services (ITES) Exports* analyses the software business of foreign affiliates in India, as part of its broader data collection on various dimensions of exports of computer services and ITES exports, including Business Process Outsourcing (BPO). The aggregate analysis includes the number of foreign software and ITES affiliates in India by home country, and the types and dollar value of the software and ITES services they exporting. The overall sample is just under 750 Indian and foreign firms.[21] However, only the aggregate results of all these surveys are available for free on the RBI website, not the underlying microdata since the organisation is legally bound to protect the confidentiality of respondents.

*2. DIPP*

As mentioned earlier, DIPP's microdata is contained in its *SIA Newsletter's*[22] monthly listing of all FDI transactions for that month. This data, available for free on the DIPP website, lists the name of the foreign firm and its Indian collaborator, source country, relevant RBI regional office, item of manufacture and amount of investment (Table 3.2). It also segregates FDI transactions by entry route (that is, approval route, automatic route and acquisitions route) and reports each set in a separate sheet.

16. This Act consolidates and amends prior Indian laws relating to foreign exchange, "with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India." For more details about the Act and its objectives, please see: http://en.wikipedia.org/wiki/Foreign_Exchange_Management_Act.
17. Since 2011, the RBI has made this return mandatory for all inward and outward foreign direct investors. Prior to this, it occasionally surveyed a sample of firms on their foreign liabilities and assets. Firms were under no legal obligation to respond.
18. Results of the 2012–13 FDIC survey are available at:
http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32858http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32858
Results of the 2011–2012 FDIC survey are available at: http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30265
19. Significantly it does not contain any information on labour employed, a concern raised by MPs in the previous chapter.
20. In the most recent survey, 2010–12, the sample comprised 550 firms, 244 of which reported 334 foreign technical collaborations. This survey is available at: http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/FORECOLL011214.pdf.
21. Results of the 2013–14 survey are availabe at: http://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=15452.
Results of the 2012–13 survey are available at: http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30635
Results of the 2011–12 survey are available at: http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=29029
22. This document is available at: http://dipp.nic.in/English/Publications/SIA_NewsLetter/SIA_NewsLetter.aspx

**Table 3.2: Extract from the SIA Newsletter's Monthly Listing of Inward FDI Transactions**

| Name of Indian Company | Country | Name of Foreign Collaborator | RBI Regional Office | Item of Manufacture | Amount of FDI Inflows | |
|---|---|---|---|---|---|---|
| | | | | | In Rs million | In US$ million |
| Sinclair Knight Mertz Consulting (India) | Australia | Sinclair Knight Menz Holdings Ltd | New Delhi | Architectural and engineering and other technical consultancy activities | 35.00 | 0.56 |
| Cavacsis Technologies Pvt. Ltd | Australia | Christoph Prinz | Mumbai | Software supply services. (this class includes activities in connection with analysis, design and P.R | 0.60 | 0.01 |

***Source***: *SIA Newsletter* March 2014, available at: http://www.dipp.nic.in/English/Publications/SIA_Newsletter/2014/mar2014/index.htm.

### B. Private Sources – Prowess, Capitaline, Business Beacon

Almost all (96 percent) of the academic respondents said that they now source micro-level data primarily from private databases, which offer detailed financial, operational and location information for FDI firms and projects. Though the RBI's microdata contains much of this detail, 48 per cent of the academic respondents said they found it difficult, if not impossible, to access this data. Many also cited breaks in the historical series for individual firms.

The detailed information in the private databases is sourced from publicly reported corporate information from stock market listings and stock market exchange feeds, annual reports, and other corporate regulatory filings. Where necessary, it is supplemented with targeted corporate surveys. According to its website, the Centre for Monitoring Indian Economy's (CMIE)[23] Prowess database,[24] for instance, presents financial performance indicators for 26,675 companies[25] from 1989 and offers over 3,500 data fields per company. These fields include basic company information and select indices; finance, equity and stock parameters; performance aggregates; products and segments and news announcements (Table 3.3). A couple of respondents have used CMIE's Business Beacon database[26] to obtain information on the location of FDI projects/investments in the country.

FDI researchers also rely significantly on the Capitaline Plus database,[27] which – according to its website – contains financial and non-financial information for 35,000 listed and unlisted companies in 300 industries, including ownership, quarterly results, finished products, raw materials, and R&D. Its data series goes back ten years.

23. Its website is www.cmie.com. CMIE is India's largest database on the financial performance of individual companies. It also monitors new investment projects.
24. The Prowess website is www.prowess.cmie.com.
25. Prowess' website says this includes "listed, unlisted, and private limited companies, and business entities not registered as companies."
26. The Business Beacon website is http://www.cmie.com/kommon/bin/sr.php?kall=wcontact&page=business_beacon.
27. Capitaline website is www.capitaline.com.

**Table 3.3: Types of Corporate Information Offered by Private Databases**

| Prowess | Capitaline |
|---|---|
| Identity and background (name, address, industry, size, year of incorporation, etc.) | Financial data (including balance sheets, profit and losses, segment finance, funds flows, cash flows, forex, R&D) |
| Ownership and governance (board composition, meetings, major stakeholders, subsidiaries, etc.) | Shareholding pattern |
| Financial data | Key ratios |
| Share prices and capital history | Quarterly results |
| Business segments and products | Share prices |
| Capital expenditures, mergers and acquisitions | Finished products |
| | Raw materials |
| | Price chart |
| | Corporate events |
| | Directors' report |
| | News, research and analysis |

***Source***: CMIE Prowess *List of Indicators* available at http://www.capitaline.com/new/plus.asp.

## C. Other sources of firm-level data used

Academic respondents also cited three other sources of microdata that they sometimes use in FDI-related research. However, the first two are not FDI-specific databases.

*1. The Central Statistical Organisation's Annual Survey of Industries*

Leading amongst these is the Central Statistics Office's (CSO) *Annual Survey of Industries* (ASI),[28] its annual census of Indian manufacturing firms, covering a wide range of financial, operational and employment parameters (Table 3.4). Most government and academic respondents cited the ASI as a rich source of corporate data, which could be mined to study the relative performance and contribution of foreign firms in India, down to the plant and district level. Also a plus is that the CSO has a routine mechanism by which bona fide researchers can access the ASI microdata for research.[29]

28. The *Annual Survey of Industries* is available at: http://www.csoisw.gov.in/CMS/En/1023–annual–survey-of-industries.aspx. This Survey is conducted annually under the statutory provisions of the Collection of Statistics Act 2008, and the Rules framed there-under in 2011, except in the State of Jammu & Kashmir where it is conducted under the State Collection of Statistics Act, 1961 and the rules framed there under in 1964.
29. First ASI concentates on manufacturing data whereas Indian FDI flows have mostly been in the services sector. Second NCAER research indicates that plant level data does not have information about its foreign ownership. Essentially the researchers are doing extensive work by matching the data from other sources.

**Table 3.4: Annual Survey of Industries: Operational Parameters Surveyed**

| | | |
|---|---|---|
| | **Capital, Output and Gross Value-Added** | |
| Fixed capital | Interest received | Depreciation |
| Physical working capital | Gross value of plant and machinery | Net value added |
| Working capital | Value of products and by-products | Net fixed capital formation |
| Invested capital | Total output | Gross fixed capital formation |
| Gross value of addition to fixed capital | Fuels consumed | Addition in stock of |
| | | (a) Materials, fuels, etc |
| | | (b) Semi-finished goods |
| | | (c) Finished goods |
| Rent paid for fixed assets | Materials consumed | Gross capital formation |
| Rent received for fixed assets | Total inputs | Income |
| Outstanding loans | Interest received | Profit |
| Interest paid | Gross value added | |

| | |
|---|---|
| **Employment and Emoluments** | |
| A. Number of persons engaged | B. Total man-days employed |
| 1. Workers | |
| 1.1 Directly employed | C. Wages and salaries including employers' contribution |
| Men | 1. Wages and salary including bonus |
| Women | 1.1 Wages and salary |
| Children | 1.1.1.1 Workers |
| 1.2 Employed through contractors | 1.1.1.2 Supervisory and managerial |
| 2. Employees other than workers | 1.1.1.3 Other employees |
| 2.1 Supervisory and managerial | 1.2 Bonus to all staff |
| 2.2 Other employees | 2. Employers' contribution |
| 3. Unpaid family members/proprietor, etc. | |

***Source***: Adapted from the *Annual Survey of Industries* Schedule and Instruction Manual, available at http://www.csoisw.gov.in/CMS/En/1024-asi-manual.aspx

### 2. Ministry of Corporate Affairs

A handful of respondents said they had used Ministry of Corporate Affairs (MCA) data. They said that Indian FDI researchers used to rely heavily on MCA's published fact sheets (and the accompanying CDs) listing all foreign joint ventures and foreign subsidiaries in India. They also said this ministry stopped publishing its fact sheets once it launched its website[30], leaving a major gap that has yet to be filled. These respondents said that the MCA website offers a mine of financial information on registered firms in India that could potentially be used for FDI research.

### 3. Ministry of Science and Technology's Registrar of Foreign Technical Collaborations

Three respondents had used the Department of Science and Technology's (DST) data on foreign technical collaborations to research technology transfer and R&D by foreign firms in India. According to them, this data lists each Indian company and its foreign partner, and includes information on resulting product, project location, export start date, and so on.

### *3.2.2.2 Outward foreign direct investment*

Only 13 percent of the respondents (all academics) reported having studied outward FDI. All had relied on public sources for the macrodata on these outflows, but had primarily used private sources for the microdata. Their sources are described as follows.

30. The Ministry of Corporate Affairs website is http://www.mca.gov.in/
and information on individual companies registered with the ministry is available at http://www.mca.gov.in/MCA21/index.html.

#### *3.2.2.2.1 Macrodata*

The RBI publishes monthly, quarterly and annual figures for total FDI outflows in the same three publications, within the very same tables, in which it reports FDI inflows. These publications are the *RBI Bulletin* (Annexure 3.2), the *Database on Indian Economy* (Annexures 3.4, 3.13, and 3.14) and the *Handbook of Statistics on Indian Economy* (Annexure 3.6), all described earlier. The data is published in the same form as the data on FDI inflows, including the relative share of equity capital, reinvested earnings and other capital in outward FDI flows.

#### *3.2.2.2.2 Microdata*

**1. Reserve Bank of India (RBI)**

Since July 2007, the RBI has published a monthly listing of all outward FDI transactions, parallel to DIPP's monthly *SIA Newsletter* listing of all inward FDI transactions. The RBI listing is available in the monthly 'Data on Overseas Investment' link[31] in the Current Statistics section of its website.

Each entry in this monthly listing contains the name of the outward investing Indian company, the name of the foreign investee company, whether the investment is a joint venture or a wholly-owned subsidiary, the destination country, destination sector, and size of the investment, disaggregated by its financial components (i.e., equity, loan and guarantee).[32] Table 3.5 reproduces the format in which all this information is reported.

**Table 3.5: Extract from the RBI's Typical Monthly Overseas Investment *Bulletin* Report**

| Name of the Indian Party | Name of the JV/ WOS | Whether JV/WOS | Overseas Country | Major Activity | Equity | Loan | Guarantee Issued | Total |
|---|---|---|---|---|---|---|---|---|
| ASR Mining Private Limited | ASR Global Pte Ltd | WOS | Singapore | Agriculture & mining | 0.3 | 0 | 0 | 0.3 |
| A2Z Dataserv Limited | A2Z Dataserv JLT | WOS | Emirates | Wholesale, retail trade, restaurant and hotels | 0.0136 | 0 | 0 | 0.0136 |

***Source***: Reserve Bank of India, *Overseas Investment Bulletin*, September 2012.

**2. Private Sources**

On outward FDI, too, the absence of detailed, historical official firm-level data is compelling FDI researchers to turn to private databases, such as Prowess, ACE Equity and Thompson SDC Platinum[33] for information on the overseas subsidiaries, activities and acquisitions of globalising Indian firms.

### 3.2.3 Data Access

#### *3.2.3.1 Public sources – RBI and DIPP*

While all the data published on the RBI and DIPP website are easily available for free, one-fourth of the respondents spoke of difficulties in accessing historical and disaggregated data from these agencies. This proportion was highest in the case of academic respondents (nearly 48 per cent), who need to use microdata for their research. Many said their requests for disaggregated data have tended to go unanswered or be rejected on grounds of confidentiality. Academic respondents who managed to access firm-level data attributed their success to personal contacts within the RBI or DIPP. They unanimously felt that they confront these difficulties because, firstly, neither the RBI nor DIPP had yet instituted a formal mechanism by which researchers can access or download historical data or disaggregated, microdata. Also, the officials handling FDI statistics in these organisations are not solely devoted to the collection and collation of FDI statistics, but are doing multiple tasks which may nor may not involve FDI.

31. RBI's montly listing of all outward FDI transactions can be accessed at: http://rbi.org.in/scripts/Data_Overseas_Investment.aspx.
32. These monthly listings are available at: http://www.rbi.org.in/scripts/Data_Overseas_Investment.aspx.
33. These databases variously list the number of subsidiaries and their locations, key activities and overseas acquisitions.

In contrast, they pointed to the ease with which trade researchers can download disaggregated historical data from the Directorate General of Commercial Intelligence and Statistics' (DGCI&S) interactive online portal, for a small fee.

Almost one-third (30 per cent) of academic respondents had abandoned policy-informing FDI research projects, or FDI research because of the difficulties in obtaining historical, disaggregated and micro-level statistics, or because of variety of shortcomings in the data (to be discussed in the next section). This is despite the fact that FDI activity has grown significantly in India, presenting researchers and policymakers with a variety of new and interesting questions to examine.

These factors were also blamed for constraining researchers' ability to publish FDI-related research in leading international journals. However, as pointed out by some Indian respondents, foreign academics have been able to use informal contacts to access unpublished FDI data from the government, based on which they have published in reputed international journals and captured the intellectual property rights to this research. These respondents said that, ironically, Indian researchers, without the same contacts are unable to access the data.[34]

Table 2.6 shows the accessibility of each database. While public databases are free, private databases are relatively more user-friendly, but significantly more expensive.

**Table 3.6: Accessibility of FDI Data**

| Inward/Outward | Macro/Micro | Public/Private | Database | Frequency | Excel and/or PDF or others | Price | Years |
|---|---|---|---|---|---|---|---|
| Inward FDI | Macro | Public | RBI | Monthly, quarterly and annual | Excel and PDF | Free | Since 2000 |
| | | | DIPP | Monthly and annual | PDF | Free | Since 2010 |
| | Micro | Public | RBI | Monthly and annual | Excel | No formal mechanism to access this data | Since 1991 |
| | | | DIPP | Monthly and annual | Excel | Free | Since 2010 |
| | | Private | Prowess | Annual | Sophisticated software that enables users to query and compare data, and generate tables, graphs, funds-flow and other ratios, benchmarks, etc. | Annual subscription is Rs 89,888 | Since 1989 |
| | | | Capitaline | | | Annual subscription is Rs 1,50,000 | Since 2005 |

*(Contd...)*

34. Mukim and Nunnekamp (2012), Nunnenkamp and Mukim (2012) and Bickenback, Liu and Nunnenkamp (2013), Nunnenkamp and Stracke (2008), Pradhan (2004), Kumar (2007)

**Table 3.6: Accessibility of FDI Data (Contd...)**

| Inward/Outward | Macro/Micro | Public/Private | Database | Frequency | Excel and/or PDF or others | Price | Years |
|---|---|---|---|---|---|---|---|
| Outward FDI | Macro | Public | RBI Macro | Monthly, quarterly and annual | Excel | Free | Since 2000 |
| | Micro | | RBI Micro | Monthly | Excel | Free | Since July 2007 |
| | | Private | Prowess | | Sophisticated software that enables users to query and | Annual subscription is Rs 89,888 | Since 1989 |
| | | | ACE Equity | | compare data, and generate across companies, tables, graphs, | Annual subscription is Rs 150,000 | Since 2000 |
| | | | Thompson SDC Platinum | | funds-flow and other ratios, benchmarks, etc. | Annual subscription fee is not available on the website | Since 1980 |

***Sources***: Author's compilation from interviews and the following sources: Reserve Bank of India, DIPP, Prowess, Capitaline and other private corporate databases.

Although not directly relevant (because it does not distinguish between foreign and domestic firms), the case of MCA data highlights some of the technological challenges of accessing some of the existing public data. As mentioned earlier, the MCA used to publish fact sheets listing all foreign joint ventures and foreign subsidiaries in India,[35] but stopped once it launched its website.[36] Its website contains financial information on all registered firms in India, but researchers can download information on only one company at a time for a small fee.[37] One respondent said that it had taken about three hours to download information on a company, because of the data-load on the MCA site, making the process extremely protracted. Moreover, since downloads are in PDF form, more time is required to convert and transcribethe relevant information for analysis.

35. One respondent also pointed to issues with the published fact sheets. Their layout and presentation shifted continually, so researchers had to invest time rearranging data to build a historical data panel, and there were considerable delays between releases.
36. The Ministry of Corporate Affairs website is www.mca.gov.in/
37. This fee can now be paid online, and is Rs 50 per company. Users can download all the information that firms must annually report to the Registrar of Companies, including balance sheet, profit and loss statement, and shareholding details. However, basic company information, including company name, registration, authorized capital, paid up capital, and address is available for free.

### 3.2.4 Data Adequacy and Sufficiency

In the opinion of respondents, India is doing well in capturing the quantum of its inward and outward FDI flows, due to the RBI's stringent reporting requirements for foreign direct investors. However, they pointed to a variety of gaps in the manner in which Indian FDI statistics are currently reported or compiled, which need to be attended to urgently as they constrain an accurate understanding of the true nature, contribution and source of FDI inflows (particularly at a local level). These gaps significantly hinder targeted FDI policymaking and research.

The two principal gaps identified by respondents are, firstly, that the statistical system does not comprehensively record or report the operational details of foreign investor activity in India (employment, production, value-addition, imports and exports, R&D, taxes, income, etc.) and, secondly, that it does not track or report the ultimate destination of FDI inflows. Another gap is the absence of reporting on the sector break-up of FDI inflows using the detailed National Industrial Classification system used for other economic activity.[38] Moreover, there is no comprehensive listing of foreign direct investors in the country, making it difficult to gauge their separate contribution and impact on India's economic development.

Respondents contrasted the limited detail in India's publicly reported FDI statistics with official data on a variety of other economic indicators. Many referred to the rich detail in the CSO's *Annual Survey of Industries* data and other National Sample Survey Organisation data bases and publications. 13 per cent cited the quality of India's trade data which – as mentioned earlier – is available on an interactive online portal.[39] On average, these respondents gave India's trade data a 65–70 per cent score when benchmarked against international best practice, in contrast to a 40 per cent score for India's publicly available FDI data. Two respondents also cited India's stock market data, which lists real-time, online records of all stock transactions and whose data matches that of the world's most advanced exchanges.

#### *3.2.4.1 Respondents' views on the RBI and DIPP inward macrodata*

Respondents made specific observations on the macrodata being published by RBI and DIPP, a summary of which is given in Table 3.7.

##### *3.2.4.1.1 Quantum of FDI inflows*

***RBI's data on the quantum of total inward FDI is robust***: Over 90 per cent of respondents consider the RBI's data on the quantum of FDI inflows and outflows to be robust, since it is based on mandatory filings by inward and outward foreign direct investors.

However, four respondents underscored the importance of clearly distinguishing FDI from portfolio investment. While the government now uses the internationally agreed '10 per cent rule'[40] in distinguishing between these two types of investment, relying on this formula alone might not properly capture the real quantum of FDI flows. Ideally, the government should assess the nature and purpose of each inflow before consigning it to the FDI or portfolio category, else there could be miscounting between the two categories. As one respondent explained, "if Warburg Pincus invests 10 per cent in Bharti Retail, is this portfolio investment or FDI? Conversely, should a 9.99 per cent Walmart investment in Bharti Retail be counted as portfolio investment or as FDI?"[41]

***Mismatches between RBI and DIPP totals***: One-third of respondents commented on the frequent mismatch between RBI's and DIPP's numbers on FDI inflows (Figure 3.1), remarking that it was surprising since DIPP's macrodata is sourced from the RBI.

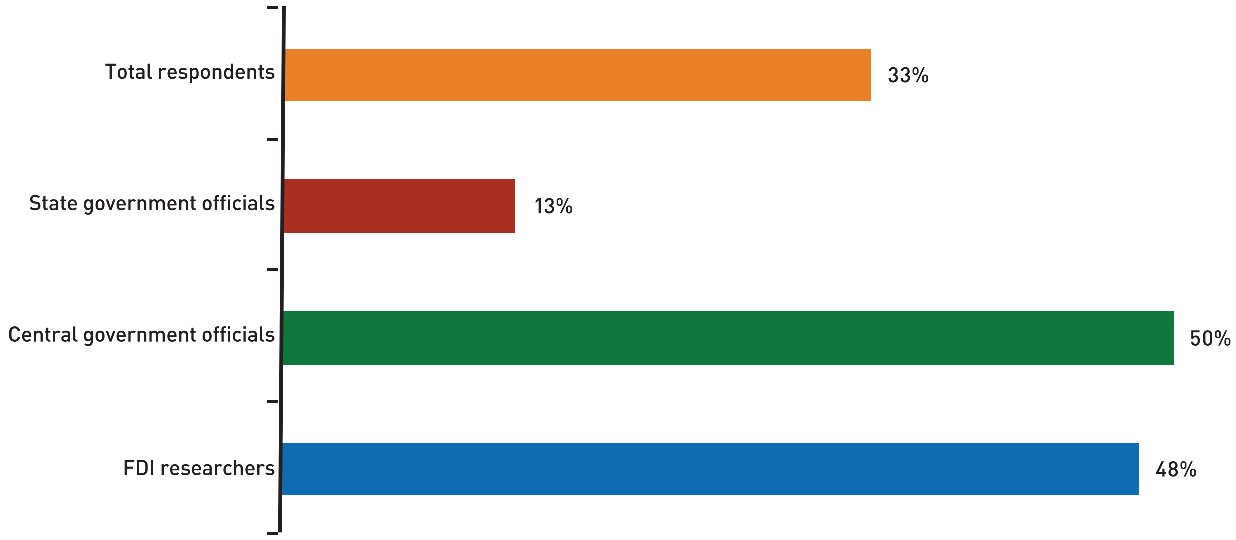
38. DIPP is cognizant of this problem and, in June 2014, agreed to move toward the National Industrial Classification system in reporting the sector break-up of FDI inflows. It is now in the process of implementing this change.
39. India's trade data is collected and reported by the Directorate General of Commercial Intelligence and Statistics. This data is available at http://www.dgciskol.nic.in/.
40. According to the International Monetary Fund's 10 per cent rule, any equity investment below 10 per cent is counted as portfolio investment and any investment above 10 per cent as FDI.
41. In June 2014, the Ministry of Finance clarified the definitions of FDI and FII flows: FDI equivalent to 10 per cent of equity and above is to be counted as FDI and that below 10 per cent as foreign portfolio investment. (http://www.finmin.nic.in/the_ministry/dept_eco_affairs/investment_division/Report%20of%20Dr%20Arvind%20Mayaram%20committe%20on%20FDI_FII.pdf).

**Table 3.7: Summary of Comments on Macro Inward FDI Data: RBI and DIPP**

| Issue | Comments | % of Responses |
|---|---|---|
| Quantum of total inward FDI | Robust | 95 |
| Operations and activities of foreign direct investors | No data | 73 |
| Geographic disaggregation | Reported by RBI regional office, and not by state or district | 62 |
| Sector classification | Not harmonised with either national or international standards | 51 |
| Mismatch between RBI and DIPP totals | Needs to be resolved | 33 |
| Historical time series | Limited | 31 |
| Source country data | Not accurate | 25 |
| Approvals versus actuals | Lack of public data on this issue | 25 |
| Reinvested earnings | Not comprehensively captured | 18 |
| Details in RBI data | Declining over time | 16 |
| Greenfield and brownfield investments | No distinction between the two | 11 |
| FDI and portfolio flows | Definitions exists but ambiguities continue | 7 |
| FDI stock calculations | Methodology needs to be strengthened | 4 |
| Joint ventures versus wholly-owned subsidiaries | Not reported anymore | 4 |

***Source***: NCAER.

**Figure 3.1: Mismatching RBI/DIPP Data and/or Definition for Inward FDI**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

Some of these respondents surmised that differing RBI and DIPP definitions of FDI could be the reason for the mismatch, and strongly urged the government to agree on a uniform definition of what type of capital inflow should be counted as FDI. This single definition, which should be employed by all government agencies including RBI and DIPP, would resolve the confusion about the quantum of India's total inward FDI. They also urged the government to clearly explain its FDI definition on both the RBI and DIPP websites, something that is not currently done.

*Reinvested earnings*: Almost one-fifth (18 per cent) of respondents felt that the RBI's current FDI data system does not capture local investments by foreign direct investors using reinvested earnings. Nor does it capture shareholding changes (domestic firms becoming foreign, or vice-versa) resulting from investments in which all financing is locally raised.

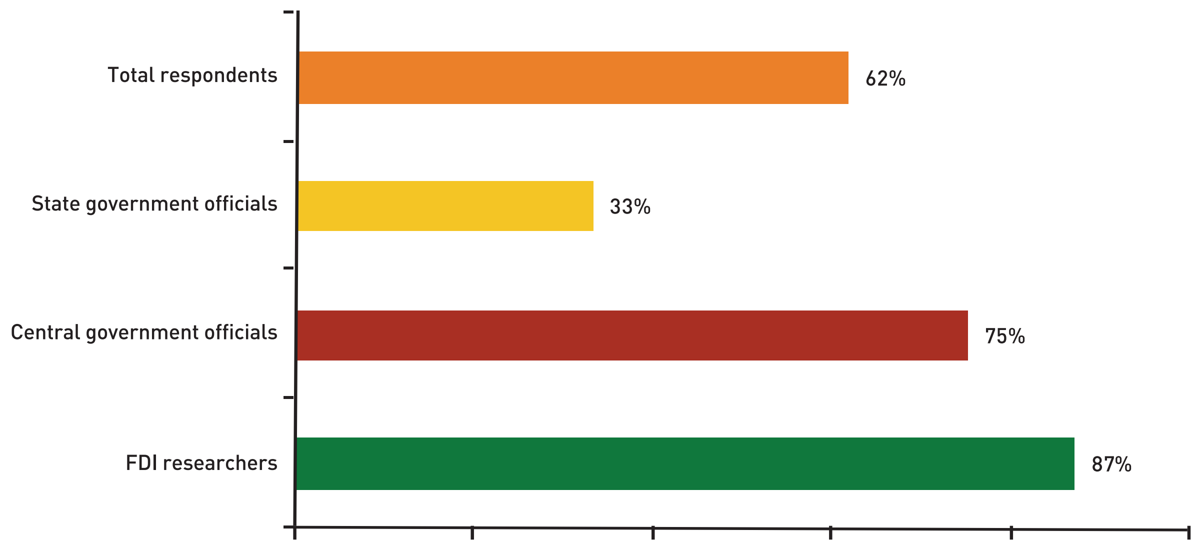
*Methodology for calculating FDI stock*: A couple of respondents suggested a revisitation of the method by which FDI stock is calculated and reported. In their experience, India's inward FDI stock figure appears to be merely a summation of flows, with no accounting for their evolving market valuation over time, as is now required by international best practice.[42]

### 3.2.4.1.2 Geographic disaggregation of FDI inflows

In this area, respondents highlighted two major shortcomings in the government's macrodata on FDI inflows.

*FDI inflows are reported by RBI regional office, not by state or district*: Almost two-thirds (62 per cent) of respondents cited the government's current practice of reporting the geographic disaggregation of FDI inflows by RBI regional office, rather than by state as a problem (Figure 3.2). Due to this practice, neither the Indian policy-maker nor FDI researcher can tell exactly where FDI firms and projects are locating in India, which is a primary, necessary condition to study FDI firms' direct or indirect effects on the Indian economy.

**Figure 3.2: No Data on Individual FDI Inflows to All States**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

42. This observation was echoed by some of the international FDI statistics experts consulted in Chapter 4.

Table 3.8, which recreates DIPP's typical report on the geographic break-up of inflows into the country, illustrates the problem: there is data for the individual FDI inflow into only six states (Karnataka, Gujarat, Goa, Rajasthan, Orissa and Jammu and Kashmir)[43]. This is because the data DIPP receives from the RBI only disaggregates inflows on the basis of the regional RBI office handling it, rather than by the destination state.[44] Since the RBI only has 17 regional offices for India's 36 provincial units, 11 of the offices handle FDI data for two or more states or union territories.

**Table 3.8: Typical DIPP Report on the Geographic Distribution of FDI Inflows – RBI Regional Offices and States Covered Receiving FDI Equity Inflows[1] (April 2000 to October 2014)** Rs crore (US$ million)

| S. No. | RBI Regional Office[2] | | States Covered | Cumulative Inflows (April '00–October '14) | % of Total Inflows |
|---|---|---|---|---|---|
| 1. | Mumbai | 1. | Maharashtra | 334,281 (70,108) | 30 |
| | | 2. | Dadra & Nagar Haveli | | |
| | | 3. | Daman & Diu | | |
| 2. | New Delhi | 1. | Delhi | 224,684 (45,500) | 19 |
| | | 2. | Part of Uttar Pradesh | | |
| | | 3. | Part of Haryana | | |
| 3. | Chennai | 1. | Tamil Nadu | 78,614 (15,381) | 7 |
| | | 2. | Pondicherry | | |
| 4. | Bangalore | | Karnataka | 68,917 (13,999) | 6 |
| 5. | Ahmedabad | | Gujarat | 48,221 (10,144) | 4 |
| 6. | Hyderabad | | Andhra Pradesh | 46,162 (9,519) | 4 |
| 7. | Kolkata | 1. | West Bengal | 13,842 (2,855) | 1 |
| | | 2. | Sikkim | | |
| | | 3. | Andaman & Nicobar Islands | | |
| 8. | Chandigarh | 1. | Chandigarh | 6,345 (1,328) | 0.6 |
| | | 2. | Punjab | | |
| | | 3. | Haryana | | |
| | | 4. | Himachal Pradesh | | |
| 9. | Jaipur | | Rajasthan | 6,707 (1,250) | 0.5 |
| 10. | Bhopal | 1. | Madhya Pradesh | 6,095 (1,216) | 0.5 |
| | | 2. | Chattisgarh | | |
| 11. | Kochi | 1. | Kerala | 5,128 (1,046) | 0.4 |
| | | 2. | Lakshadweep | | |
| 12. | Panaji | | Goa | 3,738 (802) | 0.3 |
| 13. | Kanpur | 1. | Uttar Pradesh | 2,004 (412) | 0.2 |
| | | 2. | Uttaranchal | | |
| 14. | Bhubaneshwar | | Orissa | 1,957 (397) | 0.2 |

*(Contd...)*

43. The RBI's Hyderabad office reports the inflow for both Andhra Pradesh and the newly–formed state of Telangana.
44. In their mandatory reporting to the RBI, foreign direct investors are required to record the state and district in which they invest but this data is not yet publicly reported.

**Table 3.8: Typical DIPP Report on the Geographic Distribution of FDI Inflows – RBI Regional Offices and States Covered Receiving FDI Equity Inflows[1] (April 2000 to October 2014)** Rs crore (US$ million) **(Contd...)**

| S. No. | RBI Regional Office[2] | | States Covered | Cumulative Inflows (April '00–October '14) | % of Total Inflows |
|---|---|---|---|---|---|
| 15. | Guwahati | 1. | Assam | 361 (80) | 0 |
| | | 2. | Arunachal Pradesh | | |
| | | 3. | Manipur | | |
| | | 4. | Meghalaya | | |
| | | 5. | Mizoram | | |
| | | 6. | Nagaland | | |
| | | 7. | Tripura | | |
| 16. | Patna | 1. | Bihar | 248 (47) | 0 |
| | | 2. | Jharkhand | | |
| 17. | Jammu | | Jammu & Kashmir | 26 (4) | 0 |
| 18. | Region Not Indicated[3] | | | 301,131 (60,839) | 26.10 |

***Notes***: 1 – Includes 'equity capital components' only.
2 – Region-wise FDI inflows are classified according to the receiving RBI regional office, furnished by RBI, Mumbai.
3 – Represents FDI inflows through acquisition of existing shares by transfer from residents to non-residents. Region-wise information on this is not provided by the RBI.
***Source***: Department of Industrial Policy and Promotion, *FDI Statistics Newsletter*, October 2014, available at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_October2014.pdf.

State government respondents underscored the challenge this kind of reporting poses to robust state-level economic policymaking. First, states, such as Chhattisgarh, Haryana and Delhi have no way of establishing the exact amount of FDI they receive. As Table 3.8 shows, the RBI's regional offices often cover several states, or even parts of states. The RBI Regional office in Delhi, for example, reports FDI inflows into Delhi, parts of Haryana,[45] and parts of Uttar Pradesh[46] as a single total, while the Chandigarh office reports inflows into the rest of Haryana jointly with those into Chandigarh itself, and into Punjab and Himachal Pradesh.

In addition, even states with a dedicated RBI regional office cannot track exactly where the FDI is going within their jurisdictions, since neither the RBI nor DIPP reports the district break-up of state FDI inflows.[47] This is because the data system still captures and reports FDI inflows by corporate headquarters (i.e.,the Enterprise), rather than by actual investment in operating units themselves (i.e., the Establishment).

This leads to two problems. A firm could be headquartered in Bengaluru, for instance, but have investments in Shimoga, Bellary and Dharwar, other towns in Karnataka. Yet, India's FDI data as it is currently reported, would capture all its FDI as occurring in Bengaluru. Similarly, a firm could be headquartered in Bengaluru, but have made the bulk of its investments in Gujarat, Tamil Nadu and Maharashtra. Here, too, all the investment would be reported as occurring in Bengaluru.

Over half the respondents flagged the absence of district-specific FDI inflow data as a principal issue for policy attention (Figure 3.3). Without location data, it is impossible to determine how much FDI firms are investing in individual operations across India and how each is contributing to local socioeconomic development. For the same reason, it is not possible to match India's FDI data with its extensive district-level datasets on economic activity, income, education and health to answer wider policy questions about FDI's contribution to local employment, income growth, poverty alleviation, and socioeconomic development.

45. Here, it is the inflow into Gurgaon, a city neighbouring Delhi, that is being captured.
46. Here, it is the inflow into NOIDA, a city neighbouring Delhi, that is being captured.
47. However, some state respondents said the DIPP regularly gives them data on the number of FDI projects approved in their states.

**Figure 3.3: Data Does Not Track FDI Down to the Plant/Unit Level**
*(% of respondents within each category citing this issue as a challenge)*


***Source***: NCAER.

More than half the government officials (Figure 3.3) also emphasised that location data is key in enabling them to assess the FDI pay-off from their investment promotion and business planning initiatives, and to properly respond to state legislative assembly questions about district-level FDI inflows, distribution and impact. Some respondents said that in the absence of official data on district-level inflows, their states are struggling to improvise such databases themselves.

One respondent state industry department, for instance, is painstakingly creating its own database on the district location of foreign direct investors within its jurisdiction. It is doing this from scratch, individually researching each firm that DIPP's monthly *SIA Newsletter* lists as having invested in its state capital so as to track it down to its actual district location. States, for which there is no individual report on state FDI inflows, use the list of approved FDI projects they routinely receive from DIPP.

Not only is it extremely time-consuming to construct such a location listing from scratch, more critically it is not clear whether the resulting database actually captures the entire list of foreign direct investors in that state.

Some respondents had other observations on the shortcomings in the current reporting of state inflows. These were:

*No sector break-up of state FDI flows*: Neither RBI nor DIPP report the sector break-up of state FDI flows, nor each state's share in total national inflows into a sector. For this reason, state governments and FDI researchers have no composite picture of the types of FDI individual states are receiving. Nor can they perform a state-wise, industry-wise analysis.

*No state/district destination for FDI through acquisitions*: There is no geographic break-up for 26 per cent of the total inflow received between April 2000 and October 2014. As per the explanatory DIPP note at the bottom of Table 3.8, this percentage represents "FDI inflows through acquisition of existing shares by transfer from residents to non-residents. For this, regional-wise information is not provided by Reserve Bank of India."[48]

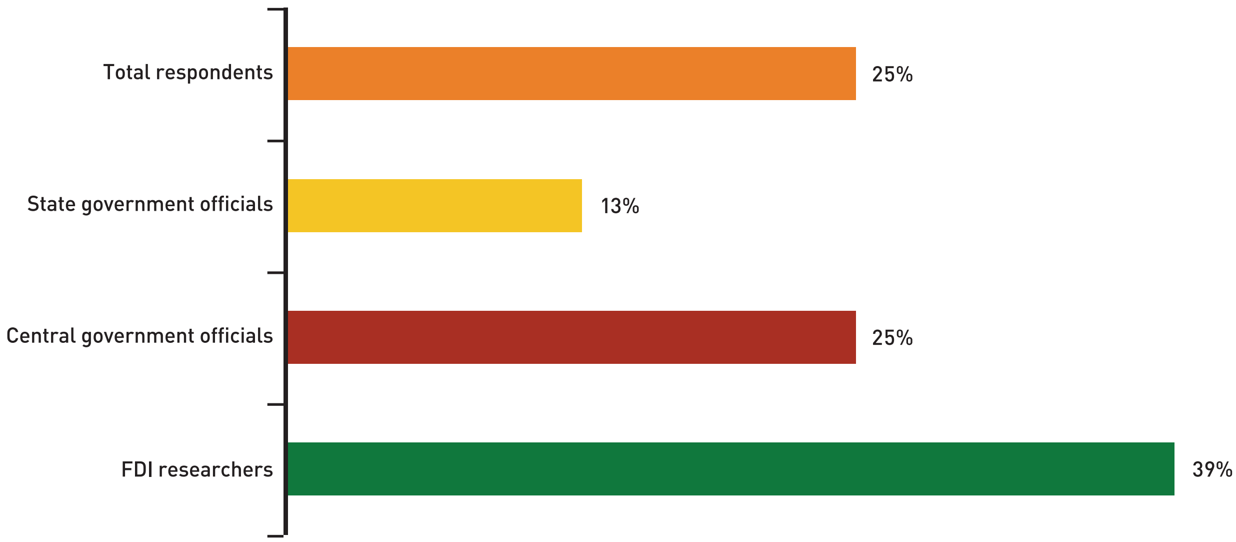
48. The original table can be accessed from the DIPP website at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_October2014.pdf.

### *3.2.4.1.3 Source country data appears to have distortions*

A fourth of the respondents mentioned apparent inaccuracies in the source of FDI inflows as a problem (Figure 3.4). This point was emphasised by FDI researchers and central government respondents, but was considerably less of an issue for state government officials.

**Figure 3.4: Distortion in Source Country Data**

*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

Table 3.9 illustrates this problem. It shows nearly half of India's total FDI inflow comes from Mauritius and Singapore, countries with which it has signed Double Taxation Agreements. Many of India's foreign direct investors thus appear to be routing investments through these countries to avail of tax benefits, a distortion that the Indian government is well aware of and is actively seeking to remedy through treaty revisions. However, until it succeeds in doing so, the existing skew in the data on the country origins of India's inward FDI flow severely distorts the actual source of FDI inflows.

Some respondents had the following additional comments on the data on inflows by source country:

**Table 3.9: Typical DIPP Report on the Geographic Source of FDI Inflows – Statement on Country-wise Equity Inflows (April 2000 to May, 2014)** Rupees in crores (US$ million)

| Rank | Country | Cumulative Inflows | % to total inflows |
|---|---|---|---|
| 1. | Mauritius | 399,994 (83,434) | 36 |
| 2. | Singapore | 146,948 (28,940) | 12 |
| 3. | UK | 106,764 (21,747) | 9 |
| 4. | Japan | 86,908 (17,310) | 7 |
| 5. | Netherlands | 69,607 (13,441) | 6 |
| 6. | U.S.A | 63,387 (13,190) | 6 |
| 7. | Cyprus | 38,262 (7,867) | 3 |
| 8. | Germany | 35,149 (7,104) | 3 |
| 9. | France | 21,169 (4,284) | 2 |
| 10. | Switzerland | 14,143 (2,872) | 1 |
| Total FDI inflows from all countries* | | 1,148,992 (235,049) | - |

*Includes inflows under the RBI's NRI schemes.
***Notes***: % worked out in US$ terms and FDI inflows received through FIPB/SIA + RBI's automatic route + acquisition of existing shares only.
***Source***: Department of Industrial Policy and Promotion, *FDI Statistics Newsletter*, October 2014
http://www.dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_October2014.pdf.

*No report on bilateral flows*: Neither the RBI nor DIPP websites disaggregate India's FDI inflow bilaterally (i.e. FDI inflows into India from a specific country, matched against India's FDI in that country).[49] Nor do they report the sector break-up of bilateral flows.

*Mismatches between India's and investment partners' FDI numbers*: A fourth of the central government respondents and 13 per cent of the academic researchers reported large mismatches between Indian government reports on FDI inflow data from specific source countries, and matching data on FDI outflows to India reported by those countries. These respondents urged that this mismatch be examined. First, India might be using a different formula from its economic partners in measuring FDI. More importantly, these mismatches might be resulting from round-tripped investments of Indian black money.

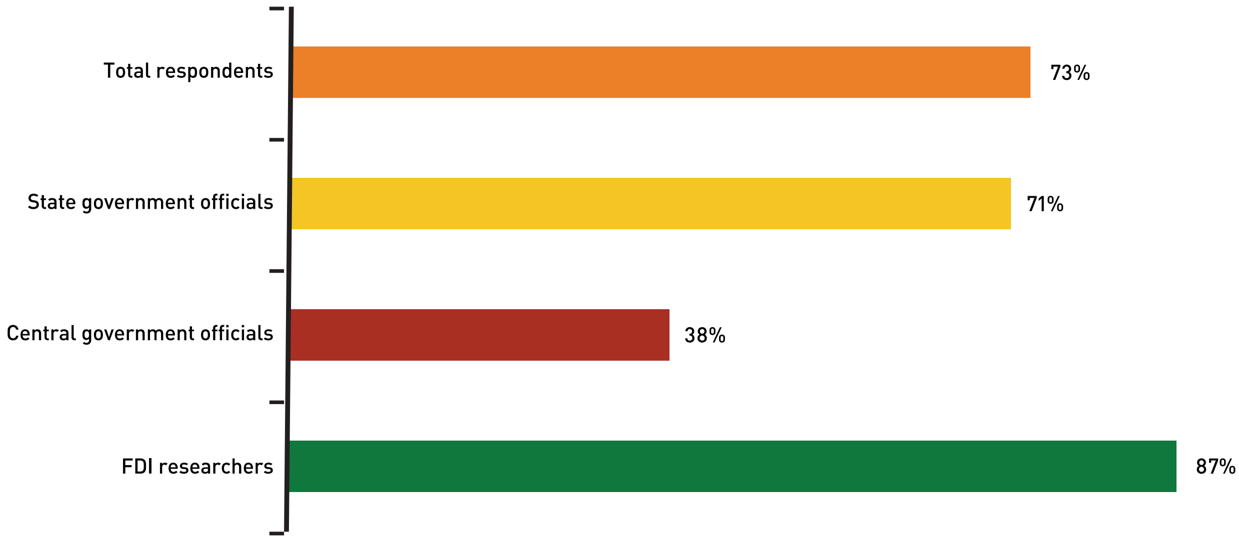
### *3.2.4.1.4 Nature and Quality of FDI Inflows*

Most respondents remarked that India's FDI statistics offer limited insights into the nature and developmental quality of its FDI inflow. For a start, India's data do not yet offer a detailed insight into the specific kinds of manufacturing, service or trading activity that foreign direct investors are engaged in.

*No data on the operations and activities of foreign direct investors*: Almost three-fourths (73 per cent) of the respondents, State Government officials and FDI researchers in particular, felt that the lack of publicly reported data on the operations of foreign firms in India was a major problem (Figure 3.5). They said that the absence of data on employment, production, sales, value-added, trade and R&D by foreign firms makes it impossible to properly assess how FDI is contributing to Indian economic development and global competitiveness.

49. However, the RBI does report this data to the IMF, as per its commitments under the Coordinated Investment Development Survey. The results of this survey are available at: http://elibrary-data.imf.org/public/FrameReport.aspx?v=3&c=11666797&pars=Country,534. What is important to note, however, is that this data is not publicly available on the RBI website.

**Figure 3.5: No Operations Data for Foreign Firms**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

While the RBI collects some operational information for FDI firms,[50] it only publicly shares aggregates and, as discussed earlier, researchers find it very difficult to access the underlying microdata. Moreover, many researchers and central government officials interviewed, and all the state government officials, did not appear to know about this data because it is not well publicised or immediately visible on the RBI website. Those who did said this data has not been regularly reported and focuses largely on BoP-related parameters, such as exports, imports, royalty payments and dividend repatriations, not the on-the-ground activities of foreign firms in India. Also, the data is not segregated geographically, so provides no insight into how different states or regions are benefitting from FDI activity.

In the absence of robust and comprehensive operations data for foreign firms, Indian FDI 'impact assessment' studies have tended to be confined to studying only the indirect effects of foreign firms in India, rather then their direct effects on employment, production, trade, R&D, and so on. In other words, they are only able to undertake a broad mapping of FDI growth onto macroeconomic indicators, such as GDP growth, or micro-economic indicators like firm performance, export performance, productivity, etc. If there is a positive correlation, the assumption is that FDI has positively impacted these parameters. As respondents emphasised, studies of 'indirect effects' only allow for broad and indirect observations, using surrogate variables, and are a poor 'second best' option in studying FDI's varied impacts.

Exacerbating the problem, State government interviewees said that their states have not yet established a holistic system to track the relative performance and contribution of FDI firms within their jurisdictions. As yet, state business data systems track proposals and approvals only until they have translated into real projects. For example, one of the State Industry Departments interviewed has constructed an extensive detailed, searchable

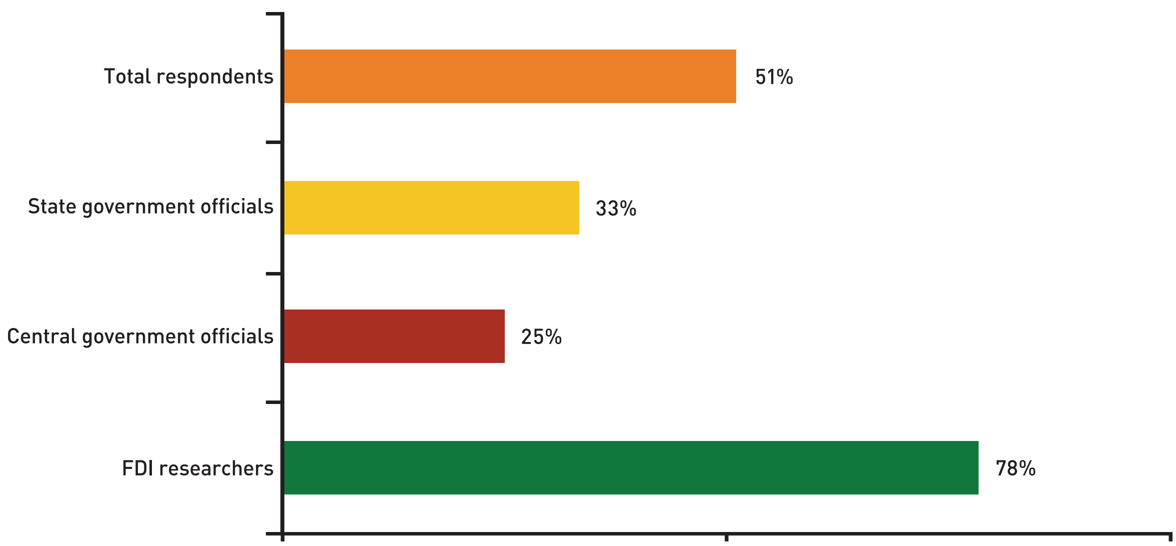
50. The RBI collates operations data for FDI firms in its *Annual Census of Foreign Liabilities and Assets*, and its survey of the *Finances of Non-Government Non-Financial (NGNF) Foreign Direct Investment (FDI) Companies, Survey on Foreign Collaborations in Indian Industry*, and the *Survey on Computer Software and Information Technology Enabled Services (ITES) Exports*.

database of all industrial approvals, technical agreements, and investments since 1 January 1991. It enables a detailed analysis of all FDI-related approvals, technology agreements and NRI investments, cut by source country, sector and product code, investment size, plot number, tehsil and district, and proposed employment. However, by this state's own admission, the database's significant flaw is that it stops tracking investments once projects go into operation, because operating firms are not mandated to share data with the State Industries Department.

Operating projects (both foreign and domestic) must report to a variety of state government regulators, including the Inspectorate of Factories, Department of Labour, Commissioner of Commercial Taxes, and so on. Yet, neither this data – nor that collected by India’s network of District Industries Centres – is being used to assess the business performance and contribution of foreign and domestic firms in each state. This is largely because it is not possible to separate the two categories of firms in these databases, since they do not distinguish between foreign and domestic firms. Both categories follow exactly the same procedure and reporting requirements at the state level, when setting up projects.

***DIPP's sector classifications not harmonised with international standards***: Around half (51 per cent) of the respondents found the manner in which DIPP classifies and publicly reports sector inflows an issue (Figure 3.6).

**Figure 3.6: Limited Detail on Nature of FDI Activity; Cannot Gauge Quality of FDI**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

Their key observation: the classification system used by DIPP accords neither with the latest international standard employed for this purpose (the United Nations International Standard Industrial Classification of All Economic Activities, Revision 4, 2008[51]), nor with the India's own National Industrial Classification (NIC), which adheres to it.[52] DIPP's system derives from India's Industrial Development and Regulation Act (1951),

51. This standard, popularly known as ISIC Rev. 4, is described in detail on the United Nations Statistical Division website: http://unstats.un.org/unsd/cr/registry/isic-4.asp.
52. India's National Industrial Classification (NIC), developed by the Ministry of Statistics and Programme Implementation (MOSPI), adheres closely to the United Nations' ISIC standard, and is revised in concordance with it. A detailed description of the NIC is available on the MOSPI website at: http://mospi.nic.in/Mospi_New/site/inner.aspx?status=2&menu_id=129.

which does not present the analytical detail of these other two systems. (This, even though the RBI, from which DIPP sources the FDI data it reports, uses the NIC in collecting information from foreign direct investors on the sector focus of their investments).[53]

DIPP's system offers a maximum of 92 'four-digit level' sector classifications at its greatest disaggregation,[54] in contrast to the National Industrial Classification's 238 'three-digit level', 403 'four-digit level'[55] and 1,304 'five-digit level' categories (Annexure 3.15).[56] The analytical 'opportunity cost' of DIPP's system becomes even more apparent when comparing its 4-digit level categories with the matching 5-digit level categories of NIC (2008).

Moreover, DIPP does not publicly report sector inflows using its four-digit level categorisation. Its website only lists the two-digit level categories. Since its reporting does not always separate manufacturing and services, it is not clear which of these activities is attracting FDI within the broader sector.[57] For instance, inflows into 'Computer Hardware and Software' are reported as a single category. Similarly, its 'Telecommunications' category, includes both equipment manufacture and telecommunication services. 'Financial Services' does not separate for the variety of activities under this head.

DIPP's system is even more limited when compared to the international Harmonized Commodity Description and Coding System, or HS system, which India uses to collect trade data as per global standards.[58] This system splits into over 5,000 six-digit level classifications,[59] which can be further disaggregated into eight-digit level categories. This is largely because the HS system records data on products, as opposed to manufacturing or services activities, as the DIPP, NIC and ISIC classifications do.

For these reasons, respondents said it is impossible to research Indian FDI down to the fine sector detail seen internationally, or even in studies of Indian trade, and thus to determine the true nature of FDI activities and products.

Additionally, respondents (both government officials and FDI researchers) said that these classification mismatches mean they have to spend months, if not years, re-classifying data for greater analytical detail and international comparability. Some respondents said it had taken them up to 1.5 years to create the correctly classified panel data they needed; many had abandoned potentially important research for this reason. All relevant respondents felt that India was bearing an immense opportunity cost in terms of circumscribed or abandoned FDI research in not adhering to prevailing Indian or international industry classificationsin classifying and reporting FDI data.

***Greenfield and brownfield investments, and acquisitions***: One-tenth (11 per cent) of the respondents, primarily academic researchers, observed that the government's publicly reported inflows data does not sufficiently distinguish 'greenfield' investments (fresh investments to establish a new operation) from 'brownfield' investments (additional capital into an existing operation).

A related observation is that the data on foreign acquisitions in India needs to be strengthened. One respondent cited from the report of the Parliamentary Standing Committee on Commerce, FDI in the Pharmaceutical Sector to underscore the urgency of resolving this issue: "In respect to the government's argument that it was not able to give an accurate picture of greenfield FDI in the pharmaceutical sector because the inflows data maintained by the RBI does not distinguish between greenfield and brownfield investments… The absence of

53. In this context, respondents cited as a problem the fact that the RBI continued to use the outdated NIC 3rd edition until 2014, rather than the 4th edition introduced in 2008.
54. National Council of Applied Economic Research (2009), *FDI in India and Its Growth Linkages,* New Delhi.
55. Additionally, the latter matches the United Nations Standard industrial Classification until the 4-digit level.
56. "NIC 2008 has 21 sections, 88 divisions, 238 groups, 403 classes and 1304 sub-classes", according to National Industrial Classification (All Economic Activities) 2008 available at: http://mospi.nic.in/Mospi_New/upload/nic_2008_17apr09.pdf, p.10.
57. See Pg 8 of DIPP's *FDI Statistics Newsletter,* October 2014, for example: This is available at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/2014/india_FDI_October2014.pdf.
58. "The Harmonized System (HS) of tariff nomenclature is an internationally standardized system of names and numbers to classify traded products. It came into effect in 1988 and has since been developed and maintained by the World Customs Organization with over 200 member countries. It was last revised in 2012. More information on the HS system is available at: http://en.wikipedia.org/wiki/Harmonized_System.
59. The structure of the HS system is decribed in detail at: http://www.wcoomd.org/en/topics/nomenclature/overview/what-is-the-harmonized-system.aspx.

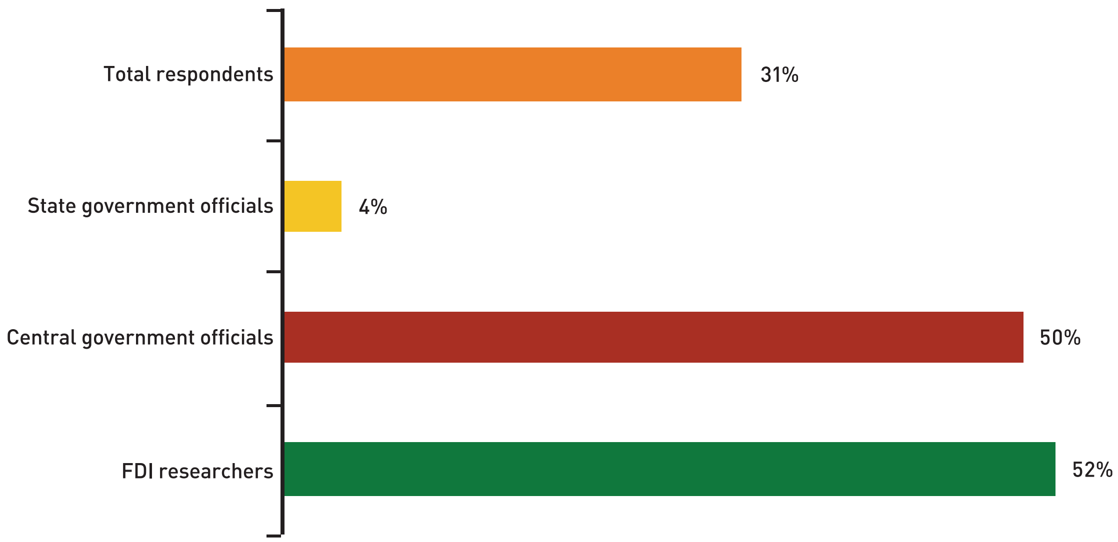
such a mechanism is a handicap for the government while formulating policies for this sector. It is therefore high time that suitable mechanism be established to keep track of the nature of brownfield..."[60]

***Joint ventures versus wholly-owned subsidiaries***: Several respondents noted that the government had discontinued its earlier practice of reporting the relative share of FDI flows in local joint ventures and wholly-owned subsidiaries as an overall total. This information is neither available in DIPP's *SIA Newsletter*'s monthly listing of individual FDI transactions, nor in RBI's firm-level data (discussed later).

### *3.2.4.1.5 Other issues*

***Limited historical time-series***: Almost one-third (31 per cent) of respondents found that the limited historical FDI data on the RBI and DIPP websites significantly constrained their ability to analyse changing trends in FDI inflows over time (Figure 3.7). Even when the historical data exists, the format in which the data has been reported is not always consistent, making it difficult to construct a long data panel.

**Figure 3.7: Limited Historical Time-Series**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

While the time-series for annual FDI inflows and outflows on the RBI website goes back about a decade, this is only for the aggregate totals.These totals offer insights into the changing financial composition of FDI inflows, but present no information on changes in their source, nature, and sector and geographic distribution.

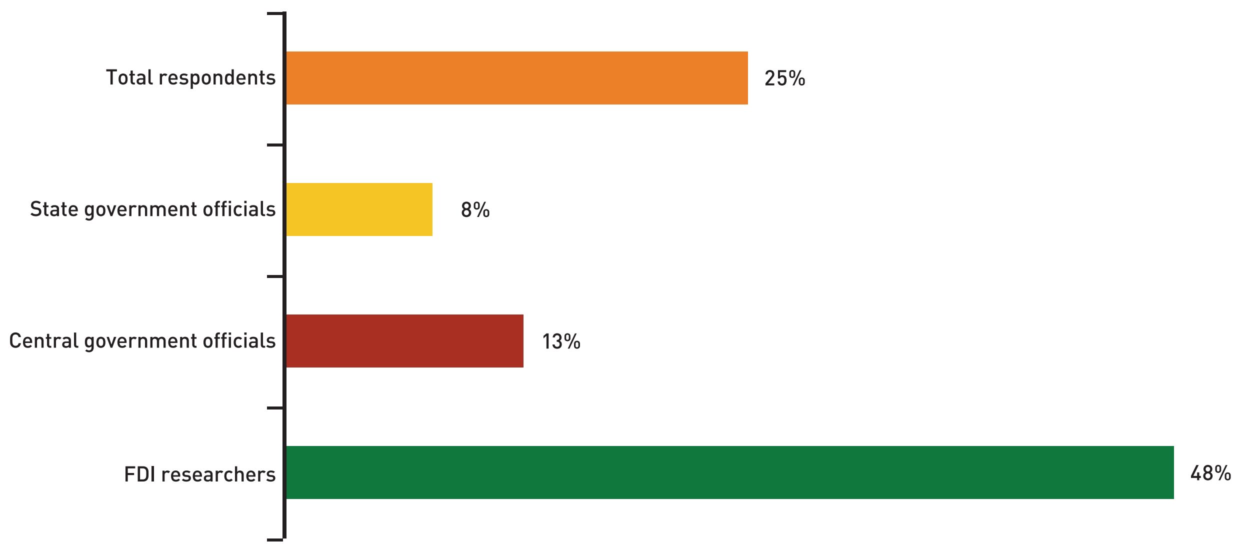
On the DIPP website, the data dates back only 2 to 3 years. Each researcher and policy-maker thus has to construct their own data panel individually from past copies of the RBI's and DIPP's various FDI publications, which are not always easy to locate. Also, as touched on earlier, DIPP's monthly and annual FDI reports are only available in PDF format and hence the data cannot be downloaded straight into an Excel sheet for quantitative analysis. This adds considerably to the effort and time required to construct a robust data panel.

60. This report is available at: http://164.100.47.5/newcommittee/reports/EnglishCommittees/Committee%20on%20Commerce/110.pdf.

A few respondents also observed that the RBI's FDI data and FDI publications are not immediately evident on its website. This is because they are neither grouped together under a single section, nor flagged on the RBI's website or in its monthly RBI Bulletin. Thus, only researchers who know what data the RBI maintains and where to look for it can locate it. Some of these respondents also said that the RBI website can be extremely slow when searching for, or downloading, data-heavy documents.

*Approvals versus actual*: One-fourth of the respondents pointed to the lack of publicly available data on the quantum of FDI approved versus FDI actually received (Figure 3.8). Should this kind of data be available, it would give both government and the public a better understanding of which firms appear most committed to India, as also which sectors appear to pose the most roadblocks to potential investors.

**Figure 3.8: No Data on Approved Versus Realised Investment**
*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

They also suggested the government devise a method to aggregate the various instalments by which foreign firms typically finance an FDI project. To illustrate, a firm might announce that it will invest US$3 billion in India, and brings the money in tranches over a period of years. The RBI and DIPP report these tranches as self-standing investments, thus making it impossible to assess how much FDI has come in against specific projects or investments.

Respondents recognised that it might be difficult to compile approvals-versus-actual data in entirety,[61] but suggested it might be worthwhile to find some sort of solution. To start with, it would be valuable to know how much of the FDI approved by the Foreign Investment Promotion Board has actually come in, and what the average time lag is between approval and full realisation.

*Declining detail of the RBI data*: A few FDI respondents also commented on the declining detail in the FDI data published by the RBI. The RBI had earlier reported on FDI stock, as also the sector break-up of inflows

61. This is because FDI in many sectors no longer requires government approval.

using the National Industrial Classification, which made more detailed research and international comparison possible, especially in the 1980s and 1990s.

#### 3.2.4.2 Microdata

Respondents made a number of observations on the microdata on inward FDI available from both public and private sources. These are discussed in more detail below.

##### 3.2.4.2.1 Comments on RBI and DIPP microdata

The DIPP's microdata was alleged to be too basic for academics to use in their research. However, state government officials familiar with this data said they rely heavily on it to compile lists of foreign direct investors in their states. This said, all these officials were from states with their own dedicated RBI regional offices.

Some academic respondents have used the RBI's microdata but they point to major limitations. First, the panel of companies in the RBI's surveys on *Finances of Non-Financial Foreign Direct Investment Companies* and *Foreign Collaborations in Indian Industry* is not continuous. The sample of companies differs in each new edition of these surveys. Further, company names are masked by a numeric code which makes it very difficult – if not impossible – for researchers to match data from one period to the next.

Second, the data records foreign shareholding only for the past year. In other words, each time there is a change in the shareholding field for a company, all the data that previously existed in this field is deleted. To illustrate with an example, a firm that was 100 per cent domestically owned for seven years, but which received FDI of over 50 per cent in Year Eight, would show up as a foreign firm in the panel for the entire period. Since company names are masked many researchers might not even catch the problem. If they are aware of it, they cannot access prior data to double-check the panel. Respondents said that a number of researchers were so deeply concerned by this problem they have stopped using the RBI's firm-level data. One completely stopped FDI-specific, firm-level research for this reason.

Third, the RBI's microdata contains little, if any, operational detail for foreign firms, including employment, wages, production exports, R&D, and so on. Respondents said the RBI's microdata had contained such information in the 1990s, but its level of detail has steadily declined over the years, making it less useful to FDI researchers. The RBI's microdata now only contains balance sheet type information, such as financial structure and shareholding, prompting one respondent to surmise that the RBI now seems more concerned with capturing details about foreign ownership to make it easier for the government to properly tax foreign and domestic firms. However, he also observed that it is now considerably more difficult for the RBI to maintain detailed records on foreign direct investors and their Indian operations, since their numbers have increased manifold even as the government has significantly relaxed the approval and reporting requirements for such firms.

##### 3.2.4.2.2 Comments on private databases – Prowess, Capitaline, Business Beacon

Despite the wealth of firm-level detail available in private databases, respondents expressed three major concerns about the data they contain. These shortcomings, they said, constrain the study of some of India's biggest foreign direct investors, significantly limiting India's understanding of how the contributions of foreign firms differ from domestic ones, and how FDI contributes to domestic economic development.

***No comprehensive inventory of foreign direct investors in India***: The principal and most crucial gap is that these databases do not capture the complete universe of foreign firms in India. As mentioned earlier, private databases rely heavily on information that listed firms mandatorily submit in their annual reports and other filings with the Ministry of Corporate Affairs. However, many foreign subsidiaries are fully owned by their parents, so they are not listed in India. At the same time, many of these wholly-owned subsidiaries are amongst their parent organisations' largest global operations. Thus, it is highly likely that these databases are missing the largest and most significant of India's inward investors. Most problematic is that it is not yet possible to tell exactly which.

In their interviews with NCAER, state and central government officials also similarly remarked on the absence of a complete inventory of foreign direct investors at national and state levels (Box 3.2 and Figure 3.9).

### Box 3.2: No State-level 'Frame' of Foreign Direct Investors

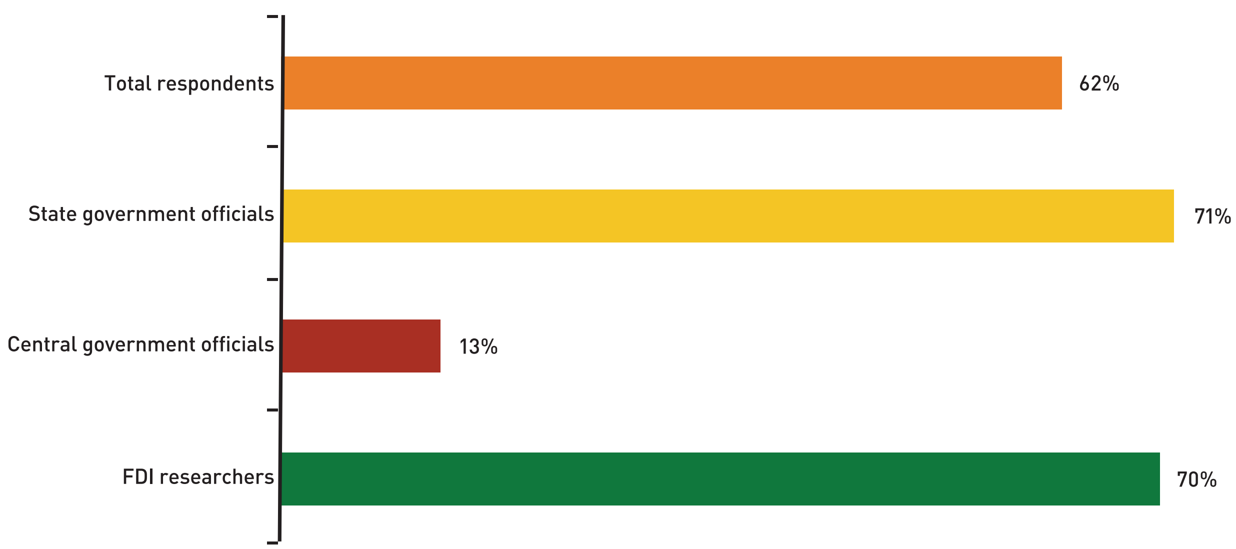
In interviews with NCAER, State Industries Departments said they do not know all the foreign firms operating within their state and where these are located. This is because foreign firms are not required to report to state governments when investing in a state, in the same manner they must report to the RBI when investing in the country. In other words, state governments still have no 'universal frame' for foreign direct investors in their states, even though FDI is actually realised and goes into operation within their jurisdictions.

This said, state governments have a lot of information on all investors operating within their states, in the databases of state-level regulators, such as the Labour Department, Commercial Tax Department, State Pollution Control Board and so on. However, they cannot cull out all FDI-related information, since the data for foreign and domestic investors is not yet separately tagged.

***Source***: NCAER.

**Figure 3.9: No Data on the Universe of Foreign Direct Investors in India**

*(% of respondents within each category citing this issue as a challenge)*




***Source***: NCAER.

***Problems with 'matching' RBI and private data:*** In the absence of a comprehensive listing of foreign direct investors in the country, academic respondents said they had to cross-check data on foreign firms obtained from private databases against data from the RBI to ensure they had captured the universe of foreign firms under study. A major challenge, however, is that many of the firms being studied could not be matched with the names in the RBI database, which has adversely affected respondents' research and publications (Box 3.3).

### Box 3.3: Indian FDI Research Hampered by Sample and Data Issues

For some academic respondents the problem of 'insufficient matching' has significantly impacted their ability to publish in reputed journals. Their papers have been rejected or delayed by editorial committees because of concerns about the representativeness of the analytical sample. One respondent estimated that 60 per cent of Indian FDI articles are rejected by international journals because of sample-related issues and other gaps in India's FDI data.

This is why some respondents said they had switched from FDI research to other areas with more robust and accessible data.

***Source***: NCAER.

*Missing information*: Private databases also do not offer the same spread and detail of information about wholly-owned subsidiaries as for listed firms. As one respondent pointed out, IBM's operations in India are possibly as large and significant as that of Infosys, but there is little public information about the former, in contrast to extensive data for the latter. This is because private databases must gather their information about unlisted firms from corporate surveys. Since firms are not bound to respond to private surveys, many do not answer all the questions, if they respond at all. For this reason, some of the data fields for individual companies might be empty in one or more years, compromising the robustness of the data panel. Additional concerns were the possibility that some information in these private databases might be falsified fudged so as not to leave key fields empty, or that the data source for some information was not clear, especially for unlisted firms.

Respondents also said that Prowess does not report the national origin of foreign firms, so researchers cannot compare the performance of firms of different nationalities. Neither does Prowess report the direction of exports.

Finally, many foreign firms listed in these databases might be wrongly identified as domestic companies, as mentioned earlier. For example, one respondent found that Maruti-Suzuki and Daewoo Motors were omitted from the listing of foreign firms.

*Sector classification*: Prowess sectorally classifies firms according to the product or activity which accounts for over 70 per cent of sales. This creates some complexities when studying multi-product companies.

*Expense*: Private databases are expensive and often well beyond the budgets of independent researchers, as also of think tanks and universities with small endowments.

#### *3.2.4.2.3 Comments on other sources of data used by researchers*

**1. The Annual Survey of Industry (ASI)**

The principal limitation (according to respondents) with ASI data is that it has no 'marker' to distinguish foreign firms from domestic ones. This is compounded by the fact that company names are masked with a numeric code. One respondent said he had only been able to capture some of the ASI data for foreign firms by matching the operational or investment data for individual entities with that in Prowess or Capitaline. The other principal limitation of the ASI data is that it is purely a manufacturing survey (of plants registered under the Factories Act[62]), so it offers no insight into services and mining activity.

62. The ASI covers all factories registered under Sections 2(m)(i) and 2(m)(ii) of the Factories Act 1948, which are legally bound to respond. Any unit that does not respond or that furnishes false information can be prosecuted, as per the revised Collection of Statistics Act, 2008.

However, respondents were unanimous in praising the robustness and detail of the ASI data, and urged the government to distinguish the foreign from domestic firms in this database. This would give a manifold boost to policy-informing FDI research in India, they said.

**2. Ministry of Corporate Affairs (MCA)**

The Ministry of Corporate Affairs (MCA) data has the same drawback as that of the ASI. That is, it does not distinguish between foreign and domestic firms. Thus, while researchers can download all the materials they want for a small fee,[63] they cannot automatically generate a list – let alone pull up records – of only the foreign firms in the data base. A researcher would need to have already compiled a list of foreign firms from the MCA data base, since a company's records can only be accessed by entering its name in the search field. Moreover, company entries can only be pulled up one at a time. One responded said that it had taken about three hours to download each company's entire set of materials due to the data heaviness of the MCA site, as mentioned earlier. Additionally, since all materials are in PDF form, researchers need to invest more time converting and transcribing relevant information into Excel sheets for analysis. This makes the process so protracted that it significantly limits FDI research.

**3. Ministry of Science and Technology's Registrar of Collaborations**

Three respondents had used the Department of Science and Technology's (DST) database on foreign technical collaborations. They found it very useful since it lists each Indian company along with its foreign partner, and gives details about their products, project locations, export start dates, and so on. However, they said that the government appears to no longer be sharing this data with the public. The urged that this data be shared with the public as before, since its absence hinders an understanding of FDI's contribution to technology transfer, and whether such firms merit the incentives they receive. They also pointed to some minor data limitations.[64]

### *3.2.4.3 Outward foreign direct investment*

#### *3.2.4.3.1 Comments on public macrodata*

Respondents said that limited data poses an even greater constraint to research on outward FDI in India. In this context, they pointed to the following three limitations in the RBI's monthly listing of outward FDI transactions.

Rudimentary sector classification: This data sectorally classifies *all* outward FDI transactions into just eight categories:

- Agriculture and Mining
- Community, Social and Personal Services
- Construction
- Electricity, Gas and Water
- Financial, Insurance, Real Estate and Business Services
- Manufacturing
- Transport, Storage and Communication Services
- Wholesale, Retail Trade, Restaurants and Hotels

63. This fee, Rs 50 per company, can now be paid online. Users can download all the information that firms must annually report to the Registrar of Companies, including balance sheet, profit and loss statement, and shareholding details. However, basic company information, including company name, registration, authorised capital, paid-up capital and address, is available for free.
64. A respondent who had sought to match the DST data with the R&D information for the corresponding firms in the Prowess database found considerable discrepancies between the two. Secondly, it is not clear how current the data is and whether the DST actively monitors the performance of each collaboration or not.

These eight, very broad categories bar a detailed and accurate assessment of the real nature of Indian outward FDI flows. They also limit a comparison with FDI inflows, since they do not accord with the categories that DIPP employs in reporting inward FDI data.

**Historically limited data set**: The RBI dataset dates from July 2007, before which no official firm-level data is publicly available. The erstwhile India Investment Centre published outward FDI data in the 1990s, but this is no longer available, so it is not possible to construct a robust historical panel of India's outward foreign direct investors.

**Tax haven distortions**: India's outward FDI data suffers from the same tax-haven distortions seen in its inward FDI data.

Respondents had two other observations about the government's publicly reported data on outward FDI. These were:

**Not easy to locate**: The RBI's outward FDI data is not easy to locate. Several respondents, including two who have studied India's globalising firms in details, were unaware of this RBI data on outward FDI, since it is not prominently displayed on the RBI website.

**No clear institutional responsibility for India's outward FDI data**: The principal problem, though, is that there appears to be an institutional gap in the public reporting of outward FDI data. The DIPP is responsible only for reporting inward FDI data. Though the RBI reports outward FDI data, it does not yet routinely report the geographic, sector and other disaggregation for Indian FDI outflows. Neither does it produce a comprehensive annual outward FDI report, as DIPP does for inward FDI.

#### *3.2.4.3.2 Comments on outward FDI data available in private databases*

The lack of detailed, historical official firm-level outward FDI data is compelling researchers to turn to private databases, such as Prowess, ACE Equity and Thompson SDC Platinum[65] for information on overseas subsidiaries, activities and acquisitions of globalising Indian firms.

Respondents who have used these databases say the data on outward FDI suffers from many more shortcomings than the inward FDI data. There is even greater doubt that the 'frame' of foreign investors listed by Prowess covers the entire universe of globalising Indian firms.[66] While researchers attempt to fill these gaps with firm-level data from the RBI's monthly listing of outward FDI transactions, the process is tedious and the match well below 100 per cent. Often, the names do not match or firms from one list cannot be found in another.[67] The resultant analytical sample is very limited. For instance, a study of Indian globalising firms could only match 150 of the 2,400 manufacturing firms identified in Capitaline.[68]

Secondly, there is no operations data (including foreign employment, assets or revenues) for many of the outward investors listed in the database, since they are not required to report this information in annual reports. Thirdly, Prowess does not report any information on country destination, investment mode (joint venture or wholly owned subsidiary), or shareholding percentage. While these limitations can, to some extent, be supplemented with ACE Equity data, respondents reported that the latter does not contain a field for 'investment outside India' like Prowess, nor does it enable a long time-series panel. Fourth, there is no information on the sector focus of overseas affiliate activity, only of the parent firm. In other words, there is no way of knowing whether the overseas subsidiary of an Indian 'telecommunications' firm has, in fact, invested in

65. These databases variously list subsidiaries and their locations, key activities and overseas acquisitions.
66. One respondent said that Prowess staff themselves said they cannot guarantee the completeness of their listing for outward foreign direct investors. Other respondents reported that while inward foreign direct investors can be verified by looking for matching entries in the foreign equity field, for outward investors there is no similar outward equity investment information.
67. Some interviewees surmised that this mismatch might indicate the existence of fraudulent companies set up as vehicles for round-tripping and outward tax haven investments.
68. Bishwanath Goldar, (July 2013). *Direction of Outward FDI of Indian Manufacturing Firms: Influence of Technology and Firm Productivity*, Institute of Economic Growth, Delhi.

the same sector, nor whether its key activity is a manufacturing, distribution, service or R&D operation. Investments also appear to be under-reported, for they often seem considerably smaller than reported by the financial media.

Such information is now commonplace in other countries where both government and private databases routinely report data on foreign assets, revenues and employees, including as a ratio of total assets, revenues and employment. Also routine is information on the number of overseas subsidiaries, where these are located, principal sectors and activities, and how this spread has evolved over time.[69] Foreign researchers can quickly generate various types of outward investor rankings, and research in depth questions linked to such data.

In contrast, one respondent reported taking over a year just to compile a basic ranking of India's largest outward investors (Box 3.4) by painstakingly combining RBI data, annual reports and corporate surveys. A more detailed investigation of their geographic spread, key strategies and activities would take even longer. Moreover, there is no guarantee that the resulting sample is complete.

### Box 3.4: Ranking India's Outward Investors

This respondent described the protracted process by which he generated an annual ranking of India's largest outward investors. Using data from the RBI's corporate finance surveys and the Prowess database, the first step was to identify all companies with foreign revenues. Then, annual reports of the largest 200 or 300 firms were examined to determine which of them have overseas investments and which merely export. Firms with overseas investments were then ranked on the basis of their foreign assets. The 100 largest firms were surveyed by questionnaire, primarily to ascertain their overseas employment, but typically only 25–40 responded.

***Source***: NCAER.

These gaps in Indian outward FDI data also mean that most Indian outward FDI studies are limited to exploring determinants, rather than nature and impact. Given the absence of operations data, FDI researchers in India have to resort to surrogate methods to study the economic impact of Indian outward FDI flows, and there is almost no Indian work on outward FDI and home or host country employment. Data difficulties also hamper researchers seeking to compare the globalisation paths of Indian firms with counterparts in the BRIC and developed countries.[70]

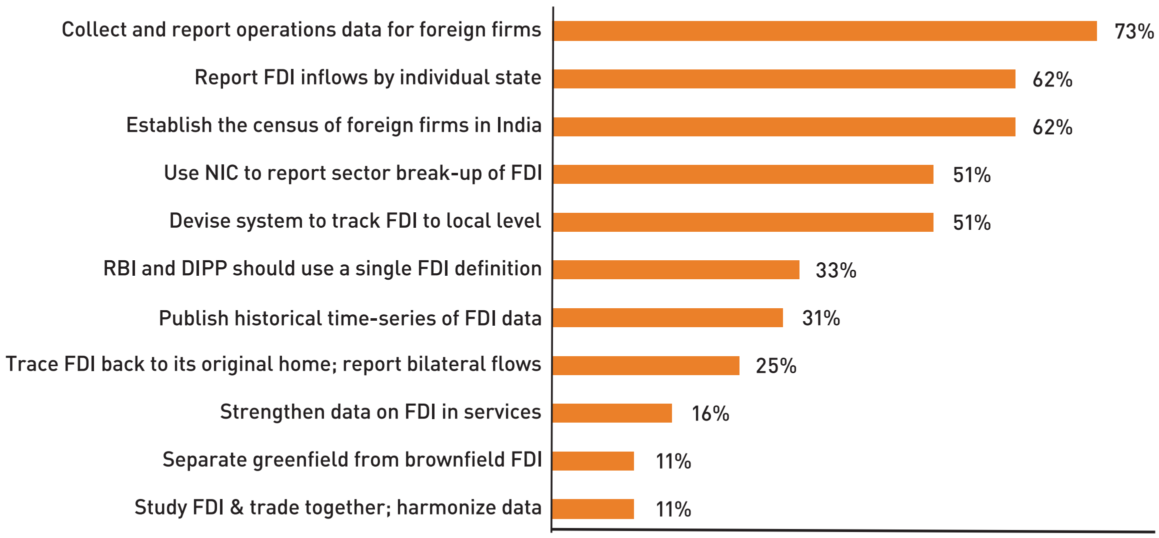
## 3.3 AREAS FOR PRIORITY ACTION

The preceding discussion shows that both government and academic respondents find themselves unable to answer detailed questions about the location, nature and contribution of FDI activity in the country, since they do not have access to the required level of data. As a simple mapping of Tables 3.1 and 3.6 highlights, they can only answer with robustness the broadest of questions about the quantum of FDI inflows and outflows, and their financial and sector composition. Respondents have urged the government to accord priority to significantly expanding the detail of Indian FDI statistics and resolving existing inaccuracies. To this end, they underscored a number of areas for priority action.

69. In the US, this data is available on Compustat, which compiles information from annual reports. In Canada, it is available on a government database, which gets it directly from companies. In both countries, firms are mandatorily required to report in detail on overseas investments.
70. One respondent said that Indian researchers' forced reliance on varying databases also impedes an accurate comparison across studies, for each has a differing sample of outward investors, or reports differently on the same parameter. This problem is not found in European outward FDI studies, since they all rely on the same one or two databases, which contain similar information.

Leading among these (73 per cent of respondents) is that the government begin to collect and report operations data for foreign firms (Figure 3.10)., which – as explained earlier – is essential both to understanding their economic contribution to India, and whether they meet the terms of the policy incentives accorded to them. Among the respondents, 62 per cent asked that FDI inflows to be reported by individual state and over half urged the government to devise a system to track investments down to the recipient unit, or at least district. Almost two-thirds (62 per cent) suggested the creation of a census of foreign firms in India, which could be further disaggregated by state and sector as needed. Over a half the respondents said the government should switch to the National Industrial Classification system in reporting FDI data, for a more detailed insight of the nature of FDI activity in the country. This would also serve to harmonise DIPP's and RBI's sector classification.

**Figure 3.10: Areas for Priority Action**
*(% of respondents citing this issue)*




***Source***: NCAER.

One-third of respondents also urged the RBI and DIPP to use a single FDI definition, which should be clearly explained on their websites. In their view, this would help resolve the current data mismatches in the data reported on the RBI and DIPP sites.

Almost a third (31 per cent) thought it important to have a historical time-series for both its macro and micro FDI data.

A quarter of respondents stressed the importance of devising a method to track FDI back to its real country of origin; and another 9 per cent said that the government should report on the bilateral break-up of India's FDI inflows and outflows.

Other points suggested for priority action were that the data on FDI in services be strengthened (16 per cent), and that the publicly reported FDI data distinguish between greenfield and brownfield investments (11 per cent).

Around one-tenth (11 per cent) of respondents, primarily FDI researchers, also urged the government to adopt a unified approach to FDI and trade issues, including possibly the harmonisation of Indian FDI and trade data.

As they explained, multinational firms are now the world's largest source of imports and exports,[71] resulting in an increasing intertwining between FDI and trade. This pattern is intensifying in India, in view of its role as a global IT services hub and, now, as regional manufacturing hub.

Additionally, 7 per cent of respondents suggested that the data on FDI flows to be disaggregated by equity and debt, 4 per cent suggested the need to further enhance and disaggregate India's data on FDI stocks, and 4 per cent thought it important to devise a methodology by which India's FDI statistical system could begin to capture non-equity modes of investment by foreign firms, including contracts, licenses and franchises.

Two respondents encouraged the RBI to include shareholding information in its firm-level data for a better understanding of FDI actors. Should confidentiality considerations constrain the RBI from disclosing the shareholding of individual firms, it could at least classify firms into broad shareholding slabs (0–10 per cent, 10–20 per cent, 20–30 per cent, etc.). This would enable researchers to know what kind of foreign firms they are studying, as opposed to relying merely on the RBI's definition of 'foreign'. In fact, it would be even more helpful if the RBI went a step further to similarly report the distribution of shareholding percentages within sectors.

However, even as they outlined this priority agenda, respondents made two overarching observations. Both should be kept in mind when planning any programme for FDI statistics enhancement:

- **Government data is the preferred framework of reference**: Respondents were unanimous that the government would be their preferred first source of FDI statistics, especially firm-level data. Their argument: government data, compiled from mandatory filings by FDI firms, is significantly more robust than that available in private databases. Moreover, only the government has the authority, national spread and resources necessary to sustainably address the principal gaps in Indian FDI statistics, as identified by the stakeholders interviewed by NCAER. To resolve these gaps, the government needs to trace FDI inflows down to the unit level, collect operations data from foreign firms, and create a national registry of foreign direct investors.

- **Government already holds much of the necessary data**: The government already maintains most of the data required to significantly enhance the scope and quality of Indian FDI statistics, so as to offer a more holistic picture of FDI activity and contribution in the country.

The RBI, for example, already has a vast amount of historical information on all Indian inward and outward investors. Another rich source is the Central Statistical Organization's *Annual Survey of Industries* database. Other potentially rich sources are the Ministry of Commerce and Industry, the Ministry of Finance and the Ministry of Company Affairs at the national level, and the Departments of Industry, Labour and Commercial Taxes at the state level. India's inward and outward investors all, in some way or another, have to regularly report to these agencies.

Respondents suggested that it should be fairly simple to mine this data, if a robust method to electronically access it could be developed. They also said that wherever additional data is required, it is merely a matter of inserting an additional field or a few extra questions into existing government databases and surveys.

### 3.3.1 Practical steps and potential solutions

Respondents not only outlined the areas they consider to be a priority for any national progamme of FDI statistics enhancement, they also outlined possible solutions and suggested specific formats for the public reporting of official FDI statistics.

#### *3.3.1.1 Collecting data on the operations of foreign firms in India*

Respondents outlined the following three options for the government to collect and report data on the operations of foreign firms in India.

71. According to the WTO website, the top 500 multinational corporations account for nearly 70 percent of worldwide trade. This percentage has steadily increased over the past 20 years. http://www.gatt.org/trastat_e.html.

*Unique electronic I.D. for all foreign firms in India*: The government should create a unique electronic I.D., or a 'corporate Aadhar', for each foreign investor in India. This would enable to pull up the necessary foreign operations data from all relevant central and state data bases. Practically speaking, this electronic I.D. should not be difficult to create, since the Registrar of Companies already gives each firm a unique Company Identification Number.

*Foreign identifier in the Annual Survey of Industries (ASI) database*: The Central Statistical Office should insert an identifier for foreign firms in the ASI data. Since this survey captures all manufacturing units registered under the Factories Act in India, and employing more than 20 person, it is likely to yield a complete census of all foreign manufacturing operations in the country. To start with, foreign operations in the ASI database could be distinguished by adding a 'shareholding' field' in the questionnaire used for all future editions of the surveys. Since the ASI database also contains detailed information on the location of each manufacturing operation, this would enable a tracking of the location of all foreign manufacturing plants in the country.

What would be most effective, however, is to run the unique electronic I.D. for each firm within the ASI database, as proposed above. This would also enable a 'foreign versus domestic' separation for all the ASI back-data as well.

*Annual Return on Foreign Assets and Liabilities*: The RBI should build on its *Annual Return on Foreign Assets and Liabilities* survey, which already collects sales, employment, export and import data from all inward and outward foreign direct investors in the country every year. By inserting a few more questions on firms' operations (including employment, R&D, technology, performance and plant location) the RBI could collect a significantly wider range of foreign affiliate statistics, including financial structure, technical collaborations, and so on.

5 per cent of respondents suggested that one way of obtaining operational and other data on unlisted firms is for the government to rule that firms above a certain threshold be 'deemed public'. This would bind them to the same reporting standards as publicly listed firms.

#### 3.3.1.2 Reporting FDI inflows by individual state

Respondents had various requests and suggestions relating to the broad recommendation that FDI inflows be reported by state, rather than by RBI regional office:

*District disaggregation of state FDI inflows*: Over a half of the respondents, state officials in particular, asked for a district disaggregation of FDI inflows, as this is essential to accurately locate FDI activity in their states. This information is vital in designing and assessing the success of policies to promote investment and economic activity within particular regions and to determining the impact, if any, of foreign direct investors on local poverty alleviation, skills building and socioeconomic development.

*Sector disaggregation of FDI inflows*: Both government and academic respondents suggested the data be disaggregated to include sector-wise state inflows, as also a state-wise break-up of national sector inflows. State officials said this would improve their understanding of the specific nature of FDI in their state, their comparative advantage vis a vis state competitors, and the gains from sector FDI promotion policies. Disaggregated data is also essential to answer the increasing number of state legislative assembly questions on geographic distribution and sector concentration of FDI activity in their states.

*Country disaggregation of state FDI inflows*: State officials suggested having a country break-up of inflows into their state, to track the proportion of FDI inflows from specific countries.

*Disaggregated historical time-series for state FDI inflows*: Respondents also requested the historical time-series for the disaggregations outlined above. This would give them a clear picture of how state-specific inflows have evolved over time.

*Routine FDI report to each state*: Some state officials suggested that the RBI or DIPP routinely bring out an 'FDI brief' for each state, which could – at minimum – contain information on the state's FDI inflow, disaggregated by sector, source country and district. Should graphics be used, these would more clearly bring out each state's evolving FDI trends over time, thus helping state governments monitor the success of FDI policy.

Each report should also carry a list of foreign direct investors in that state, disaggregated by source country, sector, investment size, and district location. If possible, this brief could offer insights into the percentage of foreign holding in individual investments, and whether these are greenfield or brownfield.

*A Handbook of Indian FDI statistics*: One academic respondent suggested the RBI publish an 'FDI Statistics Handbook', akin to its other annual statistical publications, including The *Handbook of Statistics on the Indian Economy*. This Handbook, which would be the definitive source of Indian FDI statistics and easily available to the public, should have data on national, state and district FDI flows, disaggregated by sector, source country, financing (debt, equity, loan) and mode of entry (greenfield or acquisition) in a historical time series of at least 15 to 20 years.

Many other respondents, FDI researchers in particular, went a step further to suggest that the data be available in an interactive, online government FDI statistics portal, which could also contain a database of all foreign direct investors in the country.

#### 3.3.1.3 Establishing a census of foreign direct investors in India

All respondents said that the RBI is the only agency with the data necessary to establish a robust census of all inward and outward foreign direct investors in the country. Firstly, as the administering agency for India's Foreign Exchange and Management Act (FEMA), it is the national institution that stipulates what kind of capital flow will be considered 'foreign direct investment,' and which investing firms qualify as foreign direct investors. Secondly, since all companies making either inward or outward FDI must report to the RBI each time they remit money into or out of the country, this agency would have a complete record of these firms. Thus, in respondents' opinion, it should not be difficult for the RBI to generate a complete census of India's inward and outward foreign direct investors by drawing on information these firms have reported over the years.[72]

#### 3.3.1.4 Using the NIC to report sectoral FDI flows

As discussed earlier, 51 per cent of respondents, primarily FDI researchers, called on the government to use the National Industrial Classification in reporting sectoral FDI inflows, for various reasons (see section 2.2.4.1). Two respondents, with an understanding of trade, suggested capturing the specific products of FDI firms by slotting the product classifications in the HS system, into the relevant NIC classifications. As they explained, the NIC system only captures production or services activity, whereas the HS system captures specific products. By combining both, one could tell, for instance, what products a foreign direct investor was producing in India.

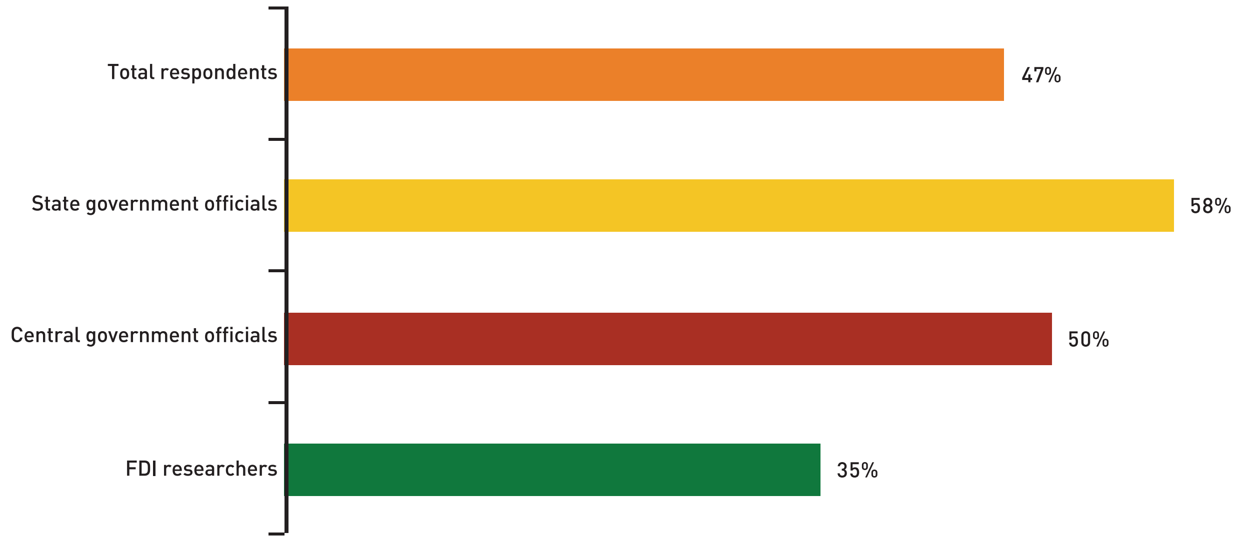
A few academic respondents also urged the RBI to resume its earlier practice of reporting the sector disaggregation of national FDI inflows, for which it always used the NIC system.

#### 3.3.1.5 Devising a system to track FDI to the local level

Nearly half of all respondents called for an integrated RBI-centre-state FDI database, capable of 'triangulating' the data on each foreign direct investor/investment from its point of national entry to the final destination of its investment in a local operating unit or activity.

72. While the Ministry of Corporate Affairs could also potentially generate such a frame, it would take considerable effort to do so. This is because the Registrar of Companies database has no separate marker for 'foreign' versus 'domestic' firms, as explained earlier.

**Figure 3.11: RBI, Centre and States will Need to Triangulate Their Data on Foreign Firms**
*(% of respondents within each category suggesting this solution)*




***Source***: NCAER.

State Government officials and statisticians suggested this might be done by electronically connecting the FDI-specific data within the RBI, DIPP, State Industries Departments and District Industries Centres databases.

### 3.3.1.6 Historical and disaggregated time-series data, in Excel format

As mentioned earlier, almost a third (31 per cent) of respondents asked for a historical time-series for national, state and – if possible – district FDI data, dating back to 1991.This would considerably deepen understanding of the changing trends in India's inward and outward FDI activity over time. Ideally, the time series should go back at least to 1991, when India started to liberalize its FDI regime.

Government officials asked for a historical time-series for the broad break-up of national inflows, disaggregated by source country, destination state and sector, financial structure (joint venture versus wholly owned subsidiary), and entry route (greenfield versus brownfield; automatic, and government approval or acquisitions route). A few respondents also suggested that the RBI report FDI stock data, if possible disaggregated by source country, sector, and state.

Academic respondents also asked for a historical time series for firm-level microdata to enable them to undertake considerably more detailed research on FDI firms.

Ideally, the historical time-series for both microdata and macrodata should be in Excel format, so it easily lends itself to downloading and quantitative analysis (Box 3.5).

### Box 3.5: An Interactive Government FDI Data Portal?

Several academic researchers suggested the government set up an online FDI data service, with similar content and functionality to that being offered by private databases. While the data already publicly available on the RBI, DIPP and MCA websites could be free, historical data and microdata could be accessed by paid subscribers. This way the government could recover its costs and earn a steady source of revenue, while seeding a considerably wider expanse of policy-relevant FDI research by making disaggregated data (on sector, geographic source and destination, ownership, mode of entry, and so on) available in a historical time-series.[73]

#### *3.3.1.7 Country-wise FDI flows*

Though a quarter of respondents pointed to apparent inaccuracies in the data on source countries, only one had a practical solution. This researcher said he had succeeded in tracing much of the FDI inflow routed through Mauritius back to the real home countries through concerted and protracted online research into each investing company and its global operations.

Three respondents suggested the government report bilateral Indian inflows and outflows of FDI, i.e., how much India received from, or invested in, a particular country, against how much that country invested in, or received from India. They also suggested that flows be disaggregated by sector. This data, which should ideally be available in a historical time-series, would give national policymakers a clear idea of India's evolving FDI relationship with a country over time.

#### *3.3.1.8 FDI Outflows*

Academic and central government respondents also asked for greater detail on outward FDI data. Many of India's leading companies now have large and established global operations, which makes it imperative for Indian policymakers and FDI researchers to have an in-depth understanding of where Indian firms are investing, what their strategies are, and what their investments are contributing to both host and home economies.

## 3.4 OPTIMAL INSTITUTIONAL STRUCTURE

Many respondents urged the government to invest significantly more in FDI statistics collection, analysis and reporting, so that India can generate the quality and detail of data required to accurately answer questions on the source, nature, distribution and contribution of foreign firms in India. In this context, two themes recurred across all the interviews:

### 3.4.1 Data Sharing and Triangulation

Close to half of respondents recommended systematic data triangulation between various government agencies and levels of government, to capture key elements of FDI activity that would not be captured by India's balance of payments mechanism. To this end, capturing reinvested earnings would require triangulation between the RBI, Ministry of Commerce and Industry, and Ministry of Corporate Affairs. Further, by adding state governments to this triangulation, it should be possible to track FDI down to its ultimate destination within India, as also to capture foreign affiliate statistics.

### 3.4.2 India needs a Specialised FDI Statistics Agency or Department

Academic respondents suggested the government set up a specialised FDI statistics division or agency, along the

73. A handful said that even a data CD would serve their purposes to start with.

lines of the agency it has created for trade statistics (the Directorate General of Commercial Intelligence and Statistics). The current functional split between the RBI, which is responsible for collecting India's inward FDI statistics, and the Department of Industrial Policy and Promotion (DIPP), which is responsible for reporting it, constrains the detail and accessibility of India's FDI statistics. For a start, there is often a mismatch between the FDI numbers reported by both agencies, as discussed earlier. Secondly, the RBI appears to collect fairly detailed data on foreign direct investors but to convey only a few broad parameters to DIPP for publication. Finally, FDI statistics is only one of the myriad functions of both agencies. For this reason, the FDI data that they collect and report is not being analysed with as much detail as it might be were it the sole charge of a specialised government FDI agency or division.

For this reason, some suggested building a dedicated and suitably staffed specialized FDI division within RBI, which already captures all inward and outward FDI transactions, and runs a comprehensive foreign direct investor survey every year. Some suggested that the Central Statistical Office (CSO) be given additional charge of FDI statistics, given its national reach, the wealth of operational data in its Annual Survey of Industry and National Sample Survey, and the fact that it is staffed with a vast cadre of trained statisticians. The CSO is also independent of the government ministries that regulate FDI, and so would be better able to sustain an unbiased reporting of FDI data.

Most, however, felt that it should remain within the Ministry of Industry and Commerce, which already analyses and reports India's inward FDI data. Three options were presented in this regard. Most popular was to create an FDI statistics wing within the Directorate-General of Commercial Intelligence and statistics. The second is to create an FDI equivalent of the DGCI&S, with a similarly large and specially trained staff. Both organisations could work together, or in parallel, under their parent ministry, the Ministry of Commerce and Industry.

Finally, one respondent suggested building a strong FDI-focused unit within the office of the Senior Economic Advisor, DIPP, who is already responsible for compiling and analysing a variety of other industry-related data and employs a team of statisticians.

What is most important is that the government invest in building the same human and technical infrastructure for FDI statistics as it has for trade statistics. Respondents underlined that the DGCI&S has over 400 employees throughout the country, collecting, analysing and validating trade data. In stark contrast, India has just a handful of RBI and DIPP officials compiling, analysing and publicly reporting FDI data, while pressured with myriad other responsibilities. A further problem is that these officials are transferable, as a result of which India does not really have a permanent team of specialised FDI experts.

CHAPTER THREE

# Annexures to Chapter 3

## ANNEXURE 3.1: LIST OF INTERVIEWEES[1]

### A. Government Officials (Central Government)

1. Ajay Dua, former Secretary, Department of Industrial Policy and Promotion (DIPP)
2. Subir Gokarn, former Deputy Governor, Reserve Bank of India
3. Bimal Jalan, former Governor, Reserve Bank of India
4. Sujata Mehta, Secretary (Economic Relations), Ministry of External Affairs, and her team
5. Prabhat Mishra, Joint Secretary, (FIPB), Ministry of Finance
6. Pronab Sen, Chairman, National Statistical Commission
7. Ajay Shankar, former Secretary, Department of Industrial Policy and Promotion (DIPP)
8. Dushyant Thakor, General Manager, Invest India

### B. Government Officials (State Governments)

#### *Maharashtra*

1. K.P. Bakshi, Additional Chief Secretary, Planning Department
2. Apurva Chandra, Principal Secretary, Industries Department
3. SV Patil, Officer on Special Duty, Industries Department
4. Yuvraj Ponam, Deputy CEO, Maharashtra Industrial Development Corporation
5. Nitin Kareer, Commissioner of Sales Tax

#### *Delhi*

6. Amit Yadav, Principal Secretary, Department of Industries

#### *Tamil Nadu*

7. CV Sankar, Additional Chief Secretary, Industries Department
8. S. Krishnan, Principal Secretary, Planning, Development and Special Initiatives Department
9. M. Velmurugan, Executive Vice-Chairman, Guidance Bureau
10. K. Rajaram, Principal Secretary and Commissioner, Commercial Taxes Department

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1. Priority was given to interviewing senior or retired officials at Ministries and Departments with the most direct charge for FDI, economic planning and international economic relations. Also interviwed were former Reserve Bank of India officials who write and comment on a variety of broader economic issues, including FDI. At the state level, priority was given to the industry, finance and planning officials in the top 5 FDI-receiving states: Maharashtra, Delhi, Tamil Nadu, Karnataka and Gujarat, which together account for at least two-thirds of the FDI India has received since 2000. Meetings were also conducted with industry officials from Andhra Pradesh, Telangana, West Bengal, and Haryana, which rank amongst India's top 10 FDI-receiving states.

### *Karnataka*

11. MN Vidyashankar, former Additional Chief Secretary, Industries and Commerce Department
12. T K Swaroopa, former Officer on Special Duty to the Commissioner Industries, Industries and Commerce Department
13. M Manjunatha Gowda, Resident Director, Karnataka Udyog Mitra (New Delhi Office)
14. ISN Prasad, Principal Secretary, Finance Department

### *Gujarat*

15. DJ Pandian, former Additional Chief Secretary, Industries and Mines Department
16. Kamal Dayani, former Commissioner Industries, Industries and Mines Department
17. KT Vyas, Officer on Special Duty to the Commissioner Industries, Industries and Commerce Department
18. S Aparna, Principal Secretary (Economic Affairs), Finance Department
19. TY Bhatt, Joint Commissioner, Commercial Taxes

### *Andhra Pradesh*

20. Rajat Kumar, Commissioner of Industries, Industries and Commerce Department

### *Telangana*

21. Jayesh Ranjan, Commissioner of Industries, Industries and Commerce Department

### *West Bengal*

22. Krishna Gupta, Managing Director, West Bengal Industrial Development Corporation

### *Haryana*

23. Salil Narang, General Manager, Haryana State Industrial Development Corporation (New Delhi Office)

### *Chhattisgarh*

24. P P Soti, Member, Planning Commission, Chhattisgarh

## C: FDI Researchers

FDI researchers were identified primarily through referrals from reputed Indian and international FDI experts, supplemented through an Internet search of their FDI writing on India.

1. Aradhna Aggarwal, Professor, Copenhagen Business School
2. Rashmi Banga, Senior Economist, United Nations Conference on Trade and Development (UNCTAD)
3. Rajesh Chadha, Senior Research Counsellor, National Council of Applied Economic Research (NCAER)
4. Rajesh Chakrabarti, Clinical Associate Professor of Public Policy, Indian School of Business (ISB)
5. KS Chalapati Rao, Professor, Institute for Studies in Industrial Development (ISID)
6. CP Chandrasekhar, Professor, Jawaharlal Nehru University (JNU)
7. Raveendra Chittoor, Assistant Professor of Strategy, Indian School of Business (ISB)
8. Bishwanath Goldar, Professor, Institute of Economic Growth

9. Rajat Kathuria, Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER)
10. Nagesh Kumar, Head, United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), South and South-West Asia Regional Office
11. Arpita Mukherjee, Professor, Indian Council for Research on International Economic Relations (ICRIER)
12. Rajneesh Narula, Professor, University of Reading
13. Peter Nunnenkamp, Senior Economist, Kiel Institute for the World Economy
14. Manoj Pant, Professor, Jawaharlal Nehru University (JNU)
15. Jaya Prakash Pradhan, Associate Professor, Central University of Gujarat
16. Sougata Ray, Professor, Indian Institute of Management (IIM), Calcutta
17. Pravarkar Sahoo, Associate Professor, Institute of Economic Growth (IEG)
18. Subhash Sasidharan, Assistant Professor, Indian Institute of Technology (IIT), Madras
19. Takahiro Sato, Professor, Kobe University
20. Ajay Shah, Professor, National Institute of Public Finance and Policy (NIPFP)
21. NS Siddharthan, Honorary Professor, Madras School of Economics (MSE)
22. Aditya Bhattacharjea, Professor, and Isha Chawla (Ph.D. student, Outward FDI) and Ritu Garg (Ph.D. student, Inward FDI), Delhi School of Economics
23. Sasikumar Sundarajan, Executive Director – Advisory Services, Ernst & Young[2]

2. A number of State Governments have appointed Ernst and Young to advise them on FDI promotion and FDI policy related issues.

## Annexure 3.2: Reproduction of *RBI Bulletin* Report on Monthly FDI Flows to India (US$ Million)

| Item | 2013–14 | 2013–14 | 2014–15 | 2013 | 2014 | |
|---|---|---|---|---|---|---|
| | | Apr–Oct | Apr–Oct | Oct | Sep | Oct |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1 . 1 Net Foreign Direct Investment (1. 1. 1 - 1. 1. 2) | 21,564 | 16,639 | 19,456 | 2,040 | 2,897 | 2,801 |
| 1. 1. 1 Direct Investment to India (1. 1. 1. 1 - 1. 1. 1. 2) | 30,762 | 17,036 | 20,782 | 1,830 | 3,128 | 3,171 |
| 1. 1. 1. 1. Gross Inflows/Gross Investments | 36,046 | 20,216 | 25,287 | 2,300 | 4,221 | 3,731 |
| 1. 1. 1. 1. 1. Equity | 25,274 | 14,357 | 17,665 | 1,312 | 2,534 | 2,741 |
| 1. 1. 1. 1. 1. 1 Government (SIA/FIPB) | 1,185 | 753 | 1,200 | 89 | 354 | 8 |
| 1. 1. 1. 1. 1. 2 RBI | 14,869 | 6,498 | 10,828 | 815 | 1,827 | 2,227 |
| 1. 1. 1. 1. 1. 3 Acquisition of shares | 8,245 | 6,569 | 5,100 | 323 | 277 | 420 |
| 1. 1. 1. 1. 1. 4 Equity capital of unincorporated bodies | 975 | 536 | 537 | 86 | 76 | 86 |
| 1. 1. 1. 1. 2 Reinvested earnings | 8,978 | 4,938 | 4,938 | 791 | 696 | 791 |
| 1. 1. 1. 1. 3 Other capital | 1,794 | 921 | 2,684 | 197 | 991 | 198 |
| 1. 1. 1. 2 Repatriation/Disinvestment | 5,284 | 3,180 | 4,506 | 470 | 1,093 | 559 |
| 1. 1. 1. 2. 1 Equity | 4,786 | 2,819 | 4,386 | 441 | 1,092 | 552 |
| 1. 1. 1. 2. 2 Other Capital | 498 | 361 | 119 | 29 | 0 | 7 |
| 1. 1. 2 Foreign Direct Investment by India (1. 1. 2. 1 + 1. 1. 2. 2 + 1. 1. 2. 3 - 1. 1. 2. 4) | 9,199 | 406 | 1,325 | -209 | 231 | 370 |
| 1. 1. 2. 1 Equity capital | 12,420 | 2,163 | 1,994 | 347 | 394 | 369 |
| 1. 1. 2. 2 Reinvested Earnings | 1,167 | 672 | 672 | 99 | 99 | 99 |
| 1. 1. 2. 3 Other Capital | 3,148 | 2,000 | 2,140 | 179 | 238 | 275 |
| 1. 1. 2. 4 Repatriation/Disinvestment | 7,535 | 4,428 | 3,482 | 834 | 500 | 373 |
| 1. 2 Net Portfolio Investment (1. 2. 1 + 1. 2. 2. + 1. 2. 3 - 1. 2. 4) | 4,822 | -7,240 | 23,990 | -414 | 2,390 | 1,787 |
| 1. 2. 1 GDRs/ADRs | 20 | 20 | - | - | - | - |
| 1. 2. 2 FIIs | 5,009 | -7,412 | 24,059 | -366 | 2,364 | 1,722 |
| 1. 2. 3 Offshore Funds and Others | - | - | - | - | - | - |
| 1. 2. 4 Portfolio Investment by India | 207 | -152 | 69 | 48 | -26 | -65 |
| 1 Foreign Investment Inflows | 26,385 | 9,389 | 43,446 | 1,626 | 5,287 | 4,588 |

***Note***: 1. 1. 1. 1. 2 & 1. 1. 1. 1. 1. 4: Estimates.
1. 1. 1. 2: Estimates for latest months.
Other capital' pertains to debt transactions between parent and subsidiaries/branches of FDI enterprises.
Data may not tally with the BoP data due to lag in reporting.
***Source***: Reserve Bank of India, *RBI Bulletin*, 10 December 2014, http://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=15321.

## Annexure 3.3: Illustrative Extract from the RBI's *Database on Indian Economy* Report on Monthly FDI Flows to India[3] (Amount in US$ million)

| Month | Provisional/ Final | 1.1 Net Foreign Direct Invest-ment | 1.1.1 Direct Invest-ment to India | 1.1.1.1 Gross Inflows/ Gross Invest-ments | 1.1.1.1.1 Equity | 1.1.1.1.1.1 Government (SIA/FIPB) | 1.1.1.1.1.2 RBI | 1.1.1.1.1.3 Acquisition of shares | 1.1.1.1.1.4 Equity capital of unincor-porated bodies | 1.1.1.1.2 Reinvested earnings | 1.1.1.1.3 Other capital | 1.1.1.2 Repatriation/ Disinvestment | 1.1.1.2.1 Equity | 1.1.1.2.2 Other capital |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015:01 (JAN) | Provisional | 5,502 | 5,272 | 5,935 | 4,570 | 209 | 4,016 | 255 | 89 | 819 | 546 | 663 | 601 | 63 |
| 2014:12 (DEC) | Provisional | 3,968 | 3,821 | 4,485 | 2,247 | 239 | 1,626 | 296 | 86 | 791 | 1,446 | 663 | 601 | 63 |
| 2014:11 (NOV) | Provisional | 1,731 | 1,687 | 2,588 | 1,623 | 124 | 1,391 | 22 | 86 | 791 | 173 | 901 | 901 | 0 |
| 2014:10 (OCT) | Provisional | 2,767 | 3,140 | 3,699 | 2,741 | 8 | 2,227 | 420 | 86 | 791 | 166 | 559 | 552 | 7 |
| 2014:09 (SEP) | Provisional | 2,881 | 3,093 | 3,796 | 2,756 | 469 | 1,934 | 277 | 76 | 696 | 344 | 703 | 683 | 20 |
| 2014:08 (AUG) | Provisional | 1,660 | 1,690 | 2,393 | 1,354 | 37 | 591 | 650 | 76 | 696 | 344 | 703 | 683 | 20 |
| 2014:07 (JUL) | Provisional | 3,696 | 3,912 | 4,615 | 3,576 | 210 | 2,241 | 1,049 | 76 | 696 | 344 | 703 | 683 | 20 |
| 2014:06 (JUN) | Provisional | 2,197 | 2,278 | 2,930 | 2,001 | 459 | 1,202 | 266 | 74 | 686 | 243 | 652 | 635 | 18 |
| 2014:05 (MAY) | Provisional | 3,898 | 3,955 | 4,608 | 3,678 | 58 | 1,599 | 1,947 | 74 | 686 | 243 | 652 | 635 | 18 |
| 2014:04 (APR) | Provisional | 2,072 | 2,056 | 2,709 | 1,779 | 99 | 1,141 | 465 | 74 | 686 | 243 | 652 | 635 | 18 |
| 2014:03 (MAR) | Provisional | 2,133 | 4,213 | 4,601 | 3,622 | 13 | 3,259 | 262 | 89 | 819 | 160 | 388 | 361 | 27 |
| 2014:02 (FEB) | Provisional | -666 | 2,697 | 3,085 | 2,106 | 52 | 1,365 | 601 | 89 | 819 | 160 | 388 | 361 | 27 |
| 2014:01 (JAN) | Provisional | -559 | 2,869 | 3,257 | 2,278 | 66 | 1,516 | 607 | 89 | 819 | 160 | 388 | 361 | 27 |
| 2013:12 (DEC) | Provisional | 1,861 | 1,705 | 2,175 | 1,187 | 43 | 919 | 140 | 86 | 791 | 197 | 470 | 441 | 29 |
| 2013:11 (NOV) | Provisional | 2,165 | 2,242 | 2,712 | 1,724 | 259 | 1,312 | 66 | 86 | 791 | 197 | 470 | 441 | 29 |
| 2013:10 (OCT) | Provisional | 2,040 | 1,830 | 2,300 | 1,312 | 89 | 815 | 323 | 86 | 791 | 197 | 470 | 441 | 29 |

***Source***: Reserve Bank of India, *Database on Indian Economy,* available at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics.

3. Please note that this extract is just for the columns relating to inward FDI flows.

## Annexure 3.4: FDI-specific extract from the RBI's *Database on Indian Economy* Quarterly Report on the International Investment Position of India[4]

| List | Items | Amount Rs. bn | Amount US$mn | Amount Rs. bn | Amount US$mn | Amount Rs. bn | Amount US$mn | Amount Rs. bn | Amount US$mn | Amount Rs. bn | Amount US$mn | Amount Rs. bn | Amount US$mn |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | International Investment Position, net | -21779.63 | -353669.52 | -20725.22 | -346857.97 | -20009.79 | -332746.65 | -19796.82 | -318598.96 | -18937.06 | -302549.61 | -18778.05 | -313254.06 |
| A. | Assets | 30100.42 | 488447.26 | 29632.24 | 491780.87 | 29085.74 | 483693.01 | 28361.04 | 458904.41 | 27344.63 | 436694.63 | 25877.04 | 434527.49 |
| 1. | Direct Investment Abroad | 7965.99 | 129289.66 | 7742.73 | 128832.36 | 7735.40 | 128709.28 | 7417.58 | 119837.53 | 7541.15 | 120126.00 | 7134.02 | 119498.83 |
| 1.1 | Equity Capital and Reinvested Earnings | 5543.20 | 89967.29 | 5427.61 | 90310.62 | 5463.18 | 90901.86 | 5120.91 | 82732.78 | 5251.00 | 83645.23 | 5006.44 | 83860.65 |
| 1.1.1 | Claims on Affiliated Enterprises | 5543.20 | 89967.29 | 5427.61 | 90310.62 | 5463.18 | 90901.86 | 5120.91 | 82732.78 | 5251.00 | 83645.23 | 5006.44 | 83860.65 |
| 1.1.2 | Liabilities to Affiliated Enterprises (-) | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.2 | Other Capital | 2422.79 | 39322.37 | 2315.13 | 38521.74 | 2272.22 | 37807.42 | 2296.67 | 37104.75 | 2290.15 | 36480.77 | 2127.58 | 35638.18 |
| 1.2.1 | Claims on Affiliated Enterprises | 2422.79 | 39322.37 | 2315.13 | 38521.74 | 2272.22 | 37807.42 | 2296.67 | 37104.75 | 2290.15 | 36480.77 | 2127.58 | 35638.18 |
| 1.2.2 | Liabilities to Affiliated Enterprises (-) | | | | | | | | | | | | |
| B. | Liabilities | 51880.05 | 842116.78 | 50357.46 | 838638.84 | 49095.53 | 816439.66 | 48157.86 | 777503.37 | 46281.70 | 739244.24 | 44655.08 | 747781.55 |
| 1. | Direct Investment in Reporting Economy | 15542.02 | 252250.25 | 15046.04 | 250421.20 | 14588.21 | 242733.01 | 14022.76 | 226549.85 | 13694.15 | 218139.62 | 13123.63 | 219828.09 |
| 1.1 | Equity Capital and Reinvested Earnings | 14836.45 | 240798.61 | 14381.84 | 239301.27 | 13926.54 | 231723.58 | 13346.93 | 215631.32 | 13019.68 | 207395.69 | 12480.65 | 209057.85 |
| 1.1.1 | Claims on Direct Investors (-) | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.1.2 | Liabilities to Direct Investors | 14836.45 | 240798.61 | 14381.84 | 239301.27 | 13926.54 | 231723.58 | 13346.93 | 215631.32 | 13019.68 | 207395.69 | 12480.65 | 209057.85 |
| 1.2 | Other Capital | 705.58 | 11451.64 | 664.20 | 11119.93 | 661.66 | 11009.43 | 675.82 | 10918.53 | 674.47 | 10743.93 | 642.98 | 10770.24 |
| 1.2.1 | Claims on Direct Investors (-) | | | | | | | | | | | | |
| 1.2.2 | Liabilities to Direct Investors | 705.58 | 11451.64 | 664.20 | 11119.93 | 661.66 | 11009.43 | 675.82 | 10918.53 | 674.47 | 10743.93 | 642.98 | 10770.24 |

***Source***: Reserve Bank of India, *Database on Indian Economy*, available at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics.

4. Please note that this extract is just for the columns relating to inward FDI flows. .

## Annexure 3.5: Illustrative Extract from the RBI's *Database on Indian Economy* Report on Annual FDI Flows to India[5] (Amount in US$ million)

| Year | 1.1 Net Foreign Direct Investment (1.1.1-1.1.2) | 1.1.1 Direct Investment to India (1.1.1.1-1.1.1.2) | 1.1.1.1 Gross Inflows/ Gross Investments | 1.1.1.1.1 Equity | 1.1.1.1.1.1 Government (SIA/FIPB) | 1.1.1.1.1.2 RBI | 1.1.1.1.1.3 Acquisition of shares | 1.1.1.1.1.4 Equity capital of unincorporated bodies | 1.1.1.1.2 Reinvested earnings | 1.1.1.1.3 Other capital | 1.1.1.2 Repatriation/ Disinvestment | 1.1.1.2.1 Equity | 1.1.1.2.2 Other capital |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2014–15 | 19,456 | 20,782 | 25,287 | 17,665 | 1,200 | 10,828 | 5,100 | 537 | 4,938 | 2,684 | 4,506 | 4,386 | 119 |
| 2013–14 | 21,564 | 30,762 | 36,046 | 25,274 | 1,185 | 14,869 | 8,245 | 975 | 8,978 | 1,794 | 5,284 | 4,786 | 498 |
| 2012–13 | 19,819 | 26,953 | 34,298 | 22,884 | 2,319 | 15,967 | 3,539 | 1,059 | 9,880 | 1,534 | 7,345 | 6,853 | 493 |
| 2011–12 | 21,860 | 32,958 | 46,555 | 35,856 | 3,046 | 20,427 | 11,360 | 1,023 | 8,205 | 2,494 | 13,600 | 13,019 | 581 |
| 2010–11 | 11,305 | 27,829 | 34,847 | 22,250 | 1,945 | 12,994 | 6,437 | 874 | 11,939 | 658 | 7,018 | 6,514 | 504 |
| 2009–10 | 17,965 | 33,108 | 37,745 | 27,146 | 3,471 | 18,987 | 3,148 | 1,540 | 8,668 | 1,931 | 4,637 | 4,241 | 396 |
| 2008–09 | 22,343 | 41,707 | 41,873 | 32,066 | 5,400 | 21,332 | 4,632 | 702 | 9,030 | 777 | 166 | 166 | 0 |
| 2007–08 | 15,891 | 34,727 | 34,843 | 26,864 | 2,298 | 17,127 | 5,148 | 2,291 | 7,679 | 300 | 166 | 166 | 0 |
| 2006–07 | 7,693 | 22,739 | 22,826 | 16,481 | 2,156 | 7,151 | 6,278 | 896 | 5,828 | 517 | 87 | 87 | 0 |
| 2005–06 | 3,769 | 9,636 | 9,697 | 6,711 | 1,862 | 2,233 | 2,181 | 435 | 2,760 | 226 | 61 | 61 | 0 |
| 2004–05 | 3,712 | 5,986 | 6,051 | 3,778 | 1,062 | 1,258 | 930 | 528 | 1,904 | 369 | 65 | 65 | 0 |

***Source***: Reserve Bank of India, *Database on Indian Economy,* available at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics.

5. Please note that this extract is just for the columns relating to inward FDI flows.

## Annexure 3.6: Illustrative Extract from the RBI's *Handbook of Indian Economy* Report on Annual FDI Flows to India

| Year | Gross Inflows/ Gross Investment | | Repatriation/ Disinvestment | | Direct Investment to India | | FDI by India | | Net Foreign Direct Investment | | Net Portfolio Investment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. Billion | US$ Million | Rs. Billion | US$ Million | Rs. Billion | US$ Million | Rs. Billion | US$ Million | Rs. Billion | US$ Million | Rs. Billion | US$ Million | Rs. Billion | US$ Million |
| 2000–01 | 184.04 | 4031 | 0 | 0 | 184.04 | 4031 | 34.8 | 759 | 149.24 | 3272 | 118.2 | 2590 | 267.44 | 5862 |
| 2001–02 | 292.69 | 6130 | 0.24 | 5 | 292.45 | 6125 | 66.15 | 1391 | 226.3 | 4734 | 92.9 | 1952 | 319.2 | 6686 |
| 2002–03 | 246.81 | 5095 | 2.84 | 59 | 243.97 | 5036 | 88.03 | 1819 | 155.94 | 3217 | 45.04 | 944 | 200.98 | 4161 |
| 2003–04 | 198.3 | 4322 | 0 | 0 | 198.3 | 4322 | 88.86 | 1934 | 109.44 | 2388 | 518.98 | 11356 | 628.42 | 13744 |
| 2004–05 | 272.34 | 6052 | 2.87 | 65 | 269.47 | 5987 | 102.02 | 2274 | 167.45 | 3713 | 413.12 | 9287 | 580.57 | 13000 |
| 2005–06 | 397.34 | 8962 | 2.73 | 61 | 394.57 | 8901 | 260.32 | 5867 | 134.25 | 3034 | 553.57 | 12494 | 687.82 | 15528 |
| 2006–07 | 1030.37 | 22826 | 3.85 | 87 | 1026.52 | 22739 | 677.42 | 15046 | 349.1 | 7693 | 318.81 | 7060 | 667.91 | 14753 |
| 2007–08 | 1398.37 | 34844 | 4.66 | 116 | 1394.21 | 34729 | 756.43 | 18835 | 637.76 | 15893 | 1106.19 | 27433 | 1743.95 | 43326 |
| 2008–09 | 1914.19 | 41903 | 7.73 | 166 | 1906.45 | 41738 | 905.39 | 19365 | 1001.06 | 22372 | -650.45 | -14030 | 350.61 | 8342 |
| 2009–10 | 1796.42 | 37746 | 218.23 | 4637 | 1578.19 | 33109 | 718.36 | 15143 | 859.83 | 17966 | 1539.67 | 32396 | 2399.51 | 50362 |
| 2010–11 | 1642.55 | 36047 | 318.98 | 7018 | 1323.58 | 29029 | 782.57 | 17195 | 541.01 | 11834 | 1393.81 | 30293 | 1934.82 | 42127 |
| 2011–12 | 2200 | 46552 | 650.39 | 13599 | 1549.61 | 32952 | 517.94 | 10892 | 1031.67 | 22061 | 855.71 | 17170 | 1887.38 | 39231 |
| 2012–13 | 1868.69 | 34298 | 399.15 | 7345 | 1469.54 | 26953 | 387.68 | 7134 | 1081.86 | 19819 | 1464.67 | 26891 | 2546.53 | 46711 |
| 2013–14 | 2185.95 | 36047 | 317.65 | 5284 | 1868.2 | 30763 | 568.6 | 9199 | 1299.69 | 21564 | 296.8 | 4822 | 1596.5 | 26386 |

***Notes***: 1. Data for 2013–14 are provisonal.
2. Data from 1995–96 onwards include acquisition of shares of Indian companies by non-residents under Section 6of FEMA, 1999. Data on such acquisitions are included as part of FDI since January 1996.
3. Data on FDI have been revised since 2000–01 with expanded coverage to approach international best practices.
4. Negative (-) sign indicates outflow.
5. Direct investment data for 2006–07 include swap of shares of 3.1 billion.
***Source***: Reserve Bank of India, *Handbook of Statistics on Indian Economy,* available at: http://www.rbi.org.in/scripts/PublicationsView.aspx?id=15945.

## Annexure 3.7: Reproduction of DIPP's Monthly Fact Sheet on Foreign Direct Investment*

| | Amount of FDI Equity Inflows (In Rs. Crore) | Amount of FDI Equity Inflows (In US$ mn) |
|---|---|---|
| I. Cumulative FDI Flows into India (2000–2015) | | |
| A. Total FDI Inflows (from April 2000 to January 2015) | | |
| 1. Cumulative Amount of FDI Inflows (Equity inflows + 'Re-invested earnings' +'Other capital') | | US$ 361,320 Million |
| 2. Cumulative Amount of FDI Equity Inflows (excluding amount remitted through RBI's+NRI Schemes) | Rs.1,199,386 crore | US$ 243,107 Million |
| B. FDI Inflows during Financial Year 2014–15 (from April, 2014 to January, 2015) | | |
| 1. Total FDI Inflows into India (Equity inflows + 'Re-invested earnings' + 'Other capital') (as per RBI's Monthly bulletin dated: 10.03.2015). | | US$37,758 million |
| 2. FDI Equity Inflows | Rs.155,489 crore | US$ 25,526 million |
| C. FDI Equity Inflows (Month-wise) During the Financial Year 2014–15 ( April–March ) | (In Rs. Crore) | (In US$ mn) |
| 1. April, 2014 | 10,290 | 1,705 |
| 2. May, 2014 | 21,373 | 3,604 |
| 3. June, 2014 | 11,508 | 1,927 |
| 4. July, 2014 | 21,022 | 3,500 |
| 5. August, 2014 | 7,783 | 1,278 |
| 6. September, 2014 | 16,297 | 2,678 |
| 7. October, 2014 | 16,288 | 2,655 |
| 8. November, 2014 | 9,486 | 1,537 |
| 9. December, 2014 | 13,562 | 2,161 |
| 10. January, 2015 | 27,880 | 4,481 |
| 2014–15 ( from April, 2014 to January, 2015) # | 155,489 | 25,526 |
| 2013–14 (from April, 2013 to January, 2014) # | 113,401 | 18,749 |
| %age growth over last year | ( + ) 37 % | ( + ) 36 % |
| D. FDI Equity Inflows (Month-wise) during the Calendar Year 2015 (Jan.–Dec.) | (In Rs. Crore) | (In US$ mn) |
| 1. January, 2015 | 27,880 | 4,481 |
| Year 2015 (January, 2015) # | 27,880 | 4,481 |
| Year 2014 (January, 2014) # | 13,589 | 2,189 |
| %age growth over last year | ( + ) 105 % | ( + ) 105% |

***Notes***: (i) Country & Sector specific analysis is available from the year 2000 onwards, as Company-wise details are provided by RBI from April, 2000 onwards only.
# Figures are provisional, subject to reconciliation with RBI, Mumbai.

E. **Share of Top Investing Countries FDI Equity Inflows (Financial years)** Amount Rupees in crores (US$ in million)

| Rank | Country | 2012-13 ( April – March) | 2013-14 ( April – March) | 2014-15 (April '14– January,2015) | Cumulative Inflows (April '00 –January '15) | %age to total Inflows (in terms of US $) |
|---|---|---|---|---|---|---|
| 1. | Mauritius | 51,654 (9,497) | 29,360 (4,859) | 46,663 (7,662) | 417,148 (86,187) | 36 % |
| 2. | Singapore | 12,594 (2,308) | 35,625 (5,985) | 32,152 (5,262) | 157,959 (30,707) | 13 % |
| 3. | U.K. | 5,797 (1,080) | 20,426 (3,215) | 6,906 (1,148) | 107.791 (21,911) | 9 % |

***(Contd...)***

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | | |
|---|---|---|---|---|---|
| 4. Japan | 12,243 (2,237) | 10,550 (1,718) | 9,802 (1,611) | 90,446 (17,879) | 7 % |
| 5. Netherlands | 10,054 (1,856) | 13,920 (2,270) | 19,094 (3,136) | 75,393 (14,371) | 6 % |
| 6. U.S.A. | 3,033 (557) | 4,807 (806) | 9,646 (1,582) | 65,376 (13,510) | 6 % |
| 7. Cyprus | 2,658 (490) | 3,401 (557) | 3,104 (513) | 38,834 (7,959) | 3 % |
| 8. Germany | 4,684 (860) | 6,093 (1,038) | 5,018 (821) | 36,623 (7,340) | 3 % |
| 9. France | 3,487 (646) | 1,842 (305) | 3,617 (592) | 22,323 (4,471) | 2 % |
| 10. Switzerland | 987 (180) | 2,084 (341) | 1,792 (293) | 14,895 (3,009) | 1 % |
| Total FDI Inflows from All Countries * | 121,907 (22,423) | 147,518 (24,299) | 155,489 (25,525) | 1,199,919 (243,228) | - |

*Includes inflows under NRI Schemes of RBI.
***Notes***: (i) Cumulative country-wise FDI equity inflows (from April, 2000 to January,, 2015) are at – Annex-'A'.
(ii) %age worked out in US$ terms & FDI inflows received through FIPB/SIA+ RBI's Automatic Route + acquisition of existing shares only.

**F. Sectors Attracting Highest FDI Equity Inflows:** Amount in Rs crores (US$ in million)

| | | | | | |
|---|---|---|---|---|---|
| 1. Services Sector** | 26,306 (4,833) | 13,294 (2,225) | 16,159 (2,642) | 201,728 (42,101) | 17 % |
| 2. Construction Development: Townships, Housing, Built-up Infrastructure | 7,248 (1,332) | 7,508 (1,226) | 4,359 (722) | 112,916 (24,028) | 10 % |
| 3. Telecommunications (Radio Paging, Cellular Mobile, Basic Telephone Services) | 1,654 (304) | 7,987 (1,307) | 16,978 (2,832) | 83,697 (16,995) | 7 % |
| 4. Computer Software & Hardware | 2,656 (486) | 6,896 (1,126) | 8,023 (1,308) | 67,694 (14,125) | 6 % |
| 5. Drugs & Pharmaceuticals | 6,011 (1,123) | 7,191(1,279) | 7,559(1,259) | 63,630(12,856) | 5 % |
| 6. Automobile Industry | 8,384(1,537) | 9,027(1,517) | 12,529(2,045) | 60,725(11,857) | 5 % |
| 7. Chemicals (Other than Fertilizers) | 1,596(292) | 4,738(878) | 3,408(562) | 48,642(10,230) | 4 % |
| 8. Power | 2,923(536) | 6,519(1,066) | 3,704(612) | 46,359(9,512) | 4 % |
| 9. Metallurgical Industries | 7,878(1,466) | 3,436(568) | 2,488(406) | 40,738(8,481) | 4 % |
| 10. Hotel & Tourism | 17,777(3,259) | 2,949(486) | 3,990(656) | 40,198(7,774) | 3 % |

***Notes***: (i)** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis.
(ii) Cumulative Sector-wise FDI equity inflows (from April, 2000 to January, 2015) are at – Annex-'B' .
(iii) FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.

**G. Statement on RBI's Regional Offices (with State Covered) Received FDI Equity Inflows[1] (from April, 2000 to January, 2015): Amount Rupees in crores (US$ in million)**

| S. No. | RBI's - Regional Office[2] | State Covered | 2012-13 (April –March) | 2013-14 (April –March) | 2014-15 (April 2014– January 2015) | Cumulative Inflows (April 2000 – January 2015) | % age to total Inflows (in terms of US$) |
|---|---|---|---|---|---|---|---|
| 1. | Mumbai | Maharashtra, Dadra & Nagar Haveli, Daman & Diu | 47,359 (8,716) | 20,595 (3,420) | 30,360 (4,983) | 344,449 (71,740) | 30 |
| 2. | New Delhi | Delhi, Part of UP and Haryana | 17,490 (3,222) | 38,190 (6,242) | 35,433 (5,779) | 242,204 (48,315) | 20 |
| 3. | Chennai | Tamil Nadu, | 15,252 | 12,595 | 20,384 | 85,790 | 7 |

***(Contd...)***

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | | | |
|---|---|---|---|---|---|---|
| | Pondicherry | (2,807) | (2,116) | (3,340) | (10,536) | |
| 4. | Bangalore | Karnataka | 5,553<br>(1,023) | 11,422<br>(1,892) | 13,886<br>(2,258) | 74,753<br>(14,934) | 6 |
| 5. | Ahmedabad | Gujarat | 2,676<br>(493) | 5,282<br>(860) | 6,811<br>(1,112) | 51,193<br>(10,622) | 4 |
| 6. | Hyderabad | Andhra Pradesh | 6,290<br>(1,159) | 4,024<br>(678) | 7,621<br>(1,256) | 48,536<br>(9,901) | 4 |
| 7. | Kolkata | West Bengal, Sikkim, Andaman & Nicobar Islands | 2,319<br>(424) | 2,659<br>(436) | 1,229<br>(201) | 14,393<br>(2,943) | 1 |
| 8. | Chandigarh | Chandigarh, Punjab, Haryana, Himachal Pradesh | 255<br>(47) | 562<br>(91) | 234<br>(39) | 6,360<br>(1,331) | 0.6 |
| 9. | Jaipur | Rajasthan | 714<br>(132) | 233<br>(38) | 3,233<br>(540) | 6,791<br>(1,264) | 0.5 |
| 10. | Bhopal | Madhya Pradesh, Chattisgarh | 1,208<br>(220) | 708<br>(119) | 600<br>(100) | 6,095<br>(1,216) | 0.5 |
| 11. | Kochi | Kerala, Lakshadweep | 390<br>(72) | 411<br>(70) | 641<br>(105) | 5,373<br>(1,086) | 0.5 |
| 12. | Panaji | Goa | 47<br>(9) | 103<br>(17) | 208<br>(34) | 3,864<br>(822) | 0.3 |
| 13. | Kanpur | Uttar Pradesh, Uttranchal | 167<br>(31) | 150<br>(25) | 502<br>(82) | 2,267<br>(454) | 0.2 |
| 14. | Bhubaneshwar | Orissa | 285<br>(52) | 288<br>(48) | 51<br>(9) | 1,957<br>(397) | 0.2 |
| 15. | Guwahati | Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura | 27<br>(5) | 4<br>(0.6) | 9<br>(1) | 361<br>(80) | 0 |
| 16. | Patna | Bihar, Jharkhand | 41<br>(8) | 9<br>(1) | 66<br>(11) | 265<br>(50) | 0 |
| 17. | Jammu | Jammu & Kashmir | 0<br>0 | 1<br>(0.2) | 25<br>(4) | 26<br>(4) | 0 |
| 18. | Region not Indicated[3] | | 21,833<br>(4,004) | 50,283<br>(8,245) | 34,196<br>(5,673) | 304,711<br>(61,412) | 25.3 |
| | Sub Total | | 121,907<br>(22,424) | 147,518<br>(24,299) | 155,489<br>(25,526) | 1,199,386<br>(243,107) | 100.00 |
| 19 | RBI's-NRI Schemes (from 2000 to 2002) | | 0 | 0 | 0 | "533(121)" | - |
| | Grand Total | | 121,907<br>(22,424) | 147,518<br>(24,299) | 155,489<br>(25,526) | 1,199,919<br>(243,228) | - |

1. Includes 'equity capital components' only.
2. The Region-wise FDI inflows are classified as per RBI's – Regional Office received FDI inflows, furnished by RBI, Mumbai.
3 . Represents, FDI inflows through acquisition of existing shares by transfer from residents to non residents. For this, RBI Regional wise information is not provided by Reserve Bank of India.

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

II. Financial Year-wise FDI Inflows Data

A. As per International Best Practices (Data on FDI have been revised since 2000-01 with expanded coverage to approach International Best Practices) (Amount US$ million)

| S. No. | Financial Year (April-March) | Foreign Direct Investment (FDI) | | | | | | Investment by FII's Foreign Institutional Investors Fund (net) |
|---|---|---|---|---|---|---|---|---|
| | | Equity | | Re-invested earnings + | Other capital + | FDI Flows into India | | |
| | | FIPB Route/ RBI's Automatic Route/ Acquisition Route | Equity capital of unincorporated bodies # | | | Total FDI Flows | %age growth over previous year (in US$ terms) | |
| | Financial Years 2000-01 to 2014-15 (up to January, 2015) | | | | | | | |
| 1. | 2000-01 | 2,339 | 61 | 1,350 | 279 | 4,029 | - | 1,847 |
| 2. | 2001-02 | 3,904 | 191 | 1,645 | 390 | 6,130 | (+) 52 % | 1,505 |
| 3. | 2002-03 | 2,574 | 190 | 1,833 | 438 | 5,035 | (-) 18 % | 377 |
| 4. | 2003-04 | 2,197 | 32 | 1,460 | 633 | 4,322 | (-) 14 % | 10,918 |
| 5. | 2004-05 | 3,250 | 528 | 1,904 | 369 | 6,051 | (+) 40 % | 8,686 |
| 6. | 2005-06 | 5,540 | 435 | 2,760 | 226 | 8,961 | (+) 48 % | 9,926 |
| 7. | 2006-07 | 15,585 | 896 | 5,828 | 517 | 22,826 | (+) 146 % | 3,225 |
| 8. | 2007-08 | 24,573 | 2,291 | 7,679 | 300 | 34,843 | (+) 53 % | 20,328 |
| 9. | 2008-09 | 31,364 | 702 | 9,030 | 777 | 41,873 | (+) 20 % | (-) 15,017 |
| 10. | 2009-10 (P) | 25,606 | 1,540 | 8,668 | 1,931 | 37,745 | (-) 10 % | 29,048 |
| 11. | 2010-11 (P) | 21,376 | 874 | 11,939 | 658 | 34,847 | (-) 08 % | 29,422 |
| 12. | 2011-12 (P) | 34,833 | 1,022 | 8,206 | 2,495 | 46,556 | (+) 34 % | 16,812 |
| 13. | 2012-13 (P) | 21,825 | 1,059 | 9,880 | 1,534 | 34,298 | (-) 26% | 27,582 |
| 14. | 2013-14 (P) | 24,299 | 975 | 8,978 | 1,794 | 36,046 | ( + ) 5% | 5,010 |
| 15. | 2014-15 (Apr - Jan., 2015) | 25,528 | 797 | 7,340 | 4,093 | 37,758 | - | - |
| | Cumulative Total (from April, 2000 to January, 2015) | 244,793 | 11,593 | 88,500 | 16,434 | 361,320 | - | 149,663 |

***Source***: (i) RBI's Bulletin March, 2015 dt.10.03.2015 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).
(ii) Inflows under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).
(iii) RBI had included Swap of Shares of US$ 3.1 billion under equity components during December 2006.
(iv) Monthly data on components of FDI as per expended coverage are not available. These data, therefore, are not comparable with FDI data for previous years.
(v) Figures updated by RBI up to January, 2015.
(vi) Data in respect of 'Re-invested earnings' & 'Other capital' are estimated as average of previous two years.
'#' Figures for equity capital of unincorporated bodies for 2010-11 are estimates. (P) All figures are provisional

B. DIPP'S - Financial Year-wise FDI Equity Inflows: (As per DIPP's FDI data base – equity capital components only):

| S. No. | Financial Year (April – March) | Amount of FDI Inflows | | %age growth over previous year (in terms of US $) |
|---|---|---|---|---|
| | | In Rs crores | In US$ million | |
| | Financial Years 2000-01 to 2014-15 (up to January, 2015) | | | |
| 1. | 2000-01 | 10,733 | 2,463 | - |
| 2. | 2001-02 | 18,654 | 4,065 | ( + ) 65 % |
| 3. | 2002-03 | 12,871 | 2,705 | ( - ) 33 % |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 4. | 2003-04 | 10,064 | 2,188 | ( - ) 19 % |
| 5. | 2004-05 | 14,653 | 3,219 | ( + ) 47 % |
| 6. | 2005-06 | 24,584 | 5,540 | ( + ) 72 % |
| 7. | 2006-07 | 56,390 | 12,492 | (+ )125 % |
| 8. | 2007-08 | 98,642 | 24,575 | ( + ) 97 % |
| 9. | 2008-09 | 142,829 | 31,396 | ( + ) 28 % |
| 10. | 2009-10 # | 123,120 | 25,834 | ( - ) 18 % |
| 11. | 2010-11 # | 97,320 | 21,383 | ( - ) 17 % |
| 12. | 2011-12 # ^ | 165,146 | 35,121 | (+) 64 % |
| 13. | 2012-13 # | 121,907 | 22,423 | (-) 36 % |
| 14. | 2013-14 | 147,518 | 24,299 | (+) 8% |
| 15. | 2014-15 (Apr – Jan., 2015) | 155,489 | 25,526 | - |
| Cumulative Total (from April, 2000 to January, 2015) | | 1,199,920 | 243,229 | - |

***Note***: (i) including amount remitted through RBI's-NRI Schemes (2000–2002).
(ii) FEDAI (Foreign Exchange Dealers Association of India) conversion rate from rupees to US dollar applied, on the basis of monthly average rate provided by RBI (DEPR), Mumbai.
# Figures for the years 2009–10 to 2014–15 (from April to January, 2015) are provisional subject to reconciliation with RBI.
^ Inflows for the month of March, 2012 are as reported by RBI, consequent to the adjustment made in the figures of March, '11, August, '11 and October, '11.
***Source***: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, *Fact Sheet on Foreign Direct Investment (FDI)*, January 2015 available at: http://www.dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_January2015.pdf

***(Contd...)***

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

Annex-A: Statement on Country-wise FDI Equity Inflows from APRIL, 2000 to JANUARY, 2015

| S.No. | Name of the Country | Amount of Foreign Direct Investment Inflows (In Rs crore) | (In US$ million) | %age with Inflows |
|---|---|---|---|---|
| 1. | Mauritius | 417,148.08 | 86,187.26 | 35.45 |
| 2. | Singapore | 157,958.49 | 30,707.07 | 12.63 |
| 3. | United Kingdom | 107,791.18 | 21,911.36 | 9.01 |
| 4. | Japan | 90,446.21 | 17,879.20 | 7.35 |
| 5. | Netherlands | 75,392.54 | 14,371.36 | 5.91 |
| 6. | U.S.A | 65,376.35 | 13,509.56 | 5.56 |
| 7. | Cyprus | 38,833.73 | 7,958.69 | 3.27 |
| 8. | Germany | 36,622.95 | 7,339.94 | 3.02 |
| 9. | France | 22,323.29 | 4,470.64 | 1.84 |
| 10. | UAE | 14,895.23 | 3,008.65 | 1.24 |
| 11. | Switzerland | 14,940.46 | 3,000.41 | 1.23 |
| 12. | Spain | 10,452.14 | 2,039.18 | 0.84 |
| 13. | Italy | 7,644.55 | 1,563.07 | 0.64 |
| 14. | South Korea | 7,619.85 | 1,526.99 | 0.63 |
| 15. | HongKong | 7,672.13 | 1,509.86 | 0.62 |
| 16. | Luxembourg | 6,536.99 | 1,177.50 | 0.48 |
| 17. | Sweden | 5,217.80 | 1,084.11 | 0.45 |
| 18. | Caymen Islands | 4,649.17 | 1,023.77 | 0.42 |
| 19. | Russia | 5,199.05 | 962.14 | 0.40 |
| 20. | British Virginia | 3,825.67 | 832.08 | 0.34 |
| 21. | Belgium | 4,153.72 | 798.40 | 0.33 |
| 22. | Malaysia | 3,805.88 | 730.04 | 0.30 |
| 23. | Australia | 3,171.47 | 649.37 | 0.27 |
| 24. | Indonesia | 2,895.36 | 622.02 | 0.26 |
| 25. | Poland | 3,300.34 | 619.52 | 0.25 |
| 26. | China | 3,496.68 | 612.60 | 0.25 |
| 27. | Canada | 2,519.93 | 518.95 | 0.21 |
| 28. | The Bermudas | 2,252.20 | 502.07 | 0.21 |
| 29. | Denmark | 1,978.36 | 400.24 | 0.16 |
| 30. | Oman | 1,727.55 | 369.17 | 0.15 |
| 31. | Ireland | 1,725.71 | 327.01 | 0.13 |
| 32. | Finland | 1,606.66 | 323.35 | 0.13 |
| 33. | South Africa | 1,531.61 | 289.10 | 0.12 |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 34. | Austria | 1,235.46 | 243.66 | 0.10 |
| 35. | Thailand | 993.68 | 189.39 | 0.08 |
| 36. | Seychelles | 1,061.94 | 176.39 | 0.07 |
| 37. | Norway | 881.62 | 171.67 | 0.07 |
| 38. | Chile | 710.49 | 150.23 | 0.06 |
| 39. | Morocco | 651.82 | 137.35 | 0.06 |
| 40. | Philippines | 725.85 | 122.82 | 0.05 |
| 41. | British Isles | 463.88 | 100.65 | 0.04 |
| 42. | Turkey | 501.78 | 97.18 | 0.04 |
| 43. | Taiwan | 445.04 | 89.00 | 0.04 |
| 44. | Israel | 412.57 | 81.80 | 0.03 |
| 45. | Mexico | 438.74 | 80.07 | 0.03 |
| 46. | West Indies | 348.17 | 78.28 | 0.03 |
| 47. | Saudi Arabia | 256.36 | 51.10 | 0.02 |
| 48. | Virgin Islands(US) | 278.61 | 50.73 | 0.02 |
| 49. | St. Vincent | 254.02 | 49.67 | 0.02 |
| 50. | Baharain | 251.17 | 49.04 | 0.02 |
| 51. | NewZealand | 234.98 | 47.06 | 0.02 |
| 52. | Panama | 193.56 | 41.95 | 0.02 |
| 53. | Bahamas | 188.33 | 38.34 | 0.02 |
| 54. | Korea(North) | 187.88 | 37.06 | 0.02 |
| 55. | Sri Lanka | 170.40 | 34.68 | 0.01 |
| 56. | Saint Kitts & Nevis | 147.88 | 33.53 | 0.01 |
| 57. | Channel Islands | 172.43 | 31.78 | 0.01 |
| 58. | Portugal | 158.89 | 31.54 | 0.01 |
| 59. | Jordan | 158.48 | 29.12 | 0.01 |
| 60. | Kuwait | 136.75 | 26.86 | 0.01 |
| 61. | Kazakhstan | 134.16 | 26.11 | 0.01 |
| 62. | Brazil | 110.61 | 22.63 | 0.01 |
| 63. | Kenya | 102.49 | 21.74 | 0.01 |
| 64. | Iceland | 93.72 | 21.14 | 0.01 |
| 65. | Gibraltar | 85.14 | 19.75 | 0.01 |
| 66. | Czech Republic | 85.60 | 19.12 | 0.01 |
| 67. | Hungary | 89.47 | 17.02 | 0.01 |
| 68. | Isle of Man | 82.11 | 15.56 | 0.01 |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 69. | Malta | 68.83 | 14.60 | 0.01 |
| 70. | Liberia | 64.54 | 14.56 | 0.01 |
| 71. | Nigeria | 65.64 | 13.10 | 0.01 |
| 72. | Scotland | 73.08 | 12.80 | 0.01 |
| 73. | Belarus | 50.52 | 12.28 | 0.00 |
| 74. | Argentina | 46.35 | 10.17 | 0.00 |
| 75. | Liechtenstein | 47.68 | 9.49 | 0.00 |
| 76. | Myanmar | 35.75 | 8.96 | 0.00 |
| 77. | Slovenia | 40.58 | 8.49 | 0.00 |
| 78. | Greece | 35.28 | 6.39 | 0.00 |
| 79. | Romania | 33.19 | 6.26 | 0.00 |
| 80. | Ghana | 31.27 | 6.20 | 0.00 |
| 81. | Maldives | 26.81 | 5.83 | 0.00 |
| 82. | Belize | 25.40 | 5.56 | 0.00 |
| 83. | Slovakia | 23.15 | 5.30 | 0.00 |
| 84. | Qatar | 28.28 | 5.13 | 0.00 |
| 85. | Rep. of Fiji Islands | 22.30 | 5.07 | 0.00 |
| 86. | Uruguay | 21.38 | 4.49 | 0.00 |
| 87. | Tunisia | 19.84 | 4.31 | 0.00 |
| 88. | Guersney | 23.84 | 4.30 | 0.00 |
| 89. | Egypt | 17.59 | 3.26 | 0.00 |
| 90. | Ukraine | 15.65 | 2.82 | 0.00 |
| 91. | Bermuda | 17.22 | 2.80 | 0.00 |
| 92. | West Africa | 12.31 | 2.47 | 0.00 |
| 93. | Trinidad & Tobago | 12.73 | 2.34 | 0.00 |
| 94. | Colombia | 11.56 | 2.18 | 0.00 |
| 95. | Nepal | 9.70 | 2.03 | 0.00 |
| 96. | Yemen | 7.74 | 1.87 | 0.00 |
| 97. | Tanzania | 7.65 | 1.63 | 0.00 |
| 98. | Lebanon | 8.90 | 1.55 | 0.00 |
| 99. | Monaco | 7.49 | 1.52 | 0.00 |
| 100. | SAN MARINO | 9.41 | 1.52 | 0.00 |
| 101. | Uganda | 5.06 | 1.10 | 0.00 |
| 102. | Cuba | 4.73 | 1.04 | 0.00 |
| 103. | Guyana | 4.60 | 1.00 | 0.00 |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 104. | Vanuatu | 4.41 | 0.94 | 0.00 |
| 105. | Togolese Republic | 4.37 | 0.82 | 0.00 |
| 106. | Bulgaria | 3.03 | 0.58 | 0.00 |
| 107. | Iran | 3.30 | 0.57 | 0.00 |
| 108. | Congo (DR) | 2.41 | 0.54 | 0.00 |
| 109. | Croatia | 2.29 | 0.52 | 0.00 |
| 110. | Jamaica | 2.70 | 0.50 | 0.00 |
| 111. | Aruba | 1.96 | 0.43 | 0.00 |
| 112. | Vietnam | 1.63 | 0.32 | 0.00 |
| 113. | Estonia | 1.39 | 0.31 | 0.00 |
| 114. | Anguilla | 1.47 | 0.29 | 0.00 |
| 115. | Yugoslavia | 1.13 | 0.24 | 0.00 |
| 116. | Iraq | 1.02 | 0.22 | 0.00 |
| 117. | Zambia | 0.83 | 0.17 | 0.00 |
| 118. | Peru | 0.78 | 0.14 | 0.00 |
| 119. | Latvia | 0.52 | 0.10 | 0.00 |
| 120. | Suriname | 0.54 | 0.09 | 0.00 |
| 121. | Libya | 0.28 | 0.07 | 0.00 |
| 122. | Mongolia | 0.27 | 0.06 | 0.00 |
| 123. | Sudan | 0.24 | 0.05 | 0.00 |
| 124. | Costa Rica | 0.23 | 0.04 | 0.00 |
| 125. | Bangladesh | 0.16 | 0.03 | 0.00 |
| 126. | Afghanistan | 0.12 | 0.03 | 0.00 |
| 127. | Botswana | 0.13 | 0.02 | 0.00 |
| 128. | St. Lucia | 0.06 | 0.01 | 0.00 |
| 129. | Muscat | 0.06 | 0.01 | 0.00 |
| 130. | Venezuela | 0.03 | 0.01 | 0.00 |
| 131. | Georgia | 0.02 | 0.00 | 0.00 |
| 132. | East Africa | 0.02 | 0.00 | 0.00 |
| 133. | Cameroon | 0.01 | 0.00 | 0.00 |
| 134. | Bolivia | 0.01 | 0.00 | 0.00 |
| 135. | Kyrgyzstan | 0.01 | 0.00 | 0.00 |
| 136. | Barbados | 0.01 | 0.00 | 0.00 |
| 137. | Djibouti | 0.00 | 0.00 | 0.00 |
| 138. | Paraguay | 0.00 | 0.00 | 0.00 |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 139. | MOZAMBIQUE | 0.00 | 0.00 | 0.00 |
| 140. | SENEGAL | 0.00 | 0.00 | 0.00 |
| 141. | FII's | 0.25 | 0.06 | 0.00 |
| 142. | NRI *** | 20,383.66 | 4,684.25 | 1.93 |
| 143. | Country Details Awaited | 30,875.37 | 6,964.32 | 2.86 |
| | Sub Total | 1,199,386.19 | 243,106.84 | 100 |
| 144. | RBI'S-NRI SCHEMES (2000-2002) | 533.06 | 121.33 | |
| | Grand Total | 1,199,919.25 | 243,228.17 | |

'*'Complete/separate data on NRI investment is not maintained by RBI. However, the above FDI inflows data on NRI investment, includes investment by NRI's, who have disclosed their status as NRI's, at the time of making their investment.
'+' Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route, RBI's automatic route & acquisition of existing shares only.

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

Annex-B: STATEMENT ON SECTOR-WISE FDI EQUITY INFLOWS FROM APRIL, 2000 TO JANUARY, 2015

| S.No. | Sector | Amount of Foreign Direct Investment Inflows | | %age of Total Inflows |
|---|---|---|---|---|
| | | (In Rs crore) | (In US$ million) | |
| 1. | Services Sector* | 201,728.28 | 42,101.98 | 17.32 |
| 2. | Construction Development: Townships, Housing, Built-Up Infrastructure And Construction-Development Projects | 112,916.36 | 24,028.19 | 9.88 |
| 3. | Telecommunications | 83,697.07 | 16,994.68 | 6.99 |
| 4. | Computer Software & Hardware | 67,693.78 | 14,125.19 | 5.81 |
| 5. | Drugs & Pharmaceuticals | 63,629.47 | 12,856.02 | 5.29 |
| 6. | Automobile Industry | 60,725.08 | 11,857.11 | 4.88 |
| 7. | Chemicals (Other Than Fertilizers) | 48,641.77 | 10,229.69 | 4.21 |
| 8. | Power | 46,358.87 | 9,512.02 | 3.91 |
| 9. | Metallurgical Industries | 40,737.61 | 8,480.90 | 3.49 |
| 10. | Hotel & Tourism | 40,198.41 | 7,774.03 | 3.20 |
| 11. | Trading | 41,315.28 | 7,660.73 | 3.15 |
| 12. | Petroleum & Natural Gas | 31,650.29 | 6,519.53 | 2.68 |
| 13. | Food Processing Industries | 36,360.11 | 6,215.46 | 2.56 |
| 14. | Miscellaneous Mechanical & Engineering Industries | 20,572.50 | 3,948.17 | 1.62 |
| 15. | Information & Broadcasting (Including Print Media) | 19,156.59 | 3,890.94 | 1.60 |
| 16. | Electrical Equipments | 18,298.41 | 3,786.22 | 1.56 |
| 17. | Non-Conventional Energy | 18,524.21 | 3,521.78 | 1.45 |
| 18. | Industrial Machinery | 18,420.29 | 3,515.67 | 1.45 |
| 19. | Cement And Gypsum Products | 14,625.29 | 3,085.60 | 1.27 |
| 20. | Construction (Infrastructure) Activities | 14,807.38 | 2,923.64 | 1.20 |
| 21. | Hospital & Diagnostic Centres | 14,565.34 | 2,793.72 | 1.15 |
| 22. | Consultancy Services | 13,908.16 | 2,786.52 | 1.15 |
| 23. | Fermentation Industries | 11,347.67 | 2,137.36 | 0.88 |
| 24. | Agriculture Services | 8,625.15 | 1,744.02 | 0.72 |
| 25. | Rubber Goods | 9,445.03 | 1,722.64 | 0.71 |
| 26. | Mining | 8,460.61 | 1,668.50 | 0.69 |
| 27. | Ports | 6,730.91 | 1,637.30 | 0.67 |
| 28. | Textiles (Including Dyed,Printed) | 7,710.42 | 1,555.69 | 0.64 |
| 29. | Electronics | 6,752.74 | 1,417.42 | 0.58 |
| 30. | Sea Transport | 6,546.83 | 1,368.93 | 0.56 |
| 31. | Prime Mover (Other Than Electrical Generators) | 6,299.78 | 1,200.92 | 0.49 |
| 32. | Education | 5,649.81 | 1,071.50 | 0.44 |
| 33. | Paper And Pulp (Including Paper Products) | 4,327.04 | 910.25 | 0.37 |

*(Contd...)*

## Annexure 3.7: Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to January 2015 (Contd...)

| | | | | |
|---|---|---|---|---|
| 34. | Medical And Surgical Appliances | 4,608.04 | 887.09 | 0.36 |
| 35. | Soaps, Cosmetics & Toilet Preparations | 4,430.06 | 848.74 | 0.35 |
| 36. | Machine Tools | 3,511.68 | 711.51 | 0.29 |
| 37. | Ceramics | 3,321.89 | 699.57 | 0.29 |
| 38. | Railway Related Components | 3,425.97 | 634.20 | 0.26 |
| 39. | Diamond,Gold Ornaments | 2,904.78 | 569.14 | 0.23 |
| 40. | Air Transport (Including Air Freight) | 2,720.46 | 562.65 | 0.23 |
| 41. | Fertilizers | 2,915.62 | 543.14 | 0.22 |
| 42. | Vegetable Oils And Vanaspati | 2,861.12 | 541.65 | 0.22 |
| 43. | Glass | 2,362.19 | 459.16 | 0.19 |
| 44. | Printing Of Books (Including Litho Printing Industry) | 2,326.52 | 446.09 | 0.18 |
| 45. | Agricultural Machinery | 2,127.62 | 413.93 | 0.17 |
| 46. | Commercial, Office & Household Equipments | 1,516.81 | 309.34 | 0.13 |
| 47. | Retail Trading (Single Brand) | 1,549.92 | 275.38 | 0.11 |
| 48. | Earth-Moving Machinery | 1,138.86 | 234.81 | 0.10 |
| 49. | Scientific Instruments | 960.98 | 171.98 | 0.07 |
| 50. | Leather,Leather Goods And Pickers | 709.83 | 137.92 | 0.06 |
| 51. | Tea And Coffee (Processing & Warehousing Coffee & Rubber) | 497.78 | 108.41 | 0.04 |
| 52. | Timber Products | 537.09 | 101.93 | 0.04 |
| 53. | Sugar | 405.65 | 78.07 | 0.03 |
| 54. | Dye-Stuffs | 417.28 | 74.38 | 0.03 |
| 55. | Photographic Raw Film And Paper | 273.76 | 67.29 | 0.03 |
| 56. | Industrial Instruments | 310.86 | 67.11 | 0.03 |
| 57. | Boilers And Steam Generating Plants | 314.80 | 63.33 | 0.03 |
| 58. | Glue And Gelatin | 211.68 | 37.86 | 0.02 |
| 59. | Coal Production | 119.19 | 27.73 | 0.01 |
| 60. | Mathematical, Surveying and Drawing Instruments | 39.80 | 7.98 | 0.00 |
| 61. | Defence Industries | 24.84 | 5.02 | 0.00 |
| 62. | Coir | 22.05 | 4.07 | 0.00 |
| 63. | Miscellaneous Industries | 42,392.57 | 8,975.05 | 3.69 |
| | Sub Total | 1,199,386.19 | 243,106.84 | 100 |
| 64. | RbI's- NRI Schemes (2000-2002) | 533.06 | 121.33 | - |
| | Grand Total | 1,199,919.25 | 243,228.17 | |

* Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing Analysis FDI inflows data re-classified, as per segregation of data from April 2000 onwards.
'+' Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI's automatic route & acquisition of existing shares only.
? FDI Sectoral data has been revalidated/reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.

## **Annexure 3.8: Reproduction of the RBI's FC-GPR[5] Form** [As per Annex-I to A.P. (DIR Series) Circular No.102 of 11.02.2014]

(To be filed by the company through its Authorised Dealer Category – I bank with the Regional Office of the RBI under whose jurisdiction the Registered Office of the company making the declaration is situated as and when shares/convertible debentures/others are issued to the foreign investor, along with the documents mentioned in Item No. 5 of the undertaking enclosed to this form. All fields are mandatory).

| | |
|---|---|
| Permanent Account Number (PAN) of the investee company given by the Income Tax Department | ☐☐☐☐☐☐☐☐☐☐☐☐☐☐ |
| Date of issue of shares / convertible debentures/others | ☐☐☐☐☐☐☐☐ |

| Particulars | (In Block Letters) |
|---|---|
| 1. **Name of the Investee Company** | |
| Address of the Registered Office of the Investee Company with City, District and State clearly mentioned | |
| • Telephone | |
| • Fax | |
| • e-mail | |
| State | |
| Registration No. given by Registrar of Companies and Date of Incorporation. | |
| Whether existing company or new company (strike off whichever is not applicable) | Existing company / New company<br>(Brownfield) (Greenfield) |
| If existing company, give registration number allotted by RBI for FDI, if any | |
| 2. **Description of the Main Business Activity**<br>NIC Code | |
| Location of the project and NIC code for the district where the project is located<br>a) Detailed address including Name, City, District and State<br>b) Code for District<br>c) Code for State | |
| Percentage of FDI allowed as per FDI policy (Sectoral cap under FDI Policy) | |
| State whether FDI is allowed under Automatic Route or Approval Route (strike out whichever is not applicable) (If under approval route, give SIA/FIPB approval No. with date) | Automatic Route / Approval Route |
| 3 **Details of the Foreign Investor / Collaborator** (Details of foreign residence to be given. Indian address if any should not be given) | |
| Name<br>Address<br>Country<br>Constitution / Nature of the investing Entity<br>[Specify whether<br>1. Individual<br>2. Company (Please specify if erstwhile OCB)<br>3. FII<br>4. FVCI<br>5. Foreign Trust<br>6. Private Equity Fund<br>7. Pension / Provident Fund<br>8. Sovereign Wealth Fund (SWF)<br>9. Partnership / Proprietorship Firm | |

*(Contd...)*

## Annexure 3.8: Reproduction of the RBI's FC-GPR[5] Form (Contd...)

10. Financial Institution
11. NRIs / PIO
12. Others (please specify)]

Date of incorporation:

4 **Particulars of Shares / Convertible Debentures /others Issued**

(a) **Nature and date of issue**

| | Nature of issue | Date of issue | Number of shares/ convertible debentures/others |
|---|---|---|---|
| 1. | IPO / FPO | | |
| 2. | Preferential allotment/private placement | | |
| 3. | Rights | | |
| 4. | Bonus | | |
| 5. | Conversion of ECB | | |
| 6. | Conversion of royalty (including lump sum payments) | | |
| 7. | Conversion against import of capital goods by units in SEZ | | |
| 8. | ESOPs | | |
| 9. | Share Swap | | |
| 10. | Others (please specify) | | |
| Total | | | |

(b) **Type of security issued**

| No. | Nature of security | Number | Maturity | Face value | Premium | Issue price per security | Amount of inflow* |
|---|---|---|---|---|---|---|---|
| 1. | Equity | | | | | | |
| 2. | Compulsorily convertible debentures | | | | | | |
| 3. | Compulsorily convertible preference shares | | | | | | |
| 4. | Others (please specify) | | | | | | |
| Total | | | | | | | |

i) In case the issue price is greater than the face value, please give break-up of the premium received.
ii) * In case the issue is against conversion of ECB or royalty or against import of capital goods by units in SEZ, a Chartered Accountant's Certificate certifying the amount outstanding on the date of conversion

| (c) **Break up of premium** | Amount |
|---|---|
| Control Premium | |
| Non competition fee | |
| Others (please specify) | |
| Total | |

(d) **Total inflow (in Rupees) on account of issue of shares / convertible debentures/others to non-residents** (including premium, if any) vide

*(Contd...)*

## Annexure 3.8: Reproduction of the RBI's FC-GPR[5] Form (Contd...)

(i) Remittance through AD:
(ii) Debit to NRE/FCNR/Escrow A/c with Bank__________
(iii) Others (please specify)
Date of reporting of (i) and (ii) above to RBI under Para 9 (1) A of Schedule I to Notification No. FEMA 20 /2000-RB dated May 3, 2000, as amended from time to time

**(e) Disclosure of fair value of shares issued** *(before issue of shares)*

We are a listed company and the market value of a share as on date of the issue is:

We are an un-listed company and the fair value of a share is:

**5. Post issue pattern of shareholding**

| Investor category | Equity | | | Compulsorily Convertible Preference Shares/ Debentures/others | | |
|---|---|---|---|---|---|---|
| Investor category | No. of shares | Amount (Face Value) Rs. | % | No. of shares | Amount (Face Value) Rs. | % |
| a) Non-Resident | | | | | | |
| 1. Individuals | | | | | | |
| 2. Companies | | | | | | |
| 3. FIIs | | | | | | |
| 4. FVCIs | | | | | | |
| 5. Foreign Trusts | | | | | | |
| 6. Private Equity Funds | | | | | | |
| 7. Pension/Provident Funds | | | | | | |
| 8. Sovereign Wealth Funds | | | | | | |
| 9. Partnership/Proprietorship Firms | | | | | | |
| 10. Financial Institutions | | | | | | |
| 11. NRIs/PIO | | | | | | |
| 12. Others (please specify) | | | | | | |
| Sub Total | | | | | | |
| b) Resident | | | | | | |
| Total | | | | | | |

**DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY**: (Delete whichever is not applicable and authenticate)

We hereby declare that:

1. We comply with the procedure for issue of shares / convertible debentures as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000–RB dated 3rd May 2000, as amended from time to time.
2. The investment is within the sectoral cap / statutory ceiling permissible under the Automatic Route of RBI and we fulfil all the

*(Contd...)*

## Annexure 3.8: Reproduction of the RBI's FC-GPR[5] Form (Contd...)

conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable).

a) Shares issued on rights basis to non-residents are in conformity with Regulation 6 of the RBI Notification No FEMA 20/2000–RB dated 3rd May 2000, as amended from time to time.

OR

b) Shares issued are bonus.

OR

c) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of de-merger or otherwise of an Indian company, duly approved by a court in India.

OR

d) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA /FIPB approval No.____________________ dated _____________________
4. The foreign investment received and reported now will be utilized in compliance with the provision of a Prevention of Money Laundering Act 2002 (PMLA) and Unlawful Activities(Prevention) Act, 1967 (UAPA). We confirm that the investment complies with the provisions of all applicable Rules and Regulations.
5. We enclose the following documents in compliance with Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000–RB dated May 3, 2000:
   (i) A certificate from our Company Secretary certifying that
      (a) all the requirements of the Companies Act, 1956 have been complied with;
      (b) terms and conditions of the Government approval, if any, have been complied with;
      (c) the company is eligible to issue shares under these Regulations; and
      (d) the company has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000–RB dated May 3, 2000.
   (ii) A certificate from SEBI registered Merchant Banker / Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.
6. Unique Identification Numbers given for all the remittances received as consideration for issue of shares/convertible debentures/others (details as above), by Reserve Bank.

R□□□□□□□□□□□□□□

R□□□□□□□□□□□□□□

(Signature of the Applicant)* :_____________________________________________

(Name in Block Letters) :_____________________________________________

(Designation of the signatory) :_____________________________________________

Place:

Date:

(* To be signed by Managing Director/Director/Secretary of the Company)

**CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY OF THE INDIAN COMPANY ACCEPTING THE INVESTMENT**:

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000–RB dated May 3, 2000)

In respect of the abovementioned details, we certify the following:

1. All the requirements of the Companies Act, 1956 have been complied with.
2. Terms and conditions of the Government approval, if any, have been complied with.

*(Contd...)*

## Annexure 3.8: Reproduction of the RBI's FC-GPR[5] Form (Contd...)

3. The company is eligible to issue shares / convertible debentures/others under these Regulations.
4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000–RB dated May 3, 2000.

(Name & Signature of the Company Secretary) (Seal)

FOR USE OF THE RESERVE BANK ONLY:

Registration Number for the FC-GPR: □□□□□□□□□□□□□□

Unique Identification Number allotted to the Company at the time of reporting receipt of remittance □□□□□□□□□□□□□□

***Source***: Reserve Bank of India. This form can be accessed at:http://rbidocs.rbi.org.in/rdocs/content/pdfs/AP110214_ANN.pdf

Confidential

# RESERVE BANK OF INDIA

**Annual Return on Foreign Liabilities and Assets** *as on* **31 March, 20 __ __**

(Return to be filled under A.P. (DIR Series) Circular No.**145** dated **June 18, 2014** and submitted to the Department of Statistics and Information Management, RBI, Mumbai

*Please read the guidelines/definitions carefully before filling-in the Return*

(Respondents are encouraged to submit the e-form of this return, which can be downloaded from the FEMA Forms section under the 'Forms' category on the RBI website (www.rbi.org.in). The e-form is easy-to-fill with user guidance and consistency checks. The duly filled-in e-form should be emailed to fla@rbi.org.in.)

## Section I

**(Identification Particulars)**

**1. Name and Address of the Indian Company:**

Name of the Company: ______________________________

Address: ______________________________

______________________________

City: ______________ State: ______________

Pin: ☐☐☐☐☐☐

**2.** PAN Number of Company given by Income Tax Department (10 digit) ☐☐☐☐☐☐☐☐☐☐

**3.** CIN Number allotted by Ministry of Corp. Affairs, Govt. of India (21 digit)

☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

**4. Contact Details**

Contact Person Name: ______________ Designation: ______________

Telephone No: ______________ Fax: ______________

E-mail: ______________ Company's Web- Site (if any):______________

**5.** Account closing date **(DD/MM/YYYY)** ☐☐☐☐☐☐☐☐

**6.** Nature of Business: ______________________________

**(As per National Industrial Classification (NIC) 2008 Code)**

**7.** Whether your Company Name has changed during the latest financial year (April - March) (Y/N)? ☐

If yes, please specify the Company's old Name

Company's old Name: ______________________________

Effective Date **(DD/MM/YYYY)** ☐☐☐☐☐☐☐☐

**8.** Whether the Company is listed (Y/N)? ☐

If yes, please furnish the share price on closing date of reference

| | Face Value ( Per Share) | Market Value (Per Share) | |
|---|---|---|---|
| | As end of Latest March | As end of Previous March | As end of Latest March |
| Ordinary/Equity Share | | | |

**9.** Identification of the reporting Company **(in terms of inward FDI)**

**(a) Subsidiary of Foreign entity** **(b) Associate of foreign entity**
**(c) Public Private Partnership** **(d) Special Purpose Vehicle** **(e) Other**

**10.** Whether the Company is Asset Management Company (Y/N)?

**11.** Whether the Company has Technical Foreign collaboration (Y/N)?

**12.** Whether the company has any business activity during the latest financial year (Y/N)?

## Section II

**(Financial Details)**

**Block 1: Financial Detail of Reporting Company**

***CARE:*** Information should be reported for all the reference period, i.e. Previous March and Latest March. If reporting period is different from Account Closing Period, then information should be given on internal assessment basis for the reference period.

**Block 1A:** Total Paid- up Capital of Indian Company:

| Item | End-of Previous March | | End-of Latest March | |
|---|---|---|---|---|
| | Number of Shares in actual | Amount in Rs lakh | Number of Shares in actual | Amount in Rs lakh |
| **1.0 Total Paid-up Capital (= 1.1 + 1.2)** | | | | |
| **1.1 Total Equity & Participating Preference Share capital (= 1.1(a) + 1.1(b))** | | | | |
| (a) Ordinary/Equity Share* | | | | |
| (b) Participating Preference Share | | | | |
| **1.2 Non-participating Preference Share#** | | | | |

| **2.0Non-resident Holdings (at face value in Rs lakh)** | | | | |
|---|---|---|---|---|
| **2.1 Equity & Participating Preference share capital (Sum of item-1 to item-12)** | | | | |
| 1 Individuals | | | | |
| 2 Companies | | | | |
| 3 Foreign Institute Investors (FIIs) | | | | |
| 4 Foreign Venture Capital Investors (FVCIs) | | | | |
| 5 Foreign Trusts | | | | |
| 6 Private Equity Funds | | | | |
| 7 Pension/ Provident Funds | | | | |
| 8 Sovereign Wealth Fund (SWF) | | | | |
| 9 Partnership/ Proprietorship firms | | | | |
| 10 Financial Institutions | | | | |
| 11 NRIs/PIO | | | | |
| 12 Other non-resident holdings | | | | |
| **2.2 Non-Participating Preference share** | | | | |

| **3.0 Non Resident Equity & Participating Preference share capital %** | |
|---|---|

*Note:*

* In case of different class of Equity Share (class A, class B etc.), consolidated figure should be reported.

# Non-participating Preference Share do not have following rights.

(a) to receive dividend, out of surplus profit after paying the dividend to equity shareholders.

(b) to have share in surplus assets remaining after the entire capital is paid in case of winding up of the company.

**Block 1B:** Profit and Loss Account **(from P/L Account)**

| Item | Amount in Rs lakh (During the year) | |
|---|---|---|
| | **Previous Year (April - March)** | **Latest Year (April - March)** |
| 3.1 Profit (+) / Loss (-) before tax (During the Year) | | |
| 3.2 Profit (+) / Loss (-) after tax (During the Year) | | |
| 3.3 Dividend (Interim & Final Dividend) | | |
| 3.4 Tax on Dividend (if any) | | |
| 3.5 Retained Profit (= 3.2 - 3.3 - 3.4) | | |

**Block 1C:** Reserves & Surplus **(from Balance Sheet)**

| Item | Amount in Rs lakh as at the end of | |
|---|---|---|
| | **Previous March** | **Latest March** |
| 4.1 Reserves (Excluding Profit and Loss account balance) | | |
| 4.2 Profit (+) and Loss (-) account balance | | |
| 4.3 Reserves and Surplus (= 4.1 + 4.2) | | |
| 4.4 Net worth of Company ( = 1.1 + 4.3) | | |

**Block 1D:** Sales and Purchases made during the reference year

*Note:* To be filled in by company where single foreign direct investor holding is more than 50% in total equity (i.e. if reporting Indian company is **subsidiary of foreign company**).

| Item | Amount in Rs lakh (During the year) | |
|---|---|---|
| | **Previous Year (April - March)** | **Latest Year (April - March)** |
| 5.1 Domestic Sales | | |
| 5.2 Exports | | |
| 5.3 Total Sales (= 5.1+ 5.2) | | |
| 5.4 Domestic purchases | | |
| 5.5 Imports | | |
| 5.6 Total Purchases (= 5.4 + 5.5) | | |

# Section III

**(FOREIGN LIABILITIES)**

***CARE***: Information should be reported for all the reference period, i.e. Previous March and Latest March. If Account Closing Period of the company is different from reference period, then information should be reported on internal assessment basis for the reference period.

## 2. Investments made in India:

(i) In case of **listed companies**, equity should be valued **using share price on closing date of reference period**.
(ii) In case of **unlisted companies, Own Fund of Book Value (OFBV) Method** should be used for equity valuation.

### Block-2A:

**Investment in India under Foreign Direct Investment (FDI) scheme (10% or more Equity Participation)**

[Please furnish here the outstanding investments made under the FDI Scheme in India by Non-resident Direct investors, who were individually holding 10 per cent or more ordinary/equity & preference shares of your company on the reference date]

| Name of non – resident company/ Individual | Type of Capital | Country of non – resident investor | Equity & Participating Preference Share Capital holding as per cent as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|---|---|---|---|---|---|
| | | | | Previous March | Latest March |
| | 1.0 Equity Capital ( = 1.1 - 1.2) | | | | |
| | 1.1 Liabilities to Direct Investor | | | | |
| | 1.2 Claims on Direct Investor (Reverse investment) | | | | |
| | 2.0 Other Capital (= 2.1-2.2) # | | | | |
| | 2.1 Liabilities to Direct Investor | | | | |
| | 2.2 Claims on Direct Investor | | | | |

*Note*:
(i) If the information is to be furnished for more than one investor, then add separate Block-2A with same format.
(ii) #: Other capital, item 2.1 & 2.2 of Block-2A includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with its **director investor indicated in Block-2A.**

### Block 2B:

**Investment in India under Foreign Direct Investment (FDI) scheme (Less than 10% Equity Holding)**

[Please furnish here the outstanding investments *made under the FDI Scheme in India* by Non-resident Direct investors, who were individually holding less than 10 per cent ordinary/equity and participating preference shares of your company on the reference date].

Country-wise consolidated information should be provided below:

| Type of Capital | Country of non – resident investor | Equity & Participating Preference Share Capital holding per cent as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|---|---|---|---|---|
| | | | Previous March | Latest March |
| 1.0 Equity Capital ( = 1.1 - 1.2) | | | | |
| 1.1 Liabilities to Direct Investor | | | | |
| 1.2 Claims on Direct Investor (Reverse investment) | | | | |
| 2.0 Other Capital (= 2.1-2.2) # | | | | |
| 2.1 Liabilities to Direct Investor | | | | |
| 2.2 Claims on Direct Investor | | | | |

*Note:*
(i) If the information is to be furnished for more than one country, then add separate Block-2B with same format.
(ii) #: Other capital, item 2.1 & 2.2 of Block-2B includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident investors holding less than 10 per cent equity and related parties.**

## Block 2C: Portfolio Investment in India

Please furnish here the outstanding investments by non-resident investors, other than those made under Foreign Direct Investment Scheme in India (i.e. other than those reported in Block-2A & Block-2B).

| Portfolio Investment | Equity & Participating Preference Share Capital holding per cent as at the end of latest year % | Amount in Rs lakh as at the end of | |
|---|---|---|---|
| | | Previous March | Latest March |
| 1.0 Equity Securities (at Market Value) | | | |
| 2.0 Debt Securities (= 2.1+2.2) | | | |
| 2.1 Money Market Instruments (Original Maturity up to 1 year) | | | |
| 2.2 Bonds and Other instruments (original maturity more than 1year) | | | |

**Please ensure that** Non-resident Equity & Participating Preference share capital mentioned at item 2.1 of block 1(A) should be reported in either Block-2A or Block-2B or Block-2C at Market Value i.e. sum of equity % in Block-2A, Block-2B & Block-2C must be equal to the item 3.0 of Block-1A for the latest march.

# Section IV

**(FOREIGN ASSETS)**

1. Please use the **exchange rate as at end-March Previous FY and end-March Latest FY** (as applicable) of reporting year while reporting the **foreign Assets in Rs lakh**.
2. If overseas company is listed; equity should be valued using share price on closing date of **reference period (Item 1.1 of Block 4A &4B and Item 1.1 of Block 5)**.
3. If overseas company is **unlisted, Own Fund of Book Value (OFBV) Method** should be used for valuation of equity investment **(Item 1.1 of Block 4A &4B and Item 1.1 of Block 5)**.

**Block-3A: Equity Capital (PUC), Reserves & Surplus of Direct Investment Enterprise (DIE) Abroad (10% or more equity holding by Indian reporting company)**

[Please report here the total equity of DIE, **equity held by your company**, reserves (excluding P&L Account) and Profit & Loss Account of those DIEs in each of which your company hold 10% or more equity shares on the reference date.]

| Name of the DIE | Item | Currency | Amount in Foreign Currency as at the end of (in actual) | |
|---|---|---|---|---|
| | | | Previous March | Latest March |
| | 3.1 Total Equity of DIE **(Paid up capital of DIE)** | | | |
| | 3.2 Equity of DIE held by you **(at face value)** | | | |
| | 3.3 Reserves (Excluding P&L Account) | | | |
| | 3.4 Profit and Loss Account balance | | | |
| | 3.5 Reserve and Surplus (3.5=3.3+3.4) | | | |
| | 3.6 Net Worth of DIE (3.6=3.1+3.5) | | | |
| | 3.7 Exchange rate in Rs per unit foreign currency* | | | |

*:Exchange rate of reporting foreign currency against Indian Rs should be given as on closing date of reference period.

**Block-4: Direct Investment Abroad under Overseas Direct Investment (ODI) Scheme**

**Block-4A: Direct Investment Abroad (10% or more equity holding)**

Please furnish here the **market value** of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold 10% or more equity shares on the reference date.

| Name of the non – resident Direct Investment Enterprise ( DIE) | Type of Capital | Country of non-resident DIE | Equity holding as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|---|---|---|---|---|---|
| | | | | Previous March | Latest March |
| | 1.0 Equity Capital (=1.1-1.2) | | | | |
| | 1.1Claims on Direct Investment Enterprise | | | | |
| | 1.2 Liabilities to Direct Investment Enterprise (Reverse Investment) | | | | |
| | 2.0 Other Capital (=2.1-2.2) # | | | | |
| | 2.1 Claims of Direct Investment Enterprise | | | | |
| | 2.2 Liabilities to Direct Investment Enterprise | | | | |

*Note:*

(i) If the information is to be furnished for more than one overseas company, then ADD separate Block-3A and Block-4A with the same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-4A includes all other liabilities and claims at Nominal value, except equity shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc) of Indian reporting company with its DIE reported in Block-4A.

## Block-4B: Direct Investment Abroad (Less than 10% equity holding)

Please furnish here the **market value** of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold less than 10 % equity shares on the reference date.

| Type of Capital | Country of non-resident DIE | Equity holding as at the end of latest year (%) | Amount in Rs lakh as at the end of | |
|---|---|---|---|---|
| | | | Previous March | Latest March |
| **1.0 Equity Capital** (=1.1-1.2) | | | | |
| 1.1Claims on Direct Investment Enterprise | | | | |
| 1.2 Liabilities to Direct Investment Enterprise (Reverse investment) | | | | |
| **2.0 Other Capital** (=2.1-2.2) # | | | | |
| 2.1 Claims on Direct Investment Enterprise | | | | |
| 2.2 Liabilities to Direct Investment Enterprise | | | | |

**Note:**

(i) If the information is to be furnished for more than one country, then add separate Block-4B with same format.

(ii) # : Other capital, item 2.1 & 2.2 of Block-4B includes all other liabilities and claims at Nominal value, except equity, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident companies where Indian company holds less than 10 per cent equity and also with related parties**.

## Block-5: Portfolio Investment Abroad

Please furnish here the **market value** of outstanding investments in non-resident enterprises, **other than those made under ODI scheme reported in Block-4**.

| Portfolio Investment | Country of non-resident enterprise | Amount in Rs lakh as at the end of | |
|---|---|---|---|
| | | Previous March | Latest March |
| **1.0 Equity Securities** (at Market Value) | | | |
| **2.0 Debt Securities** (=2.1+2.2) | | | |
| 2.1 Money Market Instruments (original maturity upto1year) | | | |
| 2.2 Bonds and Other instruments (original maturity more than 1year) | | | |

Note:

(i) Country wise consolidated information pertaining to each type of investment should be reported separately.

(ii) If the information is to be furnished for more than one country, then add separate Block-5 with same format.

## Section IV-A

### Outward Foreign Affiliates Trade Statistics (Outward FATS)

*Please provide the amount in foreign currency (in actual) in all blocks of Section IV-A*

**Block-3B: Imports, Exports, Total Sales and Total Purchase of Direct Investment Enterprise (DIE) Abroad (more than 50% equity holding by Indian reporting company)**

| Name of the DIE | Item | Currency | Amount in Foreign Currency actual (During the year) | |
|---|---|---|---|---|
| | | | Previous Year (April - March) | Latest Year (April - March) |
| | 3.8 Total Sales | | | |
| | 3.8.1 of which Exports | | | |
| | 3.9 Total Purchases | | | |
| | 3.9.1 of which Imports | | | |

## Section V

**(Other Assets and Liabilities with foreign unrelated parties)**

**Block 6: Other Investment (i.e., position with foreign unrelated parties)**

This is a residual category that includes all financial outstanding liability and claims not considered as direct investment or portfolio investment.

| Other Investment | Outstanding liabilities with foreign unrelated party | | Outstanding claims on foreign unrelated party | |
|---|---|---|---|---|
| | Amount in Rs lakh as at the end of | | | |
| | Previous March | Latest March | Previous March | Latest March |
| 6.1 Trade Credit | | | | |
| 6.2 Loans | | | | |
| 6. 3 Currency & Deposits | | | | |
| 6. 4 Other receivable and payable accounts | | | | |

[e-Form version of this Return is available on the FEMA Forms section under the 'Forms' category on the RBI website (www.rbi.org.in). System Requirement: MS- Excel 2003 and above, with macro enabled]

Place:

Signature and Name of the Authorized person

Date:

Seal/Stamp of the Company

***Source***: Reserve Bank of India. This form can be accessed at:http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/FLR180614FL_A.pdf

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey

***Note***: Since the results of this survey are compiled from desk research on the audited financial accounts of a sample of firms with over 10 per cent foreign equity, there is no questionnaire. The following tables reproduce extracts from this survey's results as published on the RBI website to illustrate the level of analytical detail.

**STATEMENT 1: INDUSTRY/COUNTRY OF ORIGIN-WISE DISTRIBUTION OF THE SELECT 766 FDI COMPANIES: 2011–12** *(Number of companies)*

| Industry/Country of Origin | UK | USA | Germany | Switzerland | Japan | France | Netherland | Mauritius | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1. Manufacturing | 48 | 66 | 49 | 21 | 46 | 13 | 24 | 74 | 122 | 463 |
| (i) Food products and beverages | 9 | 8 | - | 1 | - | 2 | 1 | 8 | 9 | 38 |
| (ii) Chemicals and chemical products | 7 | 6 | 8 | 4 | 2 | 3 | 5 | 15 | 26 | 76 |
| (iii) Rubber and plastic products | 1 | 4 | 4 | 1 | 1 | 1 | - | 4 | 12 | 28 |
| (iv) Machinery and machine tools | 7 | 15 | 10 | 7 | 4 | - | 3 | 3 | 15 | 64 |
| (v) Electrical machinery and apparatus | 2 | 1 | 2 | 1 | 5 | - | 1 | 2 | 6 | 20 |
| (vi) Motor vehicles and other transport equipment | 4 | 5 | 7 | - | 19 | - | 2 | 6 | 13 | 56 |
| 2. Services | 17 | 36 | 6 | 6 | 11 | 7 | 16 | 70 | 73 | 242 |
| (i) Wholesale and retail trade | 5 | 3 | - | 2 | 6 | - | 1 | 9 | 16 | 42 |
| (ii) Transport, storage and communications | 2 | - | 1 | 1 | 2 | - | 3 | 9 | 17 | 35 |
| (iii) Computer and related activities | 4 | 18 | 2 | - | - | 3 | 4 | 17 | 12 | 60 |
| others | | | | | | | | | | |
| Total (including Others) | 70 | 111 | 58 | 27 | 58 | 22 | 43 | 167 | 210 | 766 |

***Note***: Includes 465 companies common with the previous study on *Finances of Foreign Direct Investment Companies*, 2010–11 and 301 new companies in the study.

**STATEMENT 2: GROWTH RATES OF SELECT ITEMS OF THE SELECT 766 FDI COMPANIES, 2010–11 & 2011–12** *(In per cent)*

| ITEM | 2010–11 | 2011–12 |
|---|---|---|
| 1. Sales $ | 17.7 | 18.1 |
| 2. Value of production | 19.5 | 17.0 |
| 3. Total income | 18.1 | 17.4 |
| 4. Remuneration to employees | 22.1 | 21.6 |
| 5. Operating expenses | 21.3 | 20.8 |
| 6. EBITDA | 8.2 | -9.4 |
| 7. Depreciation provision | 13.4 | 15.6 |
| 8. Gross profit (EBIT) | 5.1 | -3.6 |
| 9. Interest | 10.0 | 46.7 |
| 10. Profit before tax and non-operating surplus/deficit | 4.3 | -12.6 |
| 11. Non-operating surplus / deficit | -66.6 | -89.5 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | |
|---|---|---|
| 12. Profit Before Tax | 0.0 | -14.2 |
| 13. Tax provision | 10.6 | 2.6 |
| 14. Profit After Tax | -4.2 | -21.8 |
| 15. Dividend paid | 22.8 | 1.2 |
| 16. Profit retained | -14.9 | -34.9 |
| 17. Gross saving | -3.8 | -11.5 |
| 18. (a) Gross value added | 11.1 | 6.5 |
| (b) Net value added | 10.7 | 4.6 |
| 19. Net worth @ | 14.5 | 7.2 |
| 20. Total borrowings @ | 19.9 | 15.8 |
| of which, from banks @ | 10.2 | 13.9 |
| 21. Trade dues and other current liabilities @ | 21.8 | 20.5 |
| 22. (a) Gross fixed assets @ | 13.5 | 12.3 |
| (b) Net fixed assets @ | 11.4 | 10.1 |
| 23. Inventories @ | 23.6 | 12.3 |
| 24. (a) Gross physical assets @ | 15.0 | 12.3 |
| (b) Net physical assets @ | 13.9 | 10.6 |
| 25. (a) Total gross assets @ | 17.7 | 13.2 |
| (b) Total net assets @ | 17.6 | 12.6 |
| 26. Total earnings in foreign currencies | 12.6 | 24.6 |
| of which, Exports | 23.5 | 24.8 |
| 27. Total expenditure in foreign currencies | 15.4 | 20.5 |
| of which, Imports | 17.7 | 20.3 |

$: Net of 'rebates and discounts' and 'excise duty and cess'. @: Adjusted for revaluation, etc.
***Note***: Rates of growth of all items are adjusted for changes due to amalgamation of companies.

**STATEMENT 3: SELECT FINANCIAL RATIOS OF THE SELECT 766 FDI, 2009–10 TO 2011–12** *(In per cent)*

| | 2009–10 | 2010–11 | 2011–12 |
|---|---|---|---|
| A. Capital structure ratios | | | |
| 1. Net fixed assets to total net assets | 37.1 | 35.1 | 34.4 |
| 2. Net worth to total net assets | 50.0 | 48.7 | 46.4 |
| 3. Debt to equity | 33.3 | 33.1 | 32.8 |
| 4. Debt to equity (equity adjusted for revaluation reserve) | 33.6 | 33.4 | 33.3 |
| 5. Short term bank borrowings to inventories | 58.6 | 63.1 | 78.2 |
| 6. Total outside liabilities to net worth | 99.8 | 105.2 | 115.5 |
| B. Liquidity ratios | | | |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | |
|---|---|---|---|
| 7. Current assets to current liabilities * | 1.4 | 1.4 | 1.3 |
| 8. Quick assets to current liabilities | 80.5 | 72.1 | 66.4 |
| 9. Current assets to total net assets | 46.8 | 47.2 | 48.5 |
| 10. Sundry creditors to current assets | 28.2 | 26.2 | 24.8 |
| 11. Sundry creditors to net working capital | 97.1 | 93.2 | 104.6 |
| C. Assets utilization and turnover ratios | | | |
| 12. Sales to total net assets^ | | 81.6 | 83.9 |
| 13. Sales to gross fixed assets^ | | 155.9 | 163.2 |
| 14. Inventories to sales | 12.5 | 13.2 | 12.5 |
| 15. Sundry debtors to sales | 14.5 | 14.2 | 15.1 |
| 16. Exports to sales | 12.8 | 13.4 | 14.2 |
| 17. Gross value added to gross fixed assets^ | | 38.6 | 36.4 |
| 18. Raw materials consumed to value of production | 49.6 | 51.9 | 53.6 |
| D. Sources and uses of funds ratios @ | | | |
| 19. Gross fixed assets formation to total uses of funds | | 35.0 | 41.2 |
| 20. Gross capital formation to total uses of funds | | 45.9 | 49.1 |
| 21. External sources of funds to total sources of funds | | 65.5 | 62.8 |
| 22. Increase in bank borrowings to total external sources | | 11.4 | 20.3 |
| 23. Gross savings to gross capital formation | | 85.1 | 79.8 |
| E. Profitability and profit allocation ratios | | | |
| 24. Gross profit (EBIT) to total net assets | 10.9 | 9.7 | 8.3 |
| 25. Gross profit (EBIT) to sales | 14.4 | 12.9 | 10.5 |
| 26. Profit after tax to net worth | 14.2 | 11.9 | 8.7 |
| 27. EBITDA to sales | 13.8 | 12.7 | 9.7 |
| 28. Tax provision to profit before tax** | 26.3 | 27.8 | 28.7 |
| 29. Profit retained to profit after tax** | 73.7 | 68.7 | 67.9 |
| 30. Dividends to net worth | 4.1 | 4.3 | 4.1 |
| 31. Ordinary dividends to ordinary paid-up capital | 30.5 | 34.8 | 33.5 |

*: Item B.7 is the actual ratio of current assets to current liabilities.
**: Calculated based on companies which made profit in the year.
@: Available for two years, as these are worked based on sources and uses of funds taking difference between two successive years. These ratios are adjusted for revaluation, etc.
^: Calculated based on average of total net assets and gross fixed assets at the beginning and end of the accounting period. Ratio for the year 2009–10, therefore, is not available.

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

**STATEMENT 4: COMBINED INCOME, VALUE OF PRODUCTION, EXPENDITURE AND APPROPRIATION ACCOUNTS OF THE SELECT 766 FDI COMPANIES, 2009–10 TO 2011–12** *(In Rs million)*

| | 2009–10 | 2010–11 | 2011–12 |
|---|---|---|---|
| INCOME AND VALUE OF PRODUCTION | | | |
| 1. Sales $ | 6,300,235 | 7,417,044 | 8,762,987 |
| 2. Increase(+) or decrease(-) in value of stock | | | |
| of finished goods and work in progress | 15,211 | 130,263 | 70,029 |
| 3. Value of production (1+2) | 6,315,446 | 7,547,306 | 8,833,016 |
| 4. Other income | 313,439 | 324,827 | 427,276 |
| (a) Dividends | 24,237 | 25,563 | 39,528 |
| (b) Interest | 62,040 | 70,128 | 100,134 |
| (c) Rent | 1,854 | 1,952 | 2,020 |
| 5. Non-operating surplus(+)/ deficit(-) | 49,708 | 16,583 | 1,739 |
| 6. Total (3+4+5) | 6,678,594 | 7,888,716 | 9,262,031 |
| EXPENDITURE AND APPROPRIATIONS | | | |
| 7. Raw materials, components etc. consumed | 3,133,155 | 3,913,330 | 4,733,644 |
| 8. Stores and spares consumed | 96,269 | 107,774 | 122,098 |
| 9. Power and fuel | 244,110 | 288,039 | 319,844 |
| 10. Other manufacturing expenses | 565,235 | 663,760 | 708,560 |
| 11. Salaries, wages and bonus | 425,144 | 524,431 | 643,751 |
| 12. Providend fund | 19,669 | 22,130 | 26,953 |
| 13. Employees' welfare expenses | 45,768 | 52,623 | 57,645 |
| 14. Managerial remuneration | 21,355 | 12,114 | 6,492 |
| 15. Royalty | 33,880 | 51,277 | 52,113 |
| 16. Repairs to buildings | 7,930 | 9,531 | 10,745 |
| 17. Repairs to machinery | 43,532 | 50,614 | 62,142 |
| 18. Bad debts | 23,036 | 20,211 | 23,181 |
| 19. Selling commission | 110,511 | 118,712 | 156,862 |
| 20. Rent | 48,056 | 58,371 | 83,905 |
| 21. Rates and taxes | 21,559 | 26,299 | 37,204 |
| 22. Advertisement | 101,617 | 118,262 | 124,244 |
| 23. Insurance | 10,405 | 11,278 | 13,247 |
| 24. Research and development | 43,759 | 35,694 | 38,440 |
| 25. Other expenses | 441,112 | 510,340 | 718,226 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | |
|---|---|---|---|
| 26. Other provision (excl. depreciation & tax) | 12,118 | 13,894 | 43,728 |
| 27. Operating Expenses | 5,448,218 | 6,608,686 | 7,983,024 |
| 28. EBITDA | 867,229 | 938,620 | 849,992 |
| 29. Depreciation provision | 273,563 | 310,206 | 358,627 |
| 30. Gross profit (EBIT) | 907,105 | 953,241 | 918,642 |
| 31. Less: Interest | 131,399 | 144,525 | 211,981 |
| 32. Profit before tax and non-operating surplus/deficit | 775,706 | 808,716 | 706,661 |
| 33. Non-operating surplus (+) / deficit (-) | 49,708 | 16,583 | 1,739 |
| 34. Profit Before Tax | 825,414 | 825,299 | 708,399 |
| 35. Less: Tax provision | 232,617 | 257,370 | 264,162 |
| 36. Profit After Tax | 592,797 | 567,929 | 444,238 |
| 37. Dividend | 169,309 | 207,969 | 210,426 |
| (a) Ordinary | 167,417 | 206,915 | 209,562 |
| (b) Preference | 1,892 | 1,055 | 864 |
| 38. Profit retained | 422,843 | 359,815 | 234,162 |
| 39. Total (27 + 29 + 30 + 33) | 6,678,594 | 7,888,716 | 9,262,031 |

$: Net of 'rebates and discounts' and 'excise duty and cess'.

### STATEMENT 5: COMBINED BALANCE SHEET OF THE SELECT 766 FDI COMPANIES, 2009–10 TO 2011–12 *(In Rs million)*

| CAPITAL AND LIABILITIES | 2009–10 | 2010–11 | 2011–12 |
|---|---|---|---|
| A. Share capital^ | 604,600 | 681,323 | 718,987 |
| 1. Paid-up capital | 603,687 | 678,630 | 717,040 |
| (a) Ordinary | 549,308 | 594,883 | 626,049 |
| Of which, bonus | 61,813 | 69,777 | 71,753 |
| (b) Preference | 54,379 | 83,747 | 90,992 |
| 2. Forfeited shares | 913 | 812 | 812 |
| B. Reserves and surplus | 3,574,373 | 4,104,172 | 4,415,382 |
| 3. Capital reserve | 1,556,173 | 1,763,324 | 1,862,442 |
| Of which, premium on shares | 1,476,850 | 1,677,437 | 1,742,257 |
| 4. Investment allowance reserve | 36 | 36 | 22 |
| 5. Sinking funds | 10,860 | 17,170 | 23,681 |
| 6. Other reserves | 2,007,304 | 2,323,642 | 2,529,237 |
| C. Borrowings | 2,010,642 | 2,411,654 | 2,792,030 |
| 7. Debentures @ | 135,320 | 191,346 | 226,129 |
| 8. Loans and advances | 1,822,134 | 2,107,136 | 2,406,161 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | |
|---|---|---|---|
| (a) From banks | 1,253,958 | 1,382,044 | 1,574,684 |
| Of which, short-term borrowings | 463,332 | 615,912 | 857,381 |
| (b) From other Indian financial institutions | 72,221 | 78,312 | 82,068 |
| (c) From foreign institutional agencies | 300,383 | 361,505 | 427,985 |
| (d) From Government and semi-Government bodies | 3,355 | 1,482 | 1,315 |
| (e) From companies | 65,710 | 103,456 | 110,659 |
| (f) From others | 126,508 | 180,337 | 209,450 |
| 9. Deferred payments | 47,654 | 108,327 | 154,978 |
| 10. Public deposits | 5,534 | 4,844 | 4,763 |
| Of total borrowings, debt | 1,389,821 | 1,584,651 | 1,686,210 |
| D. Trade dues and other current liabilities | 1,772,408 | 2,158,485 | 2,600,534 |
| 11. Sundry creditors | 1,103,244 | 1,211,392 | 1,328,415 |
| 12. Acceptances | 142,928 | 168,030 | 201,475 |
| 13. Liabilities to companies | 3,253 | 3,449 | 3,172 |
| 14. Advances/ deposits from customers, agents, etc. | 324,943 | 421,944 | 450,628 |
| 15. Interest accrued on loans | 15,007 | 19,006 | 26,005 |
| 16. Others | 183,033 | 334,663 | 590,840 |
| E. Provisions | 389,279 | 393,663 | 455,238 |
| 17. Taxation (net of advance of income-tax) | 64,163 | 35,150 | 22,775 |
| 18. Dividends | 135,327 | 145,654 | 158,651 |
| 19. Other current provisions | 178,503 | 165,877 | 207,213 |
| 20. Non-current provisions | 11,286 | 46,982 | 66,599 |
| F. 21. Miscellaneous non-current liabilities | - | 71,107 | 80,560 |
| 22. TOTAL | 8,351,303 | 9,820,404 | 11,062,731 |
| **ASSETS** | **2009–10** | **2010–11** | **2011–12** |
| G. Gross fixed assets | 4,456,040 | 5,057,571 | 5,682,858 |
| 23. Land | 157,189 | 180,907 | 222,101 |
| 24. Buildings | 452,756 | 497,014 | 593,593 |
| 25. Plant and machinery | 3,068,787 | 3,322,572 | 3,946,687 |
| 26. Capital work-in-progress | 479,870 | 738,217 | 566,160 |
| 27. Furniture, fixtures and office equipments | 164,740 | 166,821 | 201,601 |
| 28. Others | 132,698 | 152,040 | 152,716 |
| H. 29. Depreciation | 1,358,853 | 1,607,100 | 1,880,458 |
| I. 30. Net fixed assets | 3,097,187 | 3,450,472 | 3,802,399 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | |
|---|---|---|---|
| J. Inventories | 790,189 | 976,304 | 1,096,192 |
| 31. Raw materials, components, etc. | 285,764 | 378,530 | 430,512 |
| 32. Finished goods | 215,040 | 308,073 | 349,951 |
| 33. Work-in-progress | 110,041 | 183,598 | 220,015 |
| 34. Stores and spares | 62,427 | 76,846 | 77,440 |
| 35. Others | 116,917 | 29,258 | 18,275 |
| K. Loans and advances and other debtor balances | 1,797,839 | 2,305,656 | 2,873,580 |
| 36. Sundry debtors | 910,773 | 1,053,922 | 1,323,535 |
| 37. Loans and advances | 690,772 | 833,967 | 1,033,626 |
| (a) To subsidiaries and companies under the same management | 314,533 | 467,445 | 529,289 |
| (b) Others | 376,239 | 366,521 | 504,337 |
| 38. Interest accrued on loans and advances | 36,727 | 56,260 | 73,996 |
| 39. Deposits/ balances with Government/ others | 91,055 | 125,363 | 144,180 |
| 40. Others | 68,511 | 236,145 | 298,244 |
| L. Investments | 1,822,801 | 1,877,758 | 2,030,908 |
| Of which, quoted investments | 623,211 | 513,299 | 554,279 |
| 41. Foreign | 314,880 | 315,529 | 309,978 |
| 42. Indian | 1,507,921 | 1,562,230 | 1,720,930 |
| (a) Government/ semi-Government securities | 8,299 | 7,462 | 7,505 |
| (b) Securities of Financial Institutions | 531,593 | 428,630 | 324,347 |
| (c) Industrial securities | 80,327 | 99,719 | 130,886 |
| (d) Shares and debentures of subsidiaries | 747,028 | 869,943 | 1,125,873 |
| (e) Others | 140,673 | 156,475 | 132,318 |
| M. 43. Advance of income-tax (net of tax provision) | - | - | - |
| N. Other assets | 147,089 | 373,311 | 418,369 |
| 44. Immovable property | 7,544 | 10,368 | 1,916 |
| 45. Intangible assets | 139,505 | 359,617 | 398,851 |
| 46. Miscellaneous non-current assets | 39 | 3,325 | 17,602 |
| O. Cash and bank balances | 696,199 | 836,904 | 841,283 |
| 47. Fixed deposits with banks | 556,926 | 667,162 | 650,451 |
| 48. Other bank balances | 124,893 | 152,505 | 173,499 |
| 49. Cash in hand | 14,380 | 17,237 | 17,333 |
| 50. TOTAL (I to O) | 8,351,303 | 9,820,404 | 11,062,731 |

@: Includes privately placed debentures.
'^ Also includes Money received against share warrants

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

**STATEMENT 6: SOURCES AND USES OF FUNDS OF THE SELECT 766 FDI COMPANIES, 2010–11 AND 2011–12** *(In Rs million)*

| SOURCES OF FUNDS | 2010–11 | 2011–12 |
|---|---|---|
| INTERNAL SOURCES | 593,233 | 563,161 |
| A. 1. Paid-up capital | 13,015 | 1,329 |
| B. Reserves and Surplus | 327,464 | 226,914 |
| 2. Capital reserve | 4,816 | 14,823 |
| 3. Investment allowance reserve | - | -14 |
| 4. Sinking funds | 6,310 | 6,511 |
| 5. Other reserves | 316,339 | 205,595 |
| C. Provisions | 252,753 | 334,918 |
| 6. Depreciation | 248,369 | 273,343 |
| 7. Taxation (net of advance of income tax) | -29,014 | -12,375 |
| 8. Dividends | 10,328 | 12,996 |
| 9. Other current provisions | -12,626 | 41,336 |
| 10. Non-current provisions | 35,696 | 19,617 |
| EXTERNAL SOURCES | 1,124,056 | 950,434 |
| D. Paid-up capital | 265,091 | 113,060 |
| 11. Net issues | 63,708 | 36,337 |
| 12. Premium on shares | 201,383 | 76,723 |
| E. 13. Capital receipts | 771 | 5,496 |
| F. Borrowings | 401,011 | 380,376 |
| 14. Debentures | 56,027 | 34,782 |
| 15. Loans and advances | 285,002 | 299,024 |
| (a) From banks | 128,087 | 192,640 |
| (b) From other Indian financial institutions | 6,091 | 3,756 |
| (c) From foreign institutional agencies | 61,122 | 66,480 |
| (d) From Government and semi-Government bodies | -1,873 | -167 |
| (e) From companies | 37,746 | 7,203 |
| (f) From others | 53,829 | 29,113 |
| 16. Deferred payments | 60,674 | 46,650 |
| 17. Public deposits | -690 | -81 |
| G. Trade dues and other current liabilities | 386,077 | 442,049 |
| 18. Sundry creditors | 108,148 | 117,023 |
| 19. Acceptances | 25,102 | 33,445 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | |
|---|---|---|
| 20. Liabilities to companies | 196 | -277 |
| 21. Advances/ deposits from customers, agents, etc. | 97,001 | 28,684 |
| 22. Interest accrued on loans | 3,999 | 6,999 |
| 23. Others | 151,631 | 256,176 |
| H. 24. Miscellaneous non-current liabilities | 71,107 | 9,453 |
| 25. TOTAL | 1,717,289 | 1,513,595 |
| USES OF FUNDS | 2010–11 | 2011–12 |
| I. Gross fixed assets | 601,472 | 623,196 |
| 26. Land | 23,666 | 39,246 |
| 27. Buildings | 44,252 | 96,437 |
| 28. Plant and machinery | 253,785 | 624,114 |
| 29. Capital work-in-progress | 258,347 | -172,057 |
| 30. Furniture, fixtures and office equipments | 2,081 | 34,780 |
| 31. Others | 19,341 | 676 |
| J. Inventories | 186,115 | 119,889 |
| 32. Raw materials, components, etc. | 92,765 | 51,982 |
| 33. Finished goods | 93,032 | 41,878 |
| 34. Work-in-progress | 73,557 | 36,417 |
| 35. Stores and spares | 14,419 | 594 |
| 36. Others | -87,659 | -10,983 |
| K. Loans and advances and other debtor balances | 507,817 | 567,924 |
| 37. Sundry debtors | 143,148 | 269,613 |
| 38. Loans and advances | 143,195 | 199,659 |
| a) To subsidiaries and companies under the same management | 152,912 | 61,844 |
| b) Others | -9,717 | 137,815 |
| 39. Interest accrued on loans and advances | 19,533 | 17,736 |
| 40. Deposits/ balances with Government/ others | 34,308 | 18,817 |
| 41. Others | 167,634 | 62,099 |
| L. 42. Investments | 54,958 | 153,150 |
| M. 43. Other assets | 226,222 | 45,058 |
| N. 44. Cash and bank balances | 140,705 | 4,379 |
| 45. TOTAL | 1,717,289 | 1,513,595 |

***Note***: This statement is derived from Statement 5. Figures have been adjusted for the changes consequent on amalgamation of companies and for revaluation etc., wherever necessary.

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

**STATEMENT 7: EARNINGS / EXPENDITURE IN FOREIGN CURRENCIES OF THE SELECT 766 FDI COMPANIES, 2009–10 TO 2011–12**
*(In Rs million)*

| ITEM | 2009–10 | 2010–11 | 2011–12 |
|---|---|---|---|
| I. Expenditure in foreign currencies | 1,959,786 | 2,261,046 | 2,724,174 |
| (a) Imports (on c.i.f. basis) | 1,557,470 | 1,832,998 | 2,204,402 |
| of which: i) Raw materials | 1,165,730 | 1,417,132 | 1,747,131 |
| ii) Capital goods | 238,027 | 182,103 | 180,510 |
| iii) Stores and spares | 38,836 | 68,225 | 72,836 |
| (b) Other expenditure in foreign currencies | 402,316 | 428,048 | 519,771 |
| II. Earnings in foreign currencies | 1,421,699 | 1,601,081 | 1,995,202 |
| of which: Exports (on f.o.b. basis) | 806,760 | 996,583 | 1,243,482 |
| III. Net inflow (+) / outflow (-) in foreign currencies | -538,087 | -659,965 | -728,972 |

**STATEMENT 8: GROWTH RATES OF THE SELECT ITEMS OF THE SELECT 766 FDI COMPANIES, INDUSTRY-WISE, 2010–11 AND 2011–12** *(In per cent)*

| | Manufacturing | | Food Products & Beverages | | Chemicals & Chemical Products | |
|---|---|---|---|---|---|---|
| | (463) | | (38) | | (76) | |
| Item | 2010–11 | 2011–12 | 2010–11 | 2011–12 | 2010–11 | 2011–12 |
| 1. Sales $ | 19.4 | 16.9 | 15.3 | 18.3 | 22.3 | 16.2 |
| 2. Value of production | 21.8 | 15.4 | 15.5 | 17.5 | 23.8 | 15.2 |
| 3. Total Income | 20.7 | 16.2 | 13.7 | 17.7 | 24.5 | 16.0 |
| 4. Remuneration to employees | 22.9 | 18.5 | 15.0 | 17.6 | 16.1 | 16.8 |
| 5. Operating Expenses | 23.6 | 19.6 | 16.9 | 18.3 | 27.0 | 25.3 |
| 6. EBITDA | 7.5 | -22.4 | 6.4 | 11.9 | 3.1 | -65.7 |
| 7. Depreciation provision | 9.9 | 12.6 | 0.8 | 9.6 | 12.2 | 10.0 |
| 8. Gross profit (EBIT) | 6.6 | -8.7 | 5.5 | 12.5 | 15.2 | -48.7 |
| 9. Interest | 7.0 | 38.1 | -22.4 | -46.2 | 18.8 | 40.6 |
| 10. Profit before tax and non-operating surplus/deficit | 6.5 | -15.8 | 10.3 | 19.6 | 14.9 | -58.3 |
| 11. Non-operating surplus / deficit | -102.9 | # | -73.7 | 103.6 | -27.3 | 240.6 |
| 12. Profit Before Tax | 4.2 | -16.0 | 0.1 | 22.3 | 12.9 | -49.4 |
| 13. Tax provision | 6.3 | -1.3 | -0.5 | 23.9 | 14.3 | 3.7 |
| 14. Profit After Tax | 3.2 | -22.8 | 0.4 | 21.5 | 12.4 | -70.7 |
| 15. Dividend paid | 7.7 | 11.5 | 19.5 | -2.2 | 17.9 | 0.6 |
| 16. Profit retained | 1.8 | -42.7 | -13.6 | 34.3 | 8.0 | -125.1 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | | | | |
|---|---|---|---|---|---|---|
| 17. Gross saving | 5.0 | -20.2 | -8.6 | 24.8 | 9.5 | -76.8 |
| 18. (a) Gross value added | 10.1 | -1.5 | 7.3 | 13.1 | 12.9 | -25.0 |
| (b) Net value added | 10.1 | -4.2 | 8.2 | 13.6 | 12.9 | -30.0 |
| 19. Net worth @ | 15.2 | 7.7 | 2.6 | 13.5 | 15.7 | 2.2 |
| 20. Total borrowings @ | 14.9 | 16.2 | -30.9 | 20.5 | 13.8 | 13.8 |
| of which, from banks @ | 5.9 | 17.9 | -35.6 | -8.0 | 19.3 | 26.3 |
| 21. Trade dues and other current liabilities @ | 21.2 | 24.6 | 9.7 | 30.9 | 14.6 | 23.8 |
| 22. (a) Gross fixed assets @ | 11.7 | 13.8 | -8.5 | 24.5 | 9.1 | 8.5 |
| (b) Net fixed assets @ | 10.4 | 13.6 | -14.1 | 30.0 | 6.7 | 9.7 |
| 23. Inventories @ | 35.9 | 10.8 | 10.1 | 16.7 | 25.4 | 13.3 |
| 24. (a) Gross physical assets @ | 16.0 | 13.2 | -4.7 | 22.7 | 12.6 | 9.6 |
| (b) Net physical assets @ | 16.4 | 12.8 | -7.7 | 25.8 | 12.1 | 10.8 |
| 25. (a) Total gross assets @ | 16.4 | 14.0 | -4.5 | 17.6 | 14.4 | 12.2 |
| (b) Total net assets @ | 16.7 | 13.9 | -6.0 | 18.3 | 14.5 | 13.3 |
| 26. Total earnings in foreign currencies | 19.1 | 25.2 | 3.1 | 24.0 | 35.7 | 14.4 |
| of which, Exports | 21.8 | 25.7 | 1.6 | 32.5 | 35.5 | 19.8 |
| 27. Total expenditure in foreign currencies | 23.5 | 17.2 | -3.4 | 50.4 | 41.7 | 28.7 |
| of which, Imports | 23.0 | 15.4 | -0.8 | 73.0 | 51.8 | 4.9 |

#: Numerator or Denominator is negative or nil or negligible.
$: Net of 'rebates and discounts' and 'excise duty and cess'.
@: Adjusted for revaluation, etc.
***Note***: 1.Rates of growth of all items are adjusted for changes due to amalgamation of companies.
2. Figures in brackets below the industry name represent the number of companies in the industry.

**STATEMENT 9: GROWTH RATES OF THE SELECT ITEMS OF THE SELECT 766 FDI COMPANIES, COUNTRY-WISE, 2010–11 AND 2011–12** *(In per cent)*

| | UK | | USA | | Germany | |
|---|---|---|---|---|---|---|
| | (70) | | (111) | | (58) | |
| **Item** | **2010–11** | **2011–12** | **2010–11** | **2011–12** | **2010–11** | **2011–12** |
| 1. Sales $ | 18.5 | 14.5 | 9.2 | 13.3 | 15.2 | 14.8 |
| 2. Value of production | 19.6 | 13.7 | 11.2 | 13.1 | 18.5 | 12.9 |
| 3. Total Income | 18.6 | 13.9 | 10.6 | 15.0 | 14.1 | 19.5 |
| 4. Remuneration to employees | 17.1 | 17.5 | 25.3 | 22.7 | 18.5 | 22.1 |
| 5. Operating Expenses | 19.8 | 17.3 | 14.6 | 17.3 | 15.8 | 21.2 |
| 6. EBITDA | 18.7 | -0.3 | -0.2 | -3.2 | # | # |
| 7. Depreciation provision | 14.4 | 10.0 | -2.7 | 6.7 | 5.3 | 15.1 |
| 8. Gross profit (EBIT) | 19.5 | 0.4 | 3.2 | 4.4 | 11.3 | 12.8 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | | | | |
|---|---|---|---|---|---|---|
| 9. Interest | -0.8 | 51.2 | -8.6 | 16.4 | 16.3 | 38.4 |
| 10. Profit before tax and non-operating surplus/deficit | 20.8 | -2.1 | 3.9 | 3.8 | 10.7 | 9.6 |
| 11. Non-operating surplus / deficit | -72.2 | 100.0 | -86.8 | 786.3 | -32.3 | -32.9 |
| 12. Profit Before Tax | 15.5 | -0.7 | 0.7 | 7.4 | 3.7 | 5.1 |
| 13. Tax provision | 9.1 | 3.7 | 17.9 | -0.7 | 18.8 | 7.9 |
| 14. Profit After Tax | 18.6 | -2.7 | -5.9 | 11.4 | -3.0 | 3.6 |
| 15. Dividend paid | 5.4 | 3.5 | 104.2 | -29.0 | 40.3 | 16.0 |
| 16. Profit retained | 36.1 | -8.0 | -37.8 | 49.9 | -13.8 | -0.9 |
| 17. Gross saving | 29.5 | -3.2 | -30.5 | 37.4 | -8.4 | 4.3 |
| 18. (a) Gross value added | 17.2 | 4.8 | 11.6 | 9.9 | 13.5 | 17.0 |
| (b) Net value added | 17.5 | 4.4 | 12.7 | 10.2 | 14.6 | 17.2 |
| 19. Net worth @ | 17.1 | 12.1 | 11.0 | 14.1 | 12.4 | 11.7 |
| 20. Total borrowings @ | 6.6 | 29.0 | 12.5 | 17.5 | 5.5 | 27.2 |
| of which, from banks @ | 18.9 | 7.6 | -8.3 | 10.6 | -13.3 | 42.8 |
| 21. Trade dues and other current liabilities @ | 14.9 | 12.2 | 18.5 | 22.3 | 31.4 | 18.4 |
| 22. (a) Gross fixed assets @ | 10.0 | 12.3 | 6.3 | 10.2 | 11.8 | 19.7 |
| (b) Net fixed assets @ | 7.3 | 12.0 | 3.6 | 10.0 | 11.1 | 24.2 |
| 23. Inventories @ | 24.2 | 6.5 | 27.6 | 10.8 | 27.8 | 17.3 |
| 24. (a) Gross physical assets @ | 12.8 | 11.0 | 9.9 | 10.3 | 17.7 | 18.8 |
| (b) Net physical assets @ | 11.8 | 10.4 | 9.6 | 10.2 | 19.9 | 20.4 |
| 25. (a) Total gross assets @ | 14.5 | 13.5 | 11.6 | 15.9 | 16.1 | 15.8 |
| (b) Total net assets @ | 14.3 | 13.6 | 11.7 | 16.7 | 16.8 | 16.0 |
| 26. Total earnings in foreign currencies | 16.8 | 4.2 | 11.7 | 25.3 | -21.9 | 25.3 |
| of which, Exports | 36.1 | -8.3 | 9.5 | 25.5 | 33.3 | 23.3 |
| 27. Total expenditure in foreign currencies | 23.3 | 9.8 | 25.6 | 18.2 | 9.2 | 20.5 |
| of which, Imports | 23.9 | 10.4 | 14.4 | 14.7 | 42.2 | 14.5 |

***Note***: 1. Figures in brackets below the industry name represent the number of companies in the industry.
2. For footnotes, please refer to Statement 2 and Statement 8.

**STATEMENT 10: GROWTH RATES OF THE SELECT ITEMS OF THE SELECT 766 FDI COMPANIES, TYPE-WISE 2010–11 AND 2011–12**

*(In per cent)*

| | PUBLIC | | PRIVATE | |
|---|---|---|---|---|
| | (406) | | (360) | |
| ITEM | 2010–11 | 2011–12 | 2010–11 | 2011–12 |
| 1. Sales $ | 17.4 | 17.8 | 22.5 | 23.4 |
| 2. Value of production | 19.2 | 16.6 | 24.1 | 23.2 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | | |
|---|---|---|---|---|
| 3. Total Income | 17.8 | 17.1 | 22.8 | 21.7 |
| 4. Remuneration to employees | 22.5 | 21.0 | 19.4 | 25.4 |
| 5. Operating Expenses | 21.0 | 20.5 | 24.6 | 24.1 |
| 6. EBITDA | 7.7 | -10.6 | 19.0 | 13.5 |
| 7. Depreciation provision | 13.4 | 15.7 | 13.1 | 14.6 |
| 8. Gross profit (EBIT) | 5.0 | -4.0 | 8.4 | 4.6 |
| 9. Interest | 10.3 | 45.6 | 5.6 | 62.8 |
| 10. Profit before tax and non-operating surplus/deficit | 4.1 | -12.6 | 9.4 | -14.1 |
| 11. Non-operating surplus / deficit | -73.3 | -94.8 | 19.7 | -74.3 |
| 12. Profit Before Tax | -0.4 | -13.8 | 10.6 | -22.1 |
| 13. Tax provision | 10.3 | 1.6 | 18.5 | 22.9 |
| 14. Profit After Tax | -4.5 | -20.7 | 5.8 | -53.1 |
| 15. Dividend paid | 24.6 | 0.7 | -10.2 | 13.0 |
| 16. Profit retained | -15.7 | -32.9 | 20.5 | -96.8 |
| 17. Gross saving | -4.7 | -11.0 | 15.4 | -22.0 |
| 18. (a) Gross value added | 10.8 | 5.8 | 15.2 | 15.5 |
| (b) Net value added | 10.3 | 3.7 | 15.6 | 15.7 |
| 19. Net worth @ | 14.5 | 7.2 | 13.9 | 7.6 |
| 20. Total borrowings @ | 20.1 | 15.5 | 17.6 | 21.0 |
| of which, from banks @ | 11.1 | 14.1 | -1.7 | 11.4 |
| 21. Trade dues and other current liabilities @ | 21.4 | 20.6 | 27.0 | 18.8 |
| 22. (a) Gross fixed assets @ | 13.7 | 12.2 | 10.6 | 14.9 |
| (b) Net fixed assets @ | 11.7 | 9.9 | 6.2 | 13.4 |
| 23. Inventories @ | 22.4 | 11.9 | 37.5 | 16.8 |
| 24. (a) Gross physical assets @ | 15.0 | 12.1 | 15.5 | 15.3 |
| (b) Net physical assets @ | 13.9 | 10.4 | 13.6 | 14.4 |
| 25. (a) Total gross assets @ | 17.7 | 13.1 | 18.7 | 14.9 |
| (b) Total net assets @ | 17.6 | 12.5 | 18.3 | 14.3 |
| 26. Total earnings in foreign currencies | 11.0 | 23.3 | 47.8 | 45.8 |
| of which, Exports | 21.6 | 24.2 | 70.5 | 35.2 |
| 27. Total expenditure in foreign currencies | 14.2 | 20.0 | 38.8 | 28.6 |
| of which, Imports | 16.4 | 20.3 | 41.2 | 19.5 |

$: Net of 'rebates and discounts' and 'excise duty and cess'.
@: Adjusted for revaluation, etc.
***Note***: Rates of growth of all items are adjusted for changes due to amalgamation of companies.

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

**STATEMENT 11: SELECT FINANCIAL RATIOS OF THE SELECT 766 FDI COMPANIES, INDUSTRY-WISE, 2009–10 TO 2011–12** *(In per cent)*

| | Manufacturing | | | Food Products & Beverages Beverages | | |
|---|---|---|---|---|---|---|
| | (463) | | | (38) | | |
| Item | 2009–10 | 2010–11 | 2011–12 | 2009–10 | 2010–11 | 2011–12 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A Capital structure ratios | | | | | | |
| 1. Net fixed assets to total net assets | 42.8 | 40.4 | 40.3 | 40.3 | 36.8 | 40.5 |
| 2. Net worth to total net assets | 46.7 | 46.1 | 43.6 | 45.7 | 49.9 | 47.9 |
| 3. Debt to equity | 39.4 | 37.3 | 38.1 | 47.6 | 22.0 | 27.1 |
| 4. Debt to equity (equity adjusted for | 40.2 | 37.9 | 38.8 | 52.3 | 23.9 | 29.1 |
| revaluation reserve) | | | | | | |
| 5. Short term bank borrowings to inventories | 38.1 | 36.3 | 43.9 | 38.2 | 46.6 | 38.5 |
| 6. Total outside liabilities to net worth | 113.9 | 116.8 | 129.4 | 118.9 | 100.4 | 108.9 |
| B Liquidity ratios | | | | | | |
| 7. Current assets to current liabilities * | 1.5 | 1.5 | 1.4 | 1.4 | 1.3 | 1.3 |
| 8. Quick assets to current liabilities | 76.6 | 72.6 | 65.2 | 72.6 | 61.7 | 59.8 |
| 9. Current assets to total net assets | 50.3 | 52.9 | 52.3 | 46.0 | 50.6 | 49.2 |
| 10. Sundry creditors to current assets | 29.6 | 27.3 | 27.3 | 26.5 | 26.1 | 26.9 |
| 11. Sundry creditors to net working capital | 95.2 | 81.1 | 101.6 | 89.3 | 103.4 | 116.1 |
| C Assets utilization and turnover ratios | | | | | | |
| 12. Sales to total net assets^ | | 99.4 | 100.8 | | 121.3 | 135.8 |
| 13. Sales to gross fixed assets^ | | 165.9 | 171.9 | | 214.4 | 236.5 |
| 14. Inventories to sales | 14.6 | 16.6 | 15.7 | 14.3 | 13.7 | 13.5 |
| 15. Sundry debtors to sales | 12.0 | 11.7 | 12.4 | 7.4 | 5.8 | 6.5 |
| 16. Exports to sales | 17.6 | 17.9 | 19.3 | 8.3 | 7.4 | 8.2 |
| 17. Gross value added to gross fixed assets^ | | 32.7 | 28.5 | | 45.8 | 48.3 |
| 18. Raw materials consumed to value of production | 60.4 | 63.3 | 65.1 | 42.3 | 45.3 | 45.1 |
| D Sources and uses of funds ratios @ | | | | | | |
| 19. Gross fixed assets formation to | | 37.0 | 48.9 | | 93.2 | 65.5 |
| total uses of funds | | | | | | |
| 20. Gross capital formation to | | 61.2 | 58.9 | | 65.0 | 79.1 |
| total uses of funds | | | | | | |
| 21. External sources of funds to | | 63.1 | 66.2 | | 116.1 | 49.1 |

*(Contd...)*

## Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)

| | | | | | | |
|---|---|---|---|---|---|---|
| total sources of funds | | | | | | |
| 22. Increase in bank borrowings to | | 7.6 | 23.6 | | 105.6 | -9.5 |
| total external sources | | | | | | |
| 23. Gross savings to gross capital formation | | 68.8 | 57.4 | | -211.1 | 57.5 |
| E Profitability and profit allocation ratios | | | | | | |
| 24. Gross profit (EBIT) to total net assets | 12.2 | 11.1 | 8.9 | 13.4 | 15.0 | 14.3 |
| 25. Gross profit (EBIT) to sales | 13.5 | 12.0 | 9.4 | 13.1 | 12.0 | 11.4 |
| 26. Profit after tax to net worth | 15.9 | 14.3 | 10.2 | 19.4 | 19.0 | 20.3 |
| 27. EBITDA to sales | 11.6 | 10.5 | 6.9 | 12.8 | 11.9 | 11.2 |
| 28. Tax provision to profit before tax** | 30.8 | 30.8 | 30.3 | 31.1 | 30.3 | 30.5 |
| 29. Profit retained to profit after tax** | 64.3 | 64.7 | 60.8 | 59.2 | 52.7 | 58.0 |
| 30. Dividends to net worth | 5.6 | 5.3 | 5.4 | 8.2 | 9.6 | 8.2 |
| 31. Ordinary dividends to ordinary paid-up capital | 46.8 | 46.1 | 47.9 | 85.5 | 90.5 | 76.2 |

***Note***: 1. Figures in brackets below the industry name represent the number of companies in the industry.
2. For footnotes, please refer to Statement 3 and Statement 8.

**STATEMENT 12: SELECT FINANCIAL RATIOS OF THE SELECT 766 FDI COMPANIES – COUNTRY-WISE, 2009–10 TO 2011–12** *(In per cent)*

| | | UK | | | USA | |
|---|---|---|---|---|---|---|
| | | (70) | | | (111) | |
| **Item** | **2009–10** | **2010–11** | **2011–12** | **2009–10** | **2010–11** | **2011–12** |
| A Capital structure ratios | | | | | | |
| 1. Net fixed assets to total net assets | 35.2 | 33.1 | 32.6 | 24.0 | 22.3 | 21.0 |
| 2. Net worth to total net assets | 53.7 | 55.0 | 54.3 | 68.1 | 67.6 | 66.1 |
| 3. Debt to equity | 20.3 | 18.0 | 19.1 | 15.4 | 13.9 | 14.8 |
| 4. Debt to equity (equity adjusted for | 21.3 | 18.8 | 19.8 | 15.4 | 13.9 | 14.8 |
| revaluation reserve) | | | | | | |
| 5. Short term bank borrowings to inventories | 19.4 | 20.0 | 22.7 | 22.8 | 24.3 | 28.5 |
| 6. Total outside liabilities to net worth | 86.3 | 81.8 | 84.2 | 46.9 | 47.9 | 51.2 |
| B Liquidity ratios | | | | | | |
| 7. Current assets to current liabilities * | 1.5 | 1.7 | 1.7 | 3.1 | 3.0 | 2.9 |
| 8. Quick assets to current liabilities | 90.2 | 97.9 | 101.3 | 222.4 | 218.7 | 215.2 |
| 9. Current assets to total net assets | 53.7 | 56.1 | 56.1 | 65.5 | 66.6 | 67.6 |
| 10. Sundry creditors to current assets | 28.4 | 22.5 | 20.3 | 11.7 | 10.4 | 9.8 |
| 11. Sundry creditors to net working capital | 82.8 | 55.3 | 50.3 | 17.3 | 15.5 | 14.9 |
| C Assets utilization and turnover ratios | | | | | | |

***(Contd...)***

**Annexure 3.10: Illustrative Extracts from the Findings of the RBI's *Finances of Non-Government Non-Financial Foreign Direct Investment Companies* Survey (Contd...)**

| | | | | | | |
|---|---|---|---|---|---|---|
| 12. Sales to total net assets^ | | 97.0 | 97.5 | | 89.9 | 89.0 |
| 13. Sales to gross fixed assets^ | | 197.3 | 203.2 | | 242.6 | 253.8 |
| 14. Inventories to sales | 14.5 | 15.2 | 14.1 | 9.1 | 10.7 | 10.4 |
| 15. Sundry debtors to sales | 9.1 | 8.7 | 8.9 | 14.6 | 17.0 | 18.0 |
| 16. Exports to sales | 11.1 | 12.8 | 10.2 | 12.2 | 12.2 | 13.6 |
| 17. Gross value added to gross fixed assets^ | | 63.4 | 59.7 | | 115.1 | 116.9 |
| 18. Raw materials consumed to value of production | 37.8 | 39.8 | 41.4 | 33.9 | 37.0 | 36.9 |
| D Sources and uses of funds ratios @ | | | | | | |
| 19. Gross fixed assets formation to | | 29.9 | 38.1 | | 18.0 | 20.3 |
| total uses of funds | | | | | | |
| 20. Gross capital formation to | | 48.3 | 43.9 | | 34.6 | 25.7 |
| total uses of funds | | | | | | |
| 21. External sources of funds to | | 38.3 | 44.5 | | 35.2 | 36.0 |
| total sources of funds | | | | | | |
| 22. Increase in bank borrowings to | | 15.8 | 6.1 | | -13.4 | 10.0 |
| total external sources | | | | | | |
| 23. Gross savings to gross capital formation | | 124.6 | 124.8 | | 220.1 | 266.2 |
| E Profitability and profit allocation ratios | | | | | | |
| 24. Gross profit (EBIT) to total net assets | 18.9 | 19.8 | 17.5 | 21.0 | 19.4 | 17.4 |
| 25. Gross profit (EBIT) to sales | 21.6 | 21.8 | 19.1 | 24.1 | 22.8 | 21.0 |
| 26. Profit after tax to net worth | 23.5 | 23.8 | 20.7 | 21.8 | 18.5 | 18.1 |
| 27. EBITDA to sales | 20.6 | 20.7 | 18.0 | 23.0 | 21.0 | 18.0 |
| 28. Tax provision to profit before tax** | 33.0 | 31.3 | 32.6 | 27.2 | 31.6 | 29.0 |
| 29. Profit retained to profit after tax** | 43.5 | 49.3 | 47.1 | 77.5 | 52.2 | 70.6 |
| 30. Dividends to net worth | 13.4 | 12.1 | 11.1 | 4.9 | 9.0 | 5.6 |
| 31. Ordinary dividends to ordinary paid-up capital | 246.6 | 215.1 | 212.3 | 71.7 | 141.0 | 85.0 |

***Note***: 1. Figures in brackets below the industry name represent the number of companies in the industry.
2. For footnotes, please refer to Statement 3 and Statement 8.
***Source***: Reserve Bank of India. The complete results of the 2012–13 survey are available at:
http://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=15339

## Annexure 3.11: RBI's Survey on Foreign Collaboration in Indian Industry

(To be filled in by Indian companies which have foreign capital participation or have entered into a collaboration agreement with a foreign concern)

1. Company Name & Address

Name of the Company

CIN No. (given by Ministry of Corporate Affairs)

Registered Address

City

State

Pin

2. Contact Details
   - (i) Name
   - (ii) Designation
   - (iii) Tel. No.
   - (iv) Fax. No.
   - (v) Email.

3. Type of Organisation (select option) Select: Organisation Type

4. Economic Activity (Select NIC code)Select:National Industrial Classification Code (2-digit)

### PART-I
### Financial Particulars

*(Amount in Rupees thousand)*

| Particulars | | end-March 2011 | end-March 2012 |
|---|---|---|---|
| 1. Total equity capital (paid-up) | | | |
| 2. Foreign participation in equity capital (2(a) + 2(b)) | | 0.00 | 0.00 |
| (2a) Foreign equity (10% and above equity holding) investment at face value | | | |
| (2b) Foreign equity (below 10% equity holding) investment at face value | | | |
| 3. Amount of Equity shares issued to foreign collaborator during the reference period | | | |
| Name of foreign collaborator | Name of the Country | 2010–11 | 2011–12 |
| 4. Loans/Grants obtained from Foreign Collaborators | | | |
| Name of foreign collaborator | Name of the Country | 2010–11 | 2011–12 |
| 5. Interest on foreign currency loans remitted during the year | | | |
| 6. Remittances to foreign collaborator(s) (country-wise) | | | |
| Name of foreign collaborator | Name of the Country | 2010–11 | 2011–12 |
| 6(a) Know-how Fee (for consultancy /technology transfer) | | | |

*(Contd...)*

## Annexure 3.11: RBI's Survey on Foreign Collaboration in Indian Industry (Contd...)

| | | | |
|---|---|---|---|
| i. (Name of foreign collaborator) | COUNTRY | | |
| | Total | 0.00 | 0.00 |
| 6(b) Royalty | | | |
| i. (Name of foreign collaborator) | COUNTRY | | |
| | Total | 0.00 | 0.00 |
| 6(c) Payments made for use of Brand-name and Trade-mark | | | |
| i. (Name of foreign collaborator) | COUNTRY | | |
| | Total | 0.00 | 0.00 |
| 6(d ) Dividend | | | |
| i. (Name of foreign collaborator) | COUNTRY | | |
| | Total | 0.00 | 0.00 |
| 6(e) Others (Please specify): | | | |
| i. (Name of foreign collaborator) | COUNTRY | | |
| | Total | 0.00 | 0.00 |
| 7. Total Value of imports (on c.i.f. basis) | | | |
| Of which: | | | |
| (a) Imports from foreign parent/associate/collaborator | | | |
| (b) Imports under collaboration arrangement | | | |
| 8. Total Value of export (on f.o.b basis) | | 0.00 | 0.00 |
| i) Export of goods | | | |
| Of which: | | | |
| (a) Export of goods produced under foreign collaboration agreements | | | |
| (b) Exports to/on behalf of/through foreign collaborator/associate | | | |
| ii) Exports of services and other foreign exchange earnings (Please specify) | | | |
| Of which: Exports to foreign collaborator/associate | | | |
| 9. Total Sales | | | |
| 10. Gross profits | | | |
| 11. Net profits | | | |
| 12. Total distributed profits (equity & preference dividend) | | | |
| 13. Total capital employed | | | |
| 14. Net worth | | | |
| 15. Total Expenditure | | | |
| of which: (a) Cost of raw material used (for manufacturing companies) | | | |
| (b) Compensation to employees | | | |
| (c) Research & Development (R&D) expenditure | | | |

*(Contd...)*

## Annexure 3.11: RBI's Survey on Foreign Collaboration in Indian Industry (Contd...)

16. Share in R&D Expenditure:

(a) R & D due to foreign collaborations (%)

(b) Adaptation/upgradation/ absorption of product/ process technology received under collaboration (%)

(c) Development of new product (process)/ modification (%)

(d) Outsourced research (%)

### PART-II: Details of Foreign Collaboration Agreement(s) in Force During the Reference Period

(Please use similar format for each agreement)

### Agreement-1

1. Name of the Foreign Collaborator
2. Country of the Foreign Collaborator
3. Is Foreign Collaborator related to foreign parent of the company (for technical collaboration)
4. Type of Collaboration Agreement
5. Month of first approval of collaboration agreement (mm/yyyy)
6. Total Period of agreement (in case of technical collaboration) Years : Months:
7. Type of assets transferred *(select option: know-how, patent, trademark/brandname, other)*

8 a) Rate of royalty, if any (in %)

8 b) How is the Royalty payable *(select option: on output, sales, exports or both internal sales and exports)*

9 a) Amount of Lump sum/Technical fees, if any (Amt in Rs '000)

9 b) How are Lump-sum/ Technical fees payable *(select option: on signing, transfer of technology performance or other)*

10 a) Does the agreement provide for exclusive right to the Indian company in respect of know-how/patents/trademarks?

10 b) If Yes, please Specify

11 a) Whether there are any export restrictive clauses in the agreement

11 b) If Yes, please Specify

12. Other restrictions imposed by Foreign Collaborator *(select option: on sources of raw materials and inputs, production capacity, production specifications, distribution channels, orother)*

13. Whether the use of technology imported through the agreement is allowed after the expiry of agreement? Select

***Source***: Reserve Bank of India. The questionnaire for this survey and resulting findings are available at http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30915K

**Annexure 3.12: Illustrative Extract from the RBI's *Database on Indian Economy* Report on Monthly FDI Outflows from India – Foreign Investment Inflows**[6] (Amount in US$ million)

| Month | Provisional/Final | 1.1 Net Foreign Direct Investment | 1.1.2 Foreign Direct Investment by India (1.1.2.1 +1.1.2.2 +1.1.2.3-1.1.2.4) | 1.1.2.1 Equity capital | 1.1.2.2 Reinvested Earnings | 1.1.2.3 Other Capital | 1.1.2.4 Repatriation/ Disinvestment |
|---|---|---|---|---|---|---|---|
| 2015:01(JAN) | Provisional | 5,502 | -230 | 285 | 87 | 221 | 823 |
| 2014:12(DEC) | Provisional | 3,968 | -147 | 358 | 99 | 220 | 823 |
| 2014:11(NOV) | Provisional | 1,731 | -44 | 271 | 99 | 155 | 569 |
| 2014:10(OCT) | Provisional | 2,767 | 372 | 371 | 99 | 275 | 373 |
| 2014:09(SEP) | Provisional | 2,881 | 211 | 395 | 99 | 241 | 523 |
| 2014:08(AUG) | Provisional | 1,660 | 30 | 212 | 99 | 243 | 523 |
| 2014:07(JUL) | Provisional | 3,696 | 216 | 324 | 99 | 317 | 523 |
| 2014:06(JUN) | Provisional | 2,197 | 81 | 275 | 92 | 235 | 521 |
| 2014:05(MAY) | Provisional | 3,898 | 57 | 201 | 92 | 285 | 521 |
| 2014:04(APR) | Provisional | 2,072 | -15 | 218 | 92 | 195 | 521 |
| 2014:03(MAR) | Provisional | 2,133 | 2,081 | 2,025 | 99 | 437 | 480 |
| 2014:02(FEB) | Provisional | -666 | 3,363 | 3,610 | 99 | 134 | 480 |
| 2014:01(JAN) | Provisional | -559 | 3,428 | 3,677 | 99 | 132 | 480 |
| 2013:12(DEC) | Provisional | 1,861 | -156 | 400 | 99 | 179 | 834 |

***Source***: Reserve Bank of India, *Database on Indian Economy* available at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics.

6. As highlighted in Chapters 3 and 5, the title to these columns on the RBI website is 'Foreign Investment Inflows' and not 'Foreign Investment Outflows' as it should be.

**Annexure 3.13: Illustrative Extract from the RBI's *Database on Indian Economy* Report on Indian Annual FDI Outflows from India– Foreign Investment Inflows[7]** (Amount in US$ million)

| Year | 1.1.2 Foregn Direct Investment by india (1.1.2.1+1.1.2.2.+ 1.1.2.3-1.1.2.4) | 1.1.2.1 Equity Capital | 1.1.2.2 Reinvested Earning | 1.1.2.3 Other Capital | 1.1.2.4 Repatriation/ Dis investment |
|---|---|---|---|---|---|
| 2014–15 | 1,325 | 1,994 | 672 | 2,140 | 3,482 |
| 2013–14 | 9,199 | 12,420 | 1,167 | 3,148 | 7,535 |
| 2012–13 | 7,134 | 7,101 | 1,189 | 4,331 | 5,488 |
| 2011–12 | 11,097 | 6,641 | 1,211 | 5,703 | 2,457 |
| 2010–11 | 16,524 | 10,537 | 1,084 | 7,465 | 2,562 |
| 2009–10 | 15,143 | 10,609 | 1,084 | 4,188 | 738 |
| 2008–09 | 19,364 | 13,283 | 1,084 | 6,100 | 1,103 |
| 2007–08 | 18,836 | 16,899 | 1,084 | 3,330 | 2,477 |
| 2006–07 | 15,046 | 13,368 | 1,084 | 1,366 | 764 |
| 2005–06 | 5,867 | 3,982 | 1,092 | 1,009 | 216 |
| 2004–05 | 2,274 | 1,672 | 248 | 389 | 35 |

***Source***: Reserve Bank of India, *Database on Indian Economy* available at: http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics.

7. As highlighted in chapters 3 and 5, the title to these columns on the RBI website is 'Foreign Investment Inflows' and not 'Foreign Investment Outflows' as it should rightly be.

## Annexure 3.14: Comparing DIPP's Sector Classification System with NIC (2008)

In 2009, the National Council of Applied Economic Research created a concordance table between the 92 four-digit level categories of DIPP's sector classification system for FDI and the 238 three-digit level categories of the National Industrial Classification (NIC). The following extract offers a glimpse of the differential detail between the two.

Concordance between the DIPP classification and the NIC 3-digit classification (2008)

| DIPP Code | DIPP Activity | NIC 3-Digit (2008) | NIC 3-Digit Activity |
|---|---|---|---|
| 0104 | MINING SERVICE | 051,052,061, 062,071,072,081, 089, 091,099 | Mining of hard coal (051)<br>Mining of lignite (052)<br>Extraction of crude petroleum (061)<br>Extraction of natural gas (062)<br>Mining of iron ores (071)<br>Mining of non-ferrous metal ores (072)<br>Quarrying of stone, sand and clay (081)<br>Mining and quarrying n.e.c. (089)<br>Support activities for petroleum and natural gas mining (091) |
| 0503 | ELECTRONICS | 261, 262, 263, 264m 265, 266, 267, 268 | Manufacture of electronic components (261)<br>Manufacture of computers and peripheral equipment (262)<br>Manufacture of communications equipment (263)<br>Manufacture of consumer electronics (264)<br>Manufacture of measuring, testing, navigating and control equipment; watches and clocks (265)<br>Manufacture of irradiation, electromedical and electrotherapeutic equipment (266)<br>Manufacture of optical instruments and equipment (267)<br>Manufacture of magnetic and optical media (268) |
| 3803 | MARKETING | 451, 452, 453, 454, 461,462, 463, 464, 465, 466, 471,472, 473, 474, 475, 476, 477, 478 | Sale of motor vehicles (451)<br>Maintenance and repair of motor vehicles (452)<br>Sale of motor vehicle parts and accessories (453)<br>Sale, maintenance and repair of motorcyles and related parts and accessories (454)<br>Wholesale on a fee or contract basis (461)<br>Wholesale of agricultural raw materials and live animals (462)<br>Wholesale of food, beverages and tobacco (463)<br>Wholesale of household goods (464)<br>Wholesale of machinery, equipment and supplies (465)<br>Other specialised wholesale (466)<br>Retail sale in non-specialised stores (471)<br>Retail sale of food, beverages and tobacco in specialized stores (472)<br>Retail sale of automotive fuel in specialised stores (473)<br>Retail sale of information and communications equipment in specialised stores (474)<br>Retail sale of other household equipment in specialised stores (475)<br>Retail sale of cultural and recreation goods in specialised stores (476)<br>Retail sale of other goods in specialised stores (477)<br>Retail sale via stalls and markets (478) |

**The analytical 'opportunity cost' of DIPP's system becomes even more apparent when comparing its 4-digit level categories with the matching 5-digit level categories of NIC (2008). Thus, the NIC (2008) 'Mining of hard coal (051)' category in the 'MINING SERVICE' row above would split into the following 5-digit categories:**

- 05101 Opencast mining of hard coal
- 05102 Underground mining of hard coal
- 05103 Cleaning, sizing, grading, pulverizing, compressing etc. of coal, and
- 05109 Other operations relating to mining and agglomeration of hard coal.

The 'Retail sale in non-specialised stores (471)' category in the MARKETING row above would split into the following 5-digit level categories:

- 4721 Retail sale of food in specialized stores
- 47211 Retail sale of cereals and pulses, tea, coffee, spices and flour
- 47212 Retail sale of fresh or preserved fruit and vegetables
- 47213 Retail sale of meat, meat products, poultry products, fish, other seafood and
- products thereof
- 47214 Retail sale of bakery products, dairy products and eggs
- 47215 Retail sale of sugar confectionery and sweetmeat
- 47219 Retail sale of other food products n.e.c

***Source***: National Council of Applied Economic Research (2009), *FDI in India and its Growth Linkages*, New Delhi, Pg 100, available at http://dipp.nic.in/english/publications/reports/fdi_ncaer.pdf.

CHAPTER FOUR

# Situating India in the Context of International Standards and Best Practice

*Premila Nazareth Satyanand, with inputs from Aakshi Wadhwa and Sanchit Singhal*

## 4.1 BACKGROUND

As Chapters 2 and 3 have clearly revealed, India's publicly available FDI data as yet offers Indian policymakers, elected representatives and FDI researchers only an incomplete understanding of the foreign source, domestic distribution and development quality of India's FDI inflow. For this reason, these key stakeholders are not able to answer with certainty many basic questions about FDI in the country. However, by their own admission, they all draw a complete blank when it comes to assessing FDI's contribution to national employment, trade and economic development, and its specific impact on local industry. Of equal concern is the fact that India's FDI data presents these stakeholders with little or no insight into the differential contributions of foreign and domestic firms to employment, production, sales, R&D, trade, and so on. In parallel, major shortcomings in India's outward FDI data leaves India's policy and research establishment with just a rudimentary understanding of the overseas activity, and foreign and domestic contribution, of its internationally investing firms.

Against this backdrop, we decided to look outward, at the world's other leading recipients of FDI, to ascertain whether they grapple with similar data limitations, and how they tackle these. Most of these economies have permitted foreign direct investors to operate fairly freely within their border for decades, so their FDI statistical systems are likely to be more evolved than India's, and their standards and methodologies to track FDI activity and impact more developed. Since these countries are also leading members of the multilateral organisations that set the international community's standards for FDI statistics collection, analysis and public reporting (namely, the International Monetary Fund, United Nations, European Union and Organization for Economic Cooperation and Development), they might also present some useful and interesting best practice.

This is why, in looking for solutions to the gaps identified in the preceding chapters, India might do well to be guided by the international standards and best practices in the public reporting of FDI data. It would enable India to audit itself against global 'best-in-class', thus identifying strengths and shortcomings not revealed by Chapters 2 and 3, where the framework of analysis was limited to the needs of domestic FDI data users. More ambitiously, by benchmarking itself against global state-of-the-art, India could even set itself the challenge of pioneering FDI statistics best practice in target areas.

### 4.1.1 Objectives and Methodology

#### *Objectives*

Against this backdrop, this chapter benchmarks India against the current international standards and best practice in the public reporting of FDI statistics, to complement the analysis in Chapters 2 and 3.

It starts out by briefly outlining the international standards for FDI statistics collection, analysis and reporting, and assessing the extent to which India meets these. For a further perspective on how India's performance compares internationally, it examines the degree to which the world's other leading FDI host economies meet these standards, by studying the kinds of FDI statistics they now routinely report on their FDI statistics websites. It also observes how this data is reported, including online accessibility, interactivity, data visualisation and historical time-series. The objective of this website survey is as much to situate India in an international context, and to learn from global best practice, as to ascertain whether these countries now routinely report the types of data that Chapters 2 and 3 find to be missing in India.

### *Methodology*

**Desk research –** To start with, interviews were conducted with the FDI statisticians of UNCTAD, the OECD and IMF (Annexure 4.1) to understand current international standards for the collection, analysis and public reporting of FDI statistics. As mentioned earlier, these three organisations are integrally involved in setting these standards. Once the principal content of each standard was established, it was incorporated into the analytical framework by which India's statistics were evaluated and internationally compared.

**Website survey –** We then surveyed the FDI statistics websites of 45 countries (Annexure 4.2) to ascertain the types of FDI data they publish online, the formats they use, and the span of their historical time-series. These countries were chosen because they are either leading global FDI recipients, members of the G20, or both – like India. They therefore play a central role in international foreign direct investment activity.[1] The sample also includes OECD and EU members, since both organisations have introduced new binding data standards to enable member countries to gauge the economic contribution of both inward and outward foreign direct investors. Their FDI statistics practices might thus offer India some valuable pointers.

As Annexure 4.2's listing of countries in the sample shows, there is considerable overlap between these four categories.

### 4.1.2 Structure of this Chapter

The rest of this chapter contains two sections. Section 4.2 briefly introduces the internationally agreed standards for the public reporting of FDI data, and points to the areas in which India seems to be lagging.

Section 4.3 presents observations from the FDI website survey, highlighting relevant international best practices that India might wish to replicate or adapt, most especially in addressing the gaps identified in Chapters 2 and 3.

## 4.2 GLOBAL STANDARDS GOVERNING FDI STATISTICS COLLECTION, ANALYSIS AND REPORTING

Before outlining the current global standards for FDI statistics, it is important to distinguish between the two principal types of FDI data. The first captures the movement of FDI across national borders, measuring the amount invested in a particular month, quarter or year (FDI flows), or accumulated over time (FDI stock). Officially termed 'FDI flows and stocks statistics', in common parlance this is usually referred to as 'FDI data'.

The other kind of FDI data captures the operations of foreign direct investors once they begin operations in a host economy. Known as Foreign Affiliate Statistics (FATS), it captures operational information for both inward and outward investors. In both cases, FATS captures the number of firms, and how much employment, production, sales, R&D, trade and other economic value-addition they are generating. Some countries, such as the United States (US) and other OECD members, use the term Activities of Multinational Enterprises (AMNE) statistics when referring to data on the operations of both inward and outward foreign direct investors. Whichever term is used, this data is fundamental to measuring the economic and developmental impact of foreign direct investors on both home and host economies.

1. Though Malaysia does not fall into any of these categories, it was included since it is an economically dynamic Asian economy with much inward and outward foreign direct investment activity.

### 4.2.1 Global Standards on FDI Flows and Stocks Statistics

Global standards on FDI flows and stocks statistics are contained in IMF's Balance of Payments and International Investment Position Manual and the OECD's Benchmark Definition of Foreign Direct Investment.[2] Each document presents a common data collection and reporting methodology for members, to facilitate internationally harmonised and comparable FDI statistics. Most fundamental, these documents set the rules by which FDI is to be measured: stipulating internationally agreed formulae by which countries must distinguish their FDI from other types of capital flows and measure and account for FDI in their national balance of payments accounts, as also the formats by which they must publicly report FDI data. Both manuals present the same basic standards and methodologies, as most OECD countries are also IMF members. UNCTAD's Training Manual on Statistics for FDI and the Operations of TNCs (2008) provides further guidance, especially to developing countries, in implementing these standards by illustrating abstract concepts through simple, practical examples.

Broadly, the key highlights of the IMF's, OECD's and UNCTAD's common basic standards are:

**In measuring FDI –** Countries are to measure investments by an overseas firm of over 10 per cent in the equity of a local firm as 'foreign direct investment'. Also to be included is this firm's locally reinvested earnings and intra-company borrowings.

**In reporting FDI –** In publicly presenting their FDI data, countries are to report the industry break-up and national origin or destination of FDI inflows and outflows, and inward and outward FDI stock. Additionally, they are to measure and report 'direct investment income' (that is, direct investors's earnings on their equity and debt investments).

The latest revisions to both documents, that is, the Balance of Payments and International Investment Position Manual, 6th Edition, 2009 (or BMP6) and the Benchmark Definition of Foreign Direct Investment, 4th Edition, 2008 (or BD4) introduce new methodologies and reporting standards to better enable countries to capture and report FDI made through complex international company structures and holding companies with little or no physical presence. Box 4.1 describes their key features. Countries were required to implement these by 2014 at the latest.

2. These are available at www.imf.org/external/pubs/ft/bop/2007/bopman6.htm and www.oecd.org/daf/inv/investmentstatisticsandanalysis/40193734.pdf, respectively.

## Box 4.1: Methodological Changes in FDI Measurement in BPM6 and BD4

BPM6 and BD4 introduce three major changes that will most significantly impact the presentation and interpretation of FDI statistics. These are:

### Presentation of FDI statistics on an asset/liability basis

Earlier editions of these manuals required countries to report FDI using the 'directional principle'. Simply put, all outward flows and positions by transnational corporations (TNCs) headquartered in the reporting economy were to be treated as outward FDI, and all inward flows and positions for locally operating foreign affiliates as inward FDI. In this methodology, reverse investments between foreign affiliates and their TNC parents (i.e. when an affiliate provides new loans, pays back previous loans or acquires less than 10 per cent equity in its parents) were to be subtracted from their other investment flows and positions to derive the total outward or inward investment for each reporting economy.

Now, however, countries are also to present FDI statistics on an asset/liability basis. In other words, they must specify whether each FDI-related transaction creates an asset or a liability for the reporting country, and organise these accordingly in their national balance of payments reporting. (For example, a reporting country's assets would include both overseas equity investments by TNCs headquartered within it and loans that locally operating foreign affiliates make to their overseas parent). This type of reporting is intended to give countries a clear picture of the real balance of payments implications of their incoming and outgoing FDI. Its major drawback, however, is that it does not give countries a clear picture of the source, direction and degree of their international FDI activity and interdependency.

However, BPM6 and BD4 recommend that detailed statistics by partner country and by industry be recorded according to to the directional principle, which shows the direction and degree of influence of each investment.

### Tracing investments back to real-source country

Both BPM6 and BD4 also recommend that countries produce and report their inward FDI statistics by the Ultimate Investing Country (i.e. the real country of origin), in addition to Immediate Investing Country. This is because most countries find a number of foreign direct investors routing investments through intermediate tax-saving destinations, muddying the understanding of where the money really comes from or goes to, and how much tax these firms need to pay.

### Separately compiling FDI statistics for resident special purpose entities (SPEs)

BD4 also recommends that countries distinguish and separately report FDI made through special purpose entities (SPEs), which are holding companies with little physical presence.[3] Till now, FDI transiting through SPEs has inaccurately bloated the corresponding inward and outward FDI figures for the countries in which they are located.

Over and above these new mandatory standards, BD4 suggests a variety of voluntary improvements for OECD members. Among these is to extend the segregation of resident SPE-specific FDI flows and stocks to non-resident SPEs as well, and to count and report mergers and acquisitions separately from FDI since they do not create new productive assets.

***Source***: NCAER, adapted from various UNCTAD, IMF and OECD sources.

3. BD4 defines SPEs as legal entities that have little or no employment, or operations, or physical presence in the jurisdiction in which they are created by their parent enterprises, which are typically located in other jurisdictions (economies). They are often used as vehicles to raise capital or to hold assets and liabilities and usually do not undertake significant production (BD4).

### 4.2.2 Global Standards on Foreign Affiliates Statistics (FATS)

The first international FATS standard was established by the EU in 2007,[4] though the US appears to have pioneered the collection and reporting of foreign affiliates statistics as far back as the 1960s.[5] The EU's 'FATS regulation' of 2007 required all its members to mandatorily collect and report 12 operations parameters for all majority-owned inward foreign direct investors (Table 4.1).

The EU-FATS' preamble explains the reason for this requirement: "Regular and good quality Community statistics on the structure and activity of foreign affiliates in the whole economy are essential for an adequate assessment of the impact of foreign-controlled enterprises on the European Union economy.…FATS statistics are particularly useful because they help explain how businesses are expanding internationally and what the consequences are for the European Union." It continues with the statement that only with detailed statistics on the "direct and indirect effects of foreign control on employment, wages and productivity in particular countries and sectors" can the European Union and its member states devise effective policies on economic, technological and enterprise development, competition, and employment, especially in the context of continued liberalisation and globalisation.

In 2008, the OECD followed suit, requiring its 34 members to mandatorily collect and report data on five operations parameters for all foreign subsidiaries in their country. It also encouraged them to move toward reporting seven others over time (Table 4.1). These standards are contained in Chapter 8 of BD4. In the same year, the UNCTAD Training Manual on Statistics for FDI and the Operations of TNCs (2008) presented United Nations (UN) members with a list of 17 target parameters they should aim to capture and report for a comprehensive view of FDI activity and impact in their countries. UNCTAD's standards are not binding, but serve as the principal guideline for countries not belonging to the EU or the OECD to enhance their understanding of the role being played by inward and outward foreign direct investors in their economies. In 2010, the UN issued the Manual on Statistics of International Trade in Services (2nd Edition), or MSITS, Chapter 4 of which establishes the standards for FATS reporting by all countries that have signed the General Agreement on Trade in Services (GATS). Like the EU-FATS and BD4 parameters, MSITS standards are binding on all GATS signatories, including India.

Table 4.1 compares the data parameters contained in each standard. The MSITS and the OECD BD4 are the least complex, requiring countries to mandatorily report on just five basic parameters: i) number of enterprises, ii) sales (turnover) and/or output, iii) value-added, iv) exports and imports and v) employment. However, as mentioned earlier, the BD4 also encourages OECD members to graduate to reporting seven more parameters over time, including employee compensation, R&D, and net assets. In contrast, the EU-FATS and UNCTAD standards are considerably more detailed.

In all four cases, countries are encouraged to collect and report FATS separately for foreign subsidiaries (in which a single foreign direct investor controls over 50 per cent of equity) and foreign affiliates (in which a single foreign direct investor controls over 10 per cent of equity).

4. Regulation (EC) No 716/2007 of the European Parliament and the Council (EC) of 20 June 2007 on the structure and activity of foreign affiliates.
5. This was mentioned by several of the international experts interviewed for this chapter.

**Table 4.1: The International Standards on Foreign Affiliates Statistics**

| S.No. | EU - FATS | UNCTAD MANUAL | OECD BD4 | MSITS |
|---|---|---|---|---|
| 1. | | Number of branches and subsidiaries in the host economy | Number of enterprises | Number of enterprises |
| 2. | Turnover | Sales/turnover | Sales (turnover) and/or output | Sales (turnover) and/or output |
| 3. | Production value | Output | | |
| 4. | Value-added at factor cost | Value-added | Value-added | Value-added |
| 5. | Exports and imports of goods and services | Exports and imports | Exports and imports of goods and services | Exports and imports of goods and services |
| 6. | Total purchases of goods and services | | | |
| 7. | Purchases of goods and services for resale in the same condition as received | | | |
| 8. | Personnel costs | Employee compensation (or wages and salaries) | Compensation of employees* | |
| 9. | Gross investment in tangible goods | | | |
| 10. | Number of persons employed/ number of employees | Employment | Employment | Employment |
| 11. | Total intra-mural R&D expenditure | R&D expenditures | Research and development expenditures* | |
| 12. | Total number of R&D personnel | Employment in R&D | | |
| 13. | Intra-group exports and imports of goods and services | Intra-firm trade | | |
| 14. | | Net operating surplus | Net operating surplus* | |
| 15. | | Earnings - both distributed and reinvested | | |
| 16. | | Assets | Assets* | |
| 17. | | Net worth | Net worth* | |
| 18. | | Technology payments (i.e. royalties and license fees) | | |
| 19. | | | Gross fixed capital formation* | |
| 20. | | Taxes on income | Taxes on income* | |

***Note***: * Members are also encouraged to start reporting voluntarily on these non-binding parameters.
***Sources***: Compiled by NCAER from the following EU, OECD, UNCTAD and UN sources:
EU-FATS - http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0716&from=EN
BD4 - http://www.oecd.org/investment/fdibenchmarkdefinition.htm
UNCTAD Manual - http://unctad.org/en/docs/diaeia20092_en.pdf
MSITS - http://unstats.un.org/unsd/tradeserv/tfsits/manual.htm

The EU-FATS, BD4 and MSITS standards also require outward investing economies to begin collecting and reporting operations data for all their majority-owned outward foreign direct investors, and the UNCTAD Manual urges the same.

## 4.3 FINDINGS FROM NCAER'S SURVEY OF FDI STATISTICS WEBSITES

NCAER's website survey reveals a fascinating diversity and wealth of detail in FDI data reporting by the world's leading FDI economies. While most now publicly report much, if not all, of the flows and stocks data required by IMF and OECD standards, a few still publish just the bare minimum. Most noteworthy, by far, many countries now share reports on FDI's contribution to employment, trade and so on, thus going beyond the mere reporting of FDI statistics. Some of these countries also collect and publish more information than international standards require, to give their policymakers, citizens – and foreign direct investors – a deeper understanding of foreign firms' impact on national employment, production, sales and trade, and the economic development of individual cities, states or regions.

By studying and adopting this international best practice, India could go a long way in bridging the data and analytical gaps revealed by the analyses in Chapters 2 and 3.

### 4.3.1 Data Accessibility

Before launching into a review of the types of data being reported on these websites, it would be useful to share some observations on ease of data access. In other words, how quickly could each country's official FDI statistics be located online using merely a Google search? India needs to keep this consideration in mind, since – as Chapter 3 discovered – Indian FDI-policymakers and researchers find it difficult to access disaggregated and historical FDI statistics (especially online) impeding well-informed FDI policymaking and research.

#### *4.3.1.1 Locating each sample FDI statistics website*

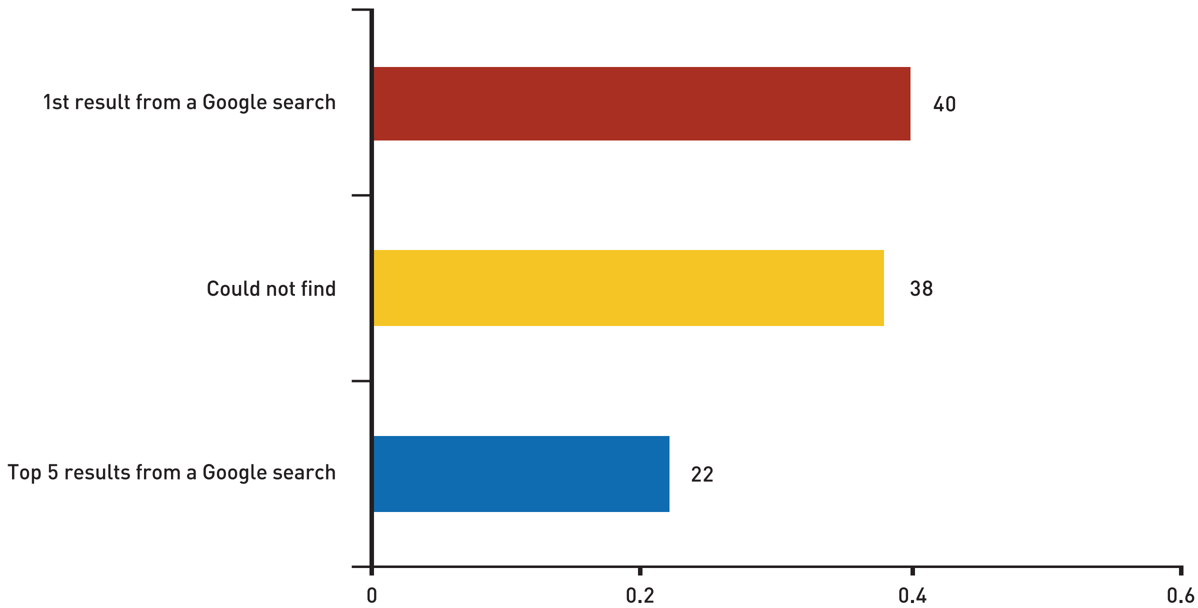
Most of the 45 sample websites were fairly easy to locate, using merely a Google search combining 'country name' + 'FDI statistics'.[5] Forty per cent (18 websites) appeared as the first result (Figure 4.1); 22 per cent (10 websites) appeared within the top five results.

However, 38 per cent (17 websites) could not be located using this methodology, since they did not appear amongst the first two pages of results from each Google search. We only succeeded in locating these websites because we surmised that each country's central bank or national statistical agency would most likely report its national FDI statistics. This hunch proved correct, and all sample websites were located. However, each website had to first be thoroughly examined to ensure that it indeed reported that country's official FDI statistics.

Within each website, it often required some effort to actually find its FDI statistics, as explained below.

5. The same standard search terms was employed for each country. This was 'country name + FDI statistics or foreign direct investment statistics'. (For instance, Germany FDI statistics, or Germany foreign direct investment statistics).

**Figure 4.1: How accessible was each country's FDI statistics website?**
*(Results from NCAER's Google search for each of the sample 45 websites; in %)*




***Source***: NCAER.
***Note***: See Annexure 4.2 for the list of websites surveyed.

*Websites resulting from the Google search* – In 17 of the 28 websites (61 per cent) located through the initial Google search,[6] the country's FDI statistics, or the web link to these, appeared on the opening page itself. Some examples are the US' Bureau of Economic Analysis and Chile's Foreign Investment Committee websites.[7] In all these cases, the data typically comprised of Excel tables, with historical and disaggregated tables for both inward and outward FDI.

However, this did not happen in the remaining 11 websites in this category. In ten, it required a few clicks to actually locate their FDI statistics, which are reported in the same formats described above, sometimes in an interlinked website.

In the other, no Excel tables could be found; the only FDI statistics available were contained in short listings within annual government briefing notes on national FDI trends for the year.

*Websites resulting from the search for central banks and national statistics agencies* – In the second category of websites (those located by searching for each country's central bank or national statistics agency), it required more work to actually find the FDI statistics within them. This is because these websites did not have an FDI data link posted on their home pages. So, it required some informed guessing, and three to five clicks, to reach the FDI data stored deeper within the website.

Typically, in central bank websites, the routing down to their FDI statistics page was 'Statistics', 'Balance of Payments,' 'International Investment Position' and 'Foreign Direct Investment.' The Central Bank of Brazil was a notable exception, with a dedicated 'Exchange and Foreign Capital Link' prominently displayed on its

6. In these cases, as earlier explained, the search term was 'name of country + FDI statistics' or 'name of country + foreign direct investment statistics', and the website appeared among the first five results.
7. The links to these websites are www.bea.gov and www.ciechile.gob.cl, respectively.

homepage.[8] In national statistical agency websites, the typical routing was 'Statistics', 'External Sector' and 'Foreign Direct Investment.'

#### *4.3.1.2 Locating each country's Inward/Outward FDI data and FATS*

All 45 sample websites report their inward and outward FDI statistics together in a single, dedicated section that is accessed via a single 'Foreign Direct Investment' link. India stands in striking contrast, with DIPP reporting India's inward data and the RBI its outward data, on two separate, unrelated and – most important of all – unlinked websites.

Eight websites in the sample go a step further to report their foreign affiliates statistics in a common section alongside their FDI flows and stocks data. These are Austria, Finland, Germany, Luxembourg, Norway, Switzerland, Thailand, and the US. Germany is noteworthy. Though its central bank reports its outward FATS, and its national statistical agency reports its inward FATS, the relevant links are posted together to enable seamless movement between both websites.

However, the US leads best practice on this issue. Its Bureau of Economic Analysis' website is the only one in the sample to have posted all FDI flows/stocks data, foreign affiliate statistics and FDI-related reports together in a dedicated 'Direct Investment and Multinational Enterprises' section, directly accessible from the home page. It is thus extremely easy even for a first-time visitor to locate and access all this website's FDI-related data and analyses.

In contrast, in the other countries in which a single agency reports both FDI stocks/flows and foreign affiliate statistics[9], this data is in two, unlinked sections of its website. In the sample's 10 remaining FATS reporters, the central bank tends to report FDI flows and stocks data, and the national statistical agency reports FATS, and the two websites are not interlinked.[10]

### Box 4.2: Accessing Firm-Level Microdata

A handful of sample websites also advertise their institution's underlying FDI microdata to interested researchers.Typically, this is the firm-level data the government collects from foreign direct investors through regulatory reporting and surveys. Bona-fide researchers are encouraged to apply for use of this data in their research, though strict conditions apply. Leading amongst these is that the confidentiality of the underlying firms is protected by law and any breach is criminally punishable.

Germany and the US appear to have the most developed programmes in this regard.[11] Both make their FDI microdata available to an active research network of in-house and external experts, who use it for policy-informing research. Both countries regularly organise workshops, where network members present research and findings arising from the FDI microdata to which they have been provided access. Many of their papers are published on each country's FDI statistics website. Additionally, in-house specialists brief workshop participants about new developments in the FDI microdata set.

***Source***: NCAER.

8. Banco Central do Brazil's website can be accessed at: www.bcb.gov.br/?ENGLISH.
9. There were 9 countries in this category: Australia, Brazil, Canada, Czech Republic, Denmark, Hong Kong, Ireland, New Zealand and the United Kingdom.
10. There were 10 countries in this category: Estonia, France, Germany, Israel, Japan, Netherlands, Poland, Slovenia, Spain and Turkey.
11. For a description of Germany's programme, please see: www.bundesbank.de/Redaktion/EN/Standardartikel/Bundesbank/Research_Centre/research_data_micro_data_midi.html, and for a description of the US programme: http://www.bea.gov/about/research_program.htm.

### 4.3.2 Data Coverage and Presentation

We now look at the survey's findings on data coverage and presentation: that is, the types of FDI data the world's other leading FDI recipients now report, the types of formats they employ, and how long their historical data series extends. To answer this question in brief, countries now overwhelmingly report inward FDI flows and stocks data, but still have a way to go with outward FDI data and foreign affiliates statistics, as the following paragraphs highlight.

#### *4.3.2.1 Inward FDI Flows and Stocks*

All 45 websites now report some form of inward FDI data (Table 4.2). Nearly all report total FDI inflows, except Singapore's which only reports total inward FDI stock. 96 per cent also report total inward FDI stock.

**Table 4.2: Reporting of Inward FDI Flows and Stock Data on FDI Websites**

| | Inflows | Inward Stock |
|---|---|---|
| Annual total | 98% | 96% |
| Country break-down | 72% | 76% |
| Industry break-down | 72% | 73% |

***Source***: NCAER calculations, based on findings from its survey of its sample of 45 FDI statistics websites.

A handful of countries – including the US, Finland and Hungary – also have a dual report for both inward FDI flows and stocks data: one disaggregated by immediate investor country and the other by the ultimate source country (i.e. of the Ultimate Beneficial Owner). Hungary is also amongst the first countries to report how much of its FDI comes through SPEs. Many OECD countries now also report direct investment income for both inward and outward FDI.

***Data presentation*** – In terms of presentation, these 45 websites now report inward FDI flows and stocks in a fairly standard manner. Typically, this data is presented in a downloadable Excel sheet, with a historical time series for annual flow and stock totals' – as also country, sector, state and other break-ups. This reporting format is used by 80 per cent of the websites reporting inward FDI (and 75 per cent of those reporting outward FDI). The other 20 per cent of websites typically present their data in short briefing notes on national FDI trends, in pdf format.

Additionally, a handful of websites (the US, Luxembourg, Norway, Denmark and Singapore) offer online interactivity. Website visitors can thus download the data as required: for instance, by year, country, industry, domestic region, or a combination of the three. Norway's, Denmark's and Singapore's sites also use innovative data visualisation technologies that enable the user to generate colourful and insightful graphs and charts from each table's data.

***Historical time-series*** – In three-quarters of the sample, the historical time-series for inward FDI flows and stocks data begins in 1990 or earlier. Chile is an exception; its data series starts in 1974. Over and above this, the sample splits fairly equally into four broad time-series categories. The first starts in the 1980s,[10] the second in the 1990s,[11] the third between 2000 and 2005,[12] and the fourth in 2006.[13]

***Country and industry break-up of inward FDI flows and stocks*** – Additionally, three-fourths of the sample's 'inward FDI reporters' disaggregate inflows by country and industry (Table 4.2). In other words, they report both where their inward FDI comes from and into which sectors it goes. However, the percentage of countries reporting these break-downs is marginally higher for inward stocks than for inward flows (Table 4.2).

10. Countries in this category include Mexico, the US, Switzerland and Australia.
11. Countries in this category include Austria, the Czech Republic, Brazil and Estonia.
12. Countries in this category include Thailand, Turkey, Japan and Malaysia.
13. Countries in this category include Israel, Hong Kong, Greece, and Saudi Arabia.

Interestingly, NCAER's findings mirror those of an unpublished 2015 UNCTAD study of FDI flows and stocks reporting by 209 countries and economies (Box 4.3).

## Box 4.3: Results from UNCTAD's International Study of FDI Flows and Stocks Data Reporting

Like NCAER, UNCTAD – in an unpublished 2015 study of FDI flows and stocks reporting by 209 countries and economies – finds finds that countries perform best in reporting FDI inflows. Nearly two-thirds (64 per cent) of the UNCTAD sample now report the country break-down and industry break-down (57 per cent) of their FDI inflow (Table 4.3).

UNCTAD also finds that developed countries significantly outperform developing ones on all parameters, excepting Asia, which performs strongly in reporting the country and industry break-down for FDI inflows (Table 4.3).

UNCTAD's results differ from NCAER's, however, in that performance drops when reporting the disaggregation of inward FDI stock. Just 56 per cent and 48 per cent of UNCTAD's total sample, respectively, report the country and industry break-down for their inward stock (Table 4.3).

**Table 4.3: Percentage of Countries Reporting the Country and Industry Breakdown of FDI Flows and Stocks,** *2012 or latest year available (Total number of countries and economies studied: 209)*

| | World | Developed countries | Developing countries Total | of which: | | | South-East Europe and CIS |
|---|---|---|---|---|---|---|---|
| | | | | Asia and Oceania | Latin America and the Caribbean | Africa | |
| Number of countries in category | 209 | 39 | 153 | 41 | 59 | 53 | 17 |
| Inward flows by country break-down | 64% | 95% | 54% | 88% | 42% | 40% | 82% |
| Inward flows by industry break-down | 57% | 87% | 47% | 78% | 37% | 34% | 76% |
| Inward stock by country break-down | 56% | 95% | 44% | 83% | 24% | 36% | 76% |
| Inward stock by industry break-down | 48% | 92% | 36% | 66% | 20% | 30% | 59% |
| Outward flows by country break-down | 33% | 95% | 17% | 39% | 8% | 9% | 41% |
| Outward flows by industry break-down | 27% | 87% | 12% | 27% | 8% | 6% | 18% |
| Outward stock by country break-down | 30% | 95% | 14% | 32% | 8% | 6% | 29% |
| Outward stock by industry break-down | 29% | 92% | 12% | 29% | 5% | 8% | 29% |

***Source***: NCAER, adapted from unpublished UNCTAD data.

Some countries go beyond reporting separate country and industry break-ups for inward flows and stocks to also publish the sector break-up of country inflows and country stock. Among these are the US, Chile (Annexures 4.3a and 4.3b), Brazil and Argentina. A few countries, including the US and Brazil, now also report these break-ups by both immediate and ultimate source countries.

Argentina does not report these break-downs in an Excel table, but undertakes a detailed pdf analysis of the sector and country break-up of its inward FDI flows and stocks, including emerging trends and other highlights.[14] This gives the reader an insight not just into which countries have invested most in Argentina and which sectors have received the most FDI, but also how their shares have changed over time.

14. Banco Central de la Republica Argentina, accessible at: http://www.bcra.gov.ar/Pdfs/Estadisticas/Inversiones%20directas%20al%2031%2012%2013.pdf, Pg 19.

*Domestic destination of inward flows and stocks* – Only four websites in the sample – Chile, Indonesia, Mexico and Slovakia – appear to be reporting the geographic destination of inflows within their territories. Here, it must be noted that in doing so they are going beyond current IMF, OECD and UNCTAD standards, which only require country and industry break-downs.

While Indonesia[15] and Slovakia[16] only report the state break-up of annual inflows, Mexico[17] (Annexure 4.4), Chile[18] (Annexure 4.5, 4.6a and 4.6b), and Brazil[19] go a step further to report states' share of annual national inflows and cumulative inward stock.[20]

Chile's disaggregations are the most detailed and pioneering in the sample – and, from the perspective of this study – present the types of domestic break-ups being urged by Indian state government respondents in Chapter 3. Chile reports each investing country's total investment into each Chilean province (Annexure 4.5), complemented by the sector break-up of inward FDI into each of these provinces (Annexures 4.6a and 4.6b). This type of reporting enables Chilean policymakers to calculate each province's share of total national inward FDI flows and stock and of each investor country's cumulative investment in Chile. Similarly, they can measure individual states' share of the national inward stock into a sector, and each sector's share of total FDI into each state. These kinds of analysis give policymakers a clear understanding of their state's relative importance to particular countries, and their competitive advantage in particular sectors.

Interestingly, while many other countries in the sample have tables in their websites labelled 'Flows or stocks broken down by country, region and economic activity,' none report the domestic geographic disaggregation of FDI inflows. In all cases, 'region' is interpreted as a group of investor countries (the European Union or the Gulf Countries, for example), rather than a recipient area within the host economy.

*Approvals versus actuals* – Some countries also report the annual number of FDI approvals and related details. For instance, South Korea reports i) the number of FDI projects/proposals accepted, ii) the number of new enterprises, iii) the accepted amount, iv) the number of remittances and v) the invested amount. This data is disaggregated further by country and industry.[21] Chile reports authorised and materialised FDI broken by country, sector and host region, for both the current year and the post–1974 total.

#### 4.3.2.2. Outward FDI Flows and Stocks

Countries' reporting of outward FDI data is noticeably poorer than that for inward FDI data. Only four-fifths of the 45 websites surveyed report any outward FDI data. Over one third report neither the country nor industry break-up of outward FDI flows and stocks (Table 4.4).

**Table 4.4: Reporting of Outward FDI Flows and Stock Data on FDI Websites**

| | Outflows | Outward Stock |
|---|---|---|
| Annual Total | 80% | 78% |
| Country break-down | 62% | 63% |
| Industry break-down | 62% | 63% |

***Source***: NCAER calculations, based on findings from its survey of its sample of 45 FDI statistics websites.

15. Indonesia's disaggregation of FDI inflows by state is available at: www7.bkpm.go.id/contents/p16/statistics/17#.VXbgTs-qqko.
16. Slovakia's disaggregation of FDI inflows by state is available at: www.nbs.sk/en/statistics/balance-of-payments-statistics/foreign-direct-investment.
17. Mexico's disaggregation of FDI inflows by state is available at www.economia.gob.mx/trade-and-investment/foreign-direct-investment/official-statistics-on-dfi-flows-into-mexico.
18. Chile's disaggregation of FDI inflows is available at: www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/.
19. Brazil's disaggregation of FDI inflows by state available at: www.bcb.gov.br/Rex/censo2000/ingl/CENSUS2000ListofTables.asp?idpai=CENSUS2000.
20. Mexico has even reported these break-ups quarter-on-quarter.
21. South Korea's disaggregation of FDI inflows is available at: http://211.171.208.92/odisas_eng.html.

Countries' data series for outward FDI is also shorter than for inward FDI, even for countries that have historically been major outward direct investors. 1986 is the earliest year for which outward FDI data is available.[22] Just one third of the sample has a data set starting in 1990. For half the sample, the data only starts in 2000 or after.

Here, too, NCAER's findings on outward FDI reporting mirror that of the UNCTAD study introduced in Box 4.3, as Box 4.4 explains.

### Box 4.4: Findings from UNCTAD's International Study of Reporting on Outward FDI Flows and Stocks

Of the 209 countries and economies it studied, UNCTAD finds that just one third report any type of outward FDI data (Table 4.3), about a half the ratio for inward FDI reporting. Only 33 per cent report the country break-up for outflows, and just 30 per cent do so for outward FDI stock. Even less report the industry break-down of outward FDI flows (27 per cent) and outward FDI stock (29 per cent).

Developing countries fare particularly poorly in reporting outward FDI data. Over 80 per cent of developing countries do not report the country and industry break-up for outward FDI flows and stocks, in marked contrast to developed countries, nearly all of which do (Table 4.3). Even Asia considerably underperforms the developed world, with over two-thirds of Asian economies still not reporting these break-ups.

***Source***: NCAER, based on unpublished UNCTAD data.

#### *4.3.2.3 Foreign Affiliates Statistics (FATS)*

Judging from NCAER's website survey, the public reporting of foreign affiliates statistics is still developing internationally. A Google search yielded FATS for just 60 per cent of the sample websites (that is, 27 out of 45 websites).[23]

Mirroring the pattern seen in the reporting of FDI flows and stocks data, more sample websites report inward FATS (42 per cent) than outward FATS (34 per cent). Additionally, the time-series for inward FATS tends to be longer than for outward FATS. This could be explained by the fact that the EU and OECD have both pushed their members to first report as many inward FATS parameters as possible, before seeking to upscale their outward FATS reporting.

A half of the inward FATS reporters in NCAER's sample started to report such data before 2009. In contrast, three-quarters of the sample's outward FATs reporters started to report this data in 2009 or after. This said, the data series for Brazil stretches back to 1995, and for the US, Japan and Luxembourg to 1997.

UNCTAD data offers a more comprehensive, international picture of the number of countries now collecting at least one FATS parameter (Table 4.5). It finds that just 47 of the 209 countries and economies surveyed (Boxes 4.3 and 4.4) now publish at least one of the 20 internationally recommended FATS parameters listed in Table 4.1. Forty four of these countries and economies now publish the number of foreign direct investors in their country: the most basic FATS parameters. Other popular parameters are employees, sales and value-added (each reported by an average of 34 countries), and assets, imports and exports (each reported by an average of 10 countries). Just a handful of countries, including India, report parameters such as royalties, profits and R&D spending.

22. Switzerland's data series starts in 1986.
23. Here, the search term employed was 'country name + foreign affiliate statistics' or 'country name + FATS'. (For instance, Germany foreign affiliate statistics, or Germany FATS).

**Table 4.5: The Availability of FATS Data* from Countries Providing Breakdown by Country and by Industry,** *2013 or latest year available (Total number of countries and economies studied: 209)*

| FATS by Category | Developed Economies | Developing Economies | | Transition Economies | World |
|---|---|---|---|---|---|
| | | Total | of which Asia; | | |
| Number | 30 | 11 | 9 | 3 | 44 |
| Establishments | 2 | - | - | - | 2 |
| Assets | 7 | 3 | 3 | - | 10 |
| Employees | 31 | 6 | 4 | - | 37 |
| Wages and salaries | 5 | - | - | - | 5 |
| Value added | 31 | 3 | 2 | - | 34 |
| Research and development | 3 | 2 | 2 | - | 5 |
| R&D funded by affiliates | 1 | - | - | - | 1 |
| R&D performed by affiliates | 1 | - | - | - | 1 |
| Number of R&D employees | 2 | - | - | - | 2 |
| Royalties payments | 4 | 1 | 1 | - | 5 |
| Royalties receipts | 4 | - | - | - | 4 |
| Profit after taxes | 3 | - | 1 | - | 4 |
| Profits before taxes | 2 | 3 | 3 | - | 5 |
| Unspecified profits | 3 | 2 | 1 | | 5 |
| Sales | 30 | 4 | 3 | - | 34 |
| Imports | 6 | 3 | 3 | - | 9 |
| Exports | 7 | 3 | 3 | | 10 |

***Source***: UNCTAD (unpublished).
***Note***: * This data is for all foreign affiliates in the reporting host country, not just majority-owned foreign subsidiaries.

The US visibly leads international best practice in the online reporting of foreign affiliates statistics. Not only does it report one-third more FATS parameters than the other best performers in the sample, it reports virtually all the FATS parameters recommended by the EU, OECD, and United Nations, for its inward FDI. For its outward FDI, it reports seven key parameters (Table 4.6). As significant, US FATS are accessible via the same web link in the same section of the Bureau of Economic Analysis' website as its data on FDI inflows and outflows.

**Table 4.6: List of Data Tables Available on the Bureau of Economic Analysis' FDI Website**

| | | Inward FDI | Outward FDI |
|---|---|---|---|
| i. | Total Assets | ✓ | ✓ |
| ii. | Employment | ✓ | ✓ |
| iii. | Employment - Manufacturing | ✓ | - |
| iv. | Compensation of Employees | ✓ | ✓ |
| v. | U.S. Exports of Goods | ✓ | ✓ |
| vi. | U.S. Imports of Goods | ✓ | ✓ |
| vii. | Net Income | ✓ | ✓ |
| viii. | Research and Development Expenditures | ✓ | - |
| ix. | Gross Property, Plant, and Equipment | ✓ | - |
| x. | Value Added (Gross Product) | ✓ | - |
| xi. | Property, Plant, and Equipment Expenditures | ✓ | - |
| xii. | Total Sales | ✓ | ✓ |
| xiii. | Goods Supplied | ✓ | - |
| xiv. | Services Supplied | ✓ | - |

***Source***: NCAER, adapted from the United States Bureau of Economic Analysis website.[24]

Israel's FATS data is also one of the most extensive in the sample. The 'Multinational Enterprises in Israel' link, in its Central Bureau of Statistics website,[25] contains detailed tables for inward and outward FATS, including sales and employment, exports and imports of goods and services, and intra-firm trade. All these parameters can be further disaggregated by country and industry, to show the comparative contributions of foreign direct investors from particular countries or industries.

Other sample websites with detailed and pioneering FATS reporting include Luxemberg, Japan, Denmark, Finland, Norway, Slovenia, Spain, Sweden and Turkey.

*Analyses of foreign direct investors' contribution and impact* – More significant than the mere reporting of FATS is the imaginative way in which some of these FATS pioneers are analysing and interpreting such data on their websites. This presents policymakers and the public with an understanding of the evolving economic role and contribution of their countries' inward and outward foreign direct investors. These countries have also invested in sophisticated online data visualization technologies that make principal data trends and patterns immediately visible through innovative, interactive graphs and tables.

The more standard of these analyses explain foreign firms' contribution to national employment, production, sales, exports and imports in a single reporting year. Some go a bit further to discern foreign firms' evolving contribution to these parameters over three to five years. Till some years ago, Brazil used to report how much foreign firms were contributing to individual states' employment, export, import, and tax collections.[26] Thailand lists all approved FDI projects by investor nationality, and provides data on the name of the investor, investment size, employment, and factory location.[27] A couple of countries analyse financial parameters for foreign direct investors as a group, examining such things as typical return on equity, return on investment, debt levels and typical maturities, net profits, and dividend payment to overseas investors.

24. The United States Bureau of Economic Analysis' FATS data is available at: www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=3&isuri=1&202=1&200=2&201=1.
25. Israel's FATS data is available at: www.cbs.gov.il/reader/?MIval=cw_usr_view_SHTML&ID=794.
26. Brazil's state-specific inward FATS report is accessible at: www.bcb.gov.br/?CENSUS1995. Please see Section III: Consolidated Statement by Geographic Region.
27. Thailand's data on approved FDI projects is available at: www.boi.go.th/upload/content/TFDI08_51330.pdf.

Some countries, including the US, Japan, Sweden, Norway, the Netherlands and Australia, similarly report trends and developments in the overseas operations of their outward foreign direct investors.

For both inward and outward FATS, the USs' reporting is the most detailed. It undertakes an elaborate annual and cinquennial analysis of the nature, structure, operations and impact of both inward and outward foreign direct investors, including overseas assets, employment, wages, production and services, sales, income, and capital expenditures. Also examined in detail are financial performance, dividends and repatriations. All this data is then further disaggregated by country and sector to assess how investors from particular countries and industries are contributing to these parameters.

***Comparative analyses of foreign and domestic firms*** – Most significant, some countries have also started to go beyond these stand-alone analyses of FDI firms' evolving contributions to compare foreign and domestic firms' relative shares of economic control, production, employment, sales, R&D and exports/imports, for the country as a whole, or within particular sectors and regions or cities. New Zealand and the Netherlands, for instance, report foreign firms' share in the total number of companies nationally, followed by their relative share of national employment.  The Netherlands also reports their share in national turnover, value-added at factor cost, and gross fixed capital formation.[28] This types of reporting gives policymakers and citizens a more thorough understanding of FDI impact in an overall national context.

To illustrate the practical value of such reporting, we cite from the New Zealand website.[29] Its inward FATS data shows that only 1.4 per cent of New Zealand's firms received FDI in 2012, but accounted for 15.4 per cent of the national employment.[30] The analysis then drills deeper to study individual countries' share of New Zealand's corporate universe and national employment. Its key finding is that Australian firms make up just one-third of all inward foreign affiliates in New Zealand, but generate a half of their total employment locally.

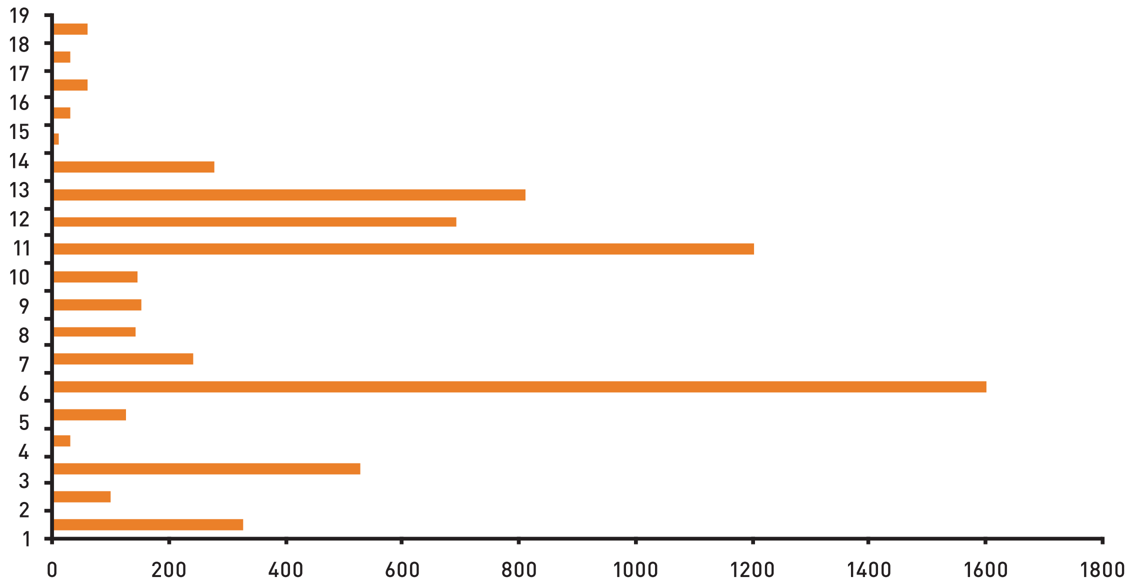
New Zealand, Turkey and Brazil also report the number of foreign firms in particular cities, regions or industries and how many people they employ, even as a percentage of total national employment by foreign affiliates (Figure 4.2 and Table 4.7). Turkey further disaggregates this number by type of firm: that is, subsidiary, joint venture, or branch office.

As emphasised earlier, this kind of data analysis and reporting could definitively help India bridge the data and analytical gaps uncovered in Chapters 2 and 3.

28. Statistics Netherlands, *Trends in Foreign Investment* is available at: www.cbs.nl/NR/rdonlyres/8255C04A-774B-4244-9523-9272CF58E69B/0/Internationalisationmonitor2012hoofdstuk4.pdf
29. New Zealand's FATS data is accessible at: www.stats.govt.nz.
30. S*tatistics New Zealand (2014)*. New Zealand's inward foreign affiliate statistics is available at: www.stats.govt.nz/browse_for_stats/economic_indicators/balance_of_payments/nz-inward-fats.aspx

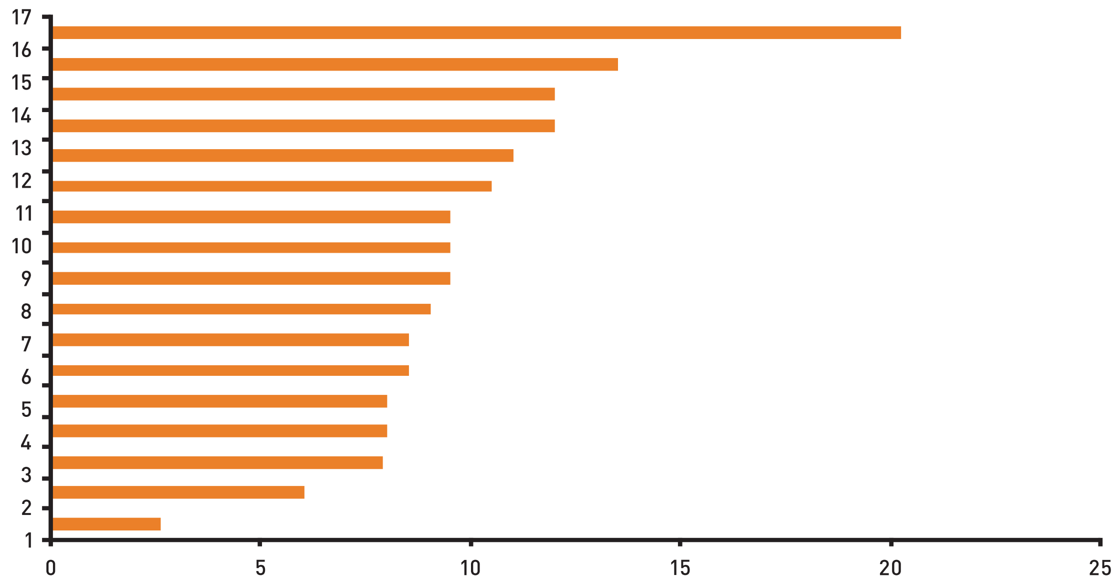
## Figure 4.2: Some Examples from New Zealand's Inward FATS Reporting

### 4.2a: Number of Foreign Affiliate Firms by Industry (as at 31 March 2012)




***Source***: Statistics New Zealand.

### 4.2b: Proportion of People Employed by Foreign Affiliates by Region (as at 31 March 2012)




***Source***: Statistics New Zealand.

**Table 4.7: Turkey's Report on the Breakdown of FDI Firms by Investment Location**

| City | Number of Companies (1954–2014) |
|---|---|
| Istanbul | 24,606 |
| Antalya | 4,416 |
| Ankara | 2,500 |
| Izmir | 2,110 |
| Mugla | 1,534 |
| Mersin | 1,018 |
| Bursa | 631 |
| Aydin | 594 |
| Gaziantep | 581 |
| Kocaeli | 448 |
| Other | 3,090 |
| Total | 41,528 |

***Source***: Ministry of Economy, Republic of Turkey, *International Direct Investment Information Bulletin*, February 2015[31] (Provisional Data)

Additionally, Turkey and Argentina report the evolving 'foreign control rate' in particular industries and the comparative production share of foreign direct investors of different nationalities. Turkey even examines whether foreign control is most concentrated in high-tech, medium-tech or low-tech sectors[32] (Annexure 4.7).

***FDI's impact on the host economy*** – Chile's FDI statistics website goes one step beyond such analyses to even attempt a preliminary assessment of FDI's impact on national economic growth. It explains how much of the country's accelerated GDP growth rate, boosted investment, and expanding employment is due to foreign firms, and how their wage rates compare with those of their domestic counterparts (Box 4.5).

### Box 4.5: Extract from Chile's FDI Statistics Website: FDI's Effects on National Economic Growth

In Chile, FDI as a percentage of GDP has nearly trebled from 4.8 per cent in 2006 to 11.3 per cent in 2012. Chile's FDI statistics website explains how this development has driven growth in the country.

"The significant increase in FDI seen in recent years has made a decisive contribution to boosting the growth of the Chilean economy and its gains in productivity.

- Growth of FDI explains over 18% of the acceleration of GDP growth between 2010 and 2012.
- Around 15% of the growth of employment in Chile since 2010 – or, in other words, 119,600 new jobs – was thanks to higher FDI.
- Companies in Chile with overseas shareholders pay wages that are on average 130% higher than wholly locally-owned companies of the same size and in the same sector.
- Around 30% of the increase in the Chile's total investment rate (gross fixed capital formation) since 2010 was thanks to the increase that on average FDI showed in this period."

***Source***: NCAER, adapted from CIE Chile.[33]

31. Ministry of Economy, Republic of Turkey (2014), *International Direct Investment Information Bulletin*, available at: www.economy.gov.tr/portal/content/conn/UCM/path/Contribution%20Folders/web_en/Home/FDI/Statistic/Foreign%20Direct%20Investment%20%28FDI%29/Foreign%20Direct%20Investment%20Information%20Bulletin%20%28Monthly%29/2015/02.February.pdf
32. Turkish Statistical Institute (2012), *Foreign Controlled Enterprise Statistics 2012*, available at: www.turkstat.gov.tr/PreHaberBultenleri.do?id=16196
33. Chile Foreign Investment Promotion Agency (2016), *Impact of the FDI on Chilean economy*, available at: www.ciechile.gob.cl/en/inversion-en-chile/impacto-de-la-ied-en-la-economia-chilena/

Box 4.5, and the other examples highlighted in this chapter, present the kinds of analyses and reporting India could find useful. By adapting and replicating these, Indian ministries would be in a much stronger position to respond to the types of FDI-related questions from MPs that they currently find extremely challenging, as Chapter 2 shows. As Chapter 3 discovers, these are also the types of questions that Indian government officials and FDI researchers say they struggle with. By putting in place the same kinds of foreign affiliates statistics and analytical capacity as the world's other leading FDI economies, India could generate a similar range of reports on FDI's distribution, contribution and impact in the country.

## 4.4 SITUATING INDIA IN THE CONTEXT OF INTERNATIONAL STANDARDS AND BEST PRACTICE

This brings us to the final section of this chapter, which considers the extent to which India meets the international standards and best practices just described. For analytical consistency, India's FDI statistics and related reporting practices will be vetted using the same parameters as in Section 4.3: data accessibility, data coverage and data presentation. Interestingly, the analysis finds India to be amongst the world's best performers on some of these parameters, but amongst its worst performers on others.

### 4.4.1 Data Accessibility

***1st result from a Google search*** – To start with, India ranks amongst the world's best practice countries from the perspective of website accessibility. DIPP's FDI statistics website[34] (more specifically, its listing of monthly 'Fact Sheets on Foreign Direct Investment') shows up as the first result in a Google search for 'India FDI statistics'. Its February 2015 issue of the 'Factsheet on Foreign Direct Investment' appears as the second result.[35] This same search also pulls up two RBI documents in fourth and fifth place.

This said, there is need for improvement. Neither of the two above-mentioned RBI documents are this institution's official FDI statistics. Further, both are outdated. The first is a 2011 RBI brief on key trends in inward FDI (2010–11)[36] and the second is a page from its 2013 Annual Report listing investments by India's top inward investors, and top recipient sectors, for the 2008–09 to 2012–13 period.[37]

More importantly, these DIPP and RBI documents only relate to India's inward FDI. As yet, India's official outward FDI statistics do not appear amongst any of the results from a Google search, even when the specific term 'India + outward FDI (or foreign direct investment) statistics' is used.

***Inward and outward FDI data not in the same place*** – India is the sample's worst performer when it comes to reporting inward and outward FDI data jointly, in one place. It is the only country which does not report both data sets together. DIPP reports India's inward FDI data and the RBI its outward FDI data, and their websites are not interlinked. Moreover, both agencies follow different formats and industry classifications in reporting India's inward and outward FDI data. Also, as explained earlier, DIPP's industry classification is not yet harmonized with the prevailing international industry classification used for FDI statistics.

To reiterate, this stands in complete contrast to all the 45 other websites surveyed, in which a single agency reports each country's inward or outward FDI statistics, in a dedicated 'FDI section' of its website, using the same formats and industry classification, which are internationally harmonized.

***Finding FDI statistics within the website*** – Since a Google search for 'India + FDI statistics' opens into DIPP's FDI statistics, this institution is also amongst the sample's best performers when it comes to accessing the FDI data within its website.

34. *DIPP (2015)*, Fact Sheet on Foreign Direct Investment, from April 2000 to February 2015, available at: www.dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_February2015.pdf.
35. *DIPP (2015)*, Fact Sheet on Foreign Direct Investment, from April 2000 to February 2015, available at: www.dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_February2015.pdf.
36. Reserve Bank of India, *Foreign Direct Investment Inflows to India*, available at: www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2513.
37. Reserve Bank of India (2013), *Annual Report 2013*, table entitled Foreign Direct Investment Flows to India: Country-wise and Industry-wise, available at: www.rbi.org.in/Scripts/AnnualReportPublications.aspx?Id=1110#.

However, finding the RBI's FDI statistics is considerably more difficult because its website has no dedicated Foreign Direct Investment section. Moreover, the RBI reports India's inward and outward FDI totals, together with a variety of other economic and banking data, in a diverse set of monthly, quarterly and annual publications, including the RBI Bulletin, Handbook of Statistics on Indian Economy, and the Database on Indian Economy, in different sections of its website (Chapter 3). Since none of these are FDI-specific, only a searcher with the time to look carefully through the website will chance upon the FDI statistics they seek.

Finally, though the RBI's Database on Indian Economy does have a page that jointly reports inward and outward FDI totals, it is misleadingly labelled Foreign Investment Inflows.[38] Thus, only by actually opening this document would the reader discover that it also reports India's annual outward FDI statistics.

An additional observation is that neither DIPP nor RBI offer a unified list of their many FDI-related reports and publications on their website. Thus, website visitors not already familiar with all these documents would tend to miss a lot of the FDI-related material these websites offer.

### 4.4.2 Data Coverage and Presentation

#### *4.4.2.1 Inward FDI Flows and Stocks*

As an active member of the IMF, India is a strong performer in meeting this institution's standards on measuring and reporting FDI flows and stocks. India reports the annual totals for inward FDI flows and stocks, and disaggregates these by country and by industry. Moreover, the format and content of the RBI's and DIPP's reporting is broadly similar to that of the world's best practice inward FDI statistics reporters, though – as pointed out earlier – India might need to revisit the manner in which it is calculating FDI stock. India is also amongst the first countries to begin to implement the IMF's new BPM6 standards on reverse investments and fellow enterprises, and to share the data on bilateral inflows required by this institution's Coordinated Direct Investment Survey. There are also three reporting aspects in which India appears to out perform the sample (Box 4.6).

#### Box 4.6: Parameters on which India Appears to Outperform the Sample

**Monthly, quarterly and annual release of data**

India appears to be the only country in the sample that publishes FDI-related data on a monthly, quarterly and annual basis.[39] Other best practice countries appear to publish only quarterly and annual statements.

**Microdata on individual monthly transactions**

India also appears to be the only country publishing a monthly listing of all individual inward transactions (DIPP) and outward FDI transactions (RBI). This said, Thailand issues an annual listing of all inward FDI projects, including employment data for each investor. In contrast, India does not publish any FDI-related employment data.

**Breakdown by domestic destination**

India is amongst a handful of countries that go beyond international standards to report the domestic disaggregation of inward FDI flows and stocks, despite the limitations inherent in its current break-up by regional RBI office. In fact, India could pioneer global best practice by being the first country to further disaggregate state inflows by district, as many Chapter 3 respondents urge.

***Source***: NCAER.

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38. Reserve Bank of India, *Database on Indian Economy*, tables on Foreign Investment Inflows, available at: www.dbie.rbi.org.in/DBIE/dbie.rbi?site=publications
39. Both DIPP and RBI publish monthly and annual FDI data; the latter also publishes quarterly data.

However, India's historical time-series is considerably shorter than the average for the sample. While most of the sample websites have a data series that starts in or before the 1990s, the RBI's data begins only in 2000. It also comprises solely of annual FDI totals with no country or industry disaggregations. Though DIPP reports the country and industry break-down of inward FDI flows and stocks, its time-series extends for just three years. Moreover, as discussed earlier, DIPP and RBI employ different industry classifications in reporting inward FDI data, and DIPP's classification does not keep with the international classification recommended for the purpose. DIPP's data is also in pdf format, though the RBI employs an easily downloadable Excel format.

India has also not yet begun to disaggregate its inward or outward FDI by both immediate home country and ultimate beneficial owner, or to separately count investments made by SPEs, as some best practice countries have started to do. This said, it must be pointed out that India is not bound by these standards, since it is not an OECD member.

Finally, some of the international FDI statistics experts interviewed for this chapter observed that India does not appear to be using the latest methodologies in measuring its FDI stock. They encouraged India to revisit its methodology, since its stock figures appear to be merely a summation of flows, with no accounting for their evolving market valuation over time.

#### *4.4.2.2 Outward FDI Flows and Stocks*

As highlighted earlier, India is a poor performer in reporting outward FDI data. While it reports monthly, quarterly and annual outward FDI flow and stock totals, it does not disaggregate these by country or industry. However, it has published a monthly listing of all outward FDI transactions since mid–2007, including the country and industry destination of each investment. No other country in the sample appears to be doing this.

India’s outward FDI data series extends back only to the mid–2000s, while that of the sample's best outward FDI reporters starts in the 1990s or earlier.

#### *4.4.2.3 Foreign Affiliates Statistics*

Though India collects data on a number of FATS parameters (Annexure 4.8a), it significantly lags international best practice in reporting and presenting this data to policymakers and the public.

***Data accessibility and presentation*** – As discussed in Chapter 3, the RBI collects a number of FATS parameters in its *Annual Census of Foreign Liabilities and Assets*, *Survey of Finances of Foreign Direct Investment Companies, Survey on Foreign Collaboration in Indian Industry*, and *Survey on Computer Software and Information Technology Enabled Services (ITES) Exports*.

However, the RBI's foreign affiliates statistics do not appear in any of the results of a Google search for 'India + foreign affiliates statistics or FATS'. Neither does the RBI website contain a dedicated link to this data, which is published in a variety of self standing press releases. Thus, only website users who are on the RBI's email list, or already familiar with these various reports, know that this data exists, let alone where to find it.

Another shortcoming is that the RBI's FATS time-series extends just two to three years.

***Data coverage*** – The RBI's analyses of the financial performance and balance of payments impact of India's inward foreign direct investors is one of the best in the sample. Among other things, they entail a detailed discussion of foreign direct investors' financial structure and financial performance including profitability, return on investment, debt levels and typical maturities, dividend repatriations, and domestic sales and purchases, exports and imports (Annexures 3.10 and 3.11). Also discussed is R&D spending by foreign firms in India.

This said, the RBI's analyses contains no assessment of foreign firms' contributions to national, sector or local employment, production, value-added, and so on. This, even though employment is a basic FATS parameter, and the one most popular with the world's other FATS reporters.

Additionally, India does not yet appear to be reporting FATS separately for foreign affiliates (firms with over 10 per cent foreign equity) and foreign subsidiaries (firms with over 50 per cent foreign equity), as a number of OECD and EU countries now do (Annexures 4.8a and 4.8b).

A final shortcoming is the small size of the corporate sample from which India is collecting much of this data, as will be explained at length in Chapter 5, Section 5.2.

CHAPTER FOUR

# Annexures to Chapter 4

## ANNEXURE 4.1: LIST OF INTERNATIONAL FDI STATISTICS EXPERTS CONSULTED

### United Nations Conference on Trade and Development (UNCTAD), Geneva – Division on Investment and Enterprise

1. Masataka Fujita, Head, Investment Trends and Issues Branch
2. Astrit Sulstarova, Chief, Data and Trends Section
3. Mohamed Chiraz Baly, Data and Trends Section
4. Lizanne Martinez, Data and Trends Section

### Organization for Economic Cooperation and Development (OECD), Paris – Directorate for Financial and Enterprise Affairs

5. Emilie Kothe, FDI Statistician
6. Michael Gestrin, Senior Economist, Investment Division

### International Monetary Fund, Washington – Statistics Department

7. Florina Tanase, Deputy Division Chief, Government Finance Division,

### UK Government, FDI Statistics and FDI Analysis Team, Newport and London

8. Ciara Williams, Head of International Trade Branch, Business Outputs and Developments Division, Office for National Statistics, Newport
9. Nikos Tsotros, Department for Business, Innovation and Skills, London
10. Paula Maratos, Department for Business, Innovation and Skills, London

### United States Government, FDI Statistics Team, Washington, D.C.

11. Raymond Mataloni, Chief, Research Branch, Balance of Payments Division, Bureau of Economic Analysis, United States Department of Commerce
12. Jessica Hanson, Chief, Direct Investment Abroad Section, Bureau of Economic Analysis, United States Department of Commerce

## Annexure 4.2: Survey of National FDI Statistics Websites – List of Websites Surveyed

| Country | | FDI Statistics Website: FDI Flows and Stocks | FDI Statistics Website: Foreign Affiliate Statistics | Global Top 25 FDI Hosts (by 2014 stock) | G20 member | EU & OECD member | Only OECD member |
|---|---|---|---|---|---|---|---|
| 1. | Argentina | www.bcra.gob.ar (CentralBank) | - | | ■ | | |
| 2. | Australia | www.abs.gov.au (Stat) | www.abs.gov.au (Stat) | ■ | ■ | | ■ |
| 3. | Austria | www.oenb.at/en (CentralBank) | www.oenb.at/en (CentralBank) | | | ■ | |
| 4. | Belgium | www.nbb.be/en (CentralBank) | - | ■ | | ■ | |
| 5. | Brazil | www.bcb.gov.br (CentralBank) | www.bcb.gov.br (CentralBank) | ■ | ■ | | |
| 6. | Canada | www.statcan.gc.ca (Stat) | www.statcan.gc.ca (STAT) | ■ | ■ | | ■ |
| 7. | Chile | www.ciechile.gob.cl (IPA) | - | ■ | | | ■ |
| 8. | China | www.mofcom.gov.cn (MinInd) | - | ■ | ■ | | |
| 9. | Czech Republic | www.cnb.cz/en (CentralBank) | www.cnb.cz/en (CentralBank) | | | ■ | |
| 10. | Denmark | www.dst.dk/en (Stat) | www.dst.dk/en(Stat) | | | ■ | |
| 11. | Estonia | www.eestipank.ee/en (CentralBank) | www.stat.ee/en(Stat) | | | ■ | |
| 12. | Finland | www.stat.fi (Stat) | www.stat.fi (Stat) | | | ■ | |
| 13. | France | www.banque-france.fr/en (CentralBank) | www.insee.fr/en (Stat) | ■ | ■ | ■ | |
| 14. | Germany | www.bundesbank.de (CentralBank) | www.destatis.de/EN (Stat) | ■ | ■ | ■ | |
| 15. | Greece | www.bankofgreece.gr (CentralBank) | - | | | ■ | |
| 16. | Hong Kong | www.censtatd.gov.hk (Stat) | www.censtatd.gov.hk (Stat) | ■ | | | |
| 17. | Hungary | www.mnb.hu (CentralBank) | - | | | ■ | |
| 18. | Iceland | www.sedlabanki.is (CentralBank) | - | | | | ■ |
| 19. | Indonesia | www.bkpm.go.in (IPA) | - | ■ | ■ | | |
| 20. | Ireland | www.cso.ie/en (Stat) | www.cso.ie/en (Stat) | ■ | | ■ | |
| 21. | Israel | www.boi.org.il (CentralBank) | www.cbs.gov.il (Stat) | | | | ■ |
| 22. | Italy | www.bancaditalia.it (CentralBank) | - | ■ | ■ | ■ | |
| 23. | Japan | www.jetro.go.jp/en (IPA)<br>www.mof.go.jp/english (MinFin) | www.meti.go.jp/english (MinInd) | | ■ | | ■ |
| 24. | South Korea | www.koreaexim.go.kr/ (EximBank) | - | | ■ | | ■ |
| 25. | Luxembourg | www.statistiques.public.lu (Stat) | www.statistiques.public.lu (Stat) | | | ■ | |
| 26. | Malaysia | www.statistics.gov.my (Stat) | www.statistiques.public.lu (Stat) | | | | |
| 27. | Mexico | www.economia.gob.mx/en (MinInd) | - | ■ | ■ | | ■ |
| 28. | Netherlands | www.statistics.dnb.nl (CentralBank) | www.cbs.nl (Stat) | ■ | | ■ | |
| 29. | New Zealand | www.stats.govt.nz (Stat) | www.stats.govt.nz (Stat) | | | | ■ |
| 30. | Norway | www.ssb.no (Stat) | www.ssb.no (Stat) | | | | ■ |
| 31. | Portugal | www.bportugal.pt (CentralBank) | - | | | ■ | |
| 32. | Poland | www.nbp.pl (CentralBank) | stat.gov.pl (Stat) | ■ | | ■ | |

*(Contd...)*

**Annexure 4.2: Survey of National FDI Statistics Websites – List of Websites Surveyed (Contd...)**

| | | | |
|---|---|---|---|
| 33. | Russia | www.cbr.ru (CentralBank) | - |
| 34. | Saudi Arabia | www.sama.gov.sa/en-us/pages/default.aspx (CentralBank) | - |
| 35. | Singapore | www.singstat.gov.sg (Stat) | - |
| 36. | Slovakia | www.nbs.sk/en/home (Stat) | - |
| 37. | Slovenia | www.bsi.si/en (CentralBank) | www.stat.si (Stat) |
| 38. | Spain | www.bde.es/bde/en (CentralBank) | www.ine.es (Stat) |
| 39. | South Africa | www.resbank.co.za (CentralBank) | - |
| 40. | Sweden | www.scb.se/en (Stat) | www.scb.se/en (Stat) |
| 41. | Switzerland | www.snb.ch/en (CentralBank) | www.snb.ch/en (CentralBank) |
| 42. | Thailand | www.bot.or.th (CentralBank) | www.bot.or.th(CentralBank) |
| 43. | Turkey | www.economy.gov.tr (MinInd) | www.turkstat.gov.tr(Stat) |
| 44. | United Kingdom | www.ons.gov.uk (Stat) | www.ons.gov.uk (Stat) |
| 45. | United States | www.bea.gov/international (Stat) | www.bea.gov/international (Stat) |
| | **India** | www.dipp.nic.in<br>www.rbi.org.in | www.rbi.org.in |

***Author's Note***:
Central Bank – Central Bank website
Stat – National Statistical Agency website
IPA – National Investment Promotion Agency website
MinInd – Ministry of Industry website
MinFin – Ministry of Finance website
EximBank – Export Import Bank website

## Annexure 4.3a: Illustrative Extract from Chile's Report on the Country and Sector Breakdown of its Inward FDI Stock

Foreign Investment Statute (D.L 600) - Materialized Investment by Country of Origin and Sector 2003-2012 - Gross Inflows *(in Nominal US$ Thousand)*

| Country/Sector | Agriculture & livestock | Fishing & aquaculture | Mining & quarrying | Food, beverages & tobacco | Wood & paper products | Chemical, rubber & plastics | Electricity, gas & water | etc... | Total |
|---|---|---|---|---|---|---|---|---|---|
| Argentina | 2 211 | 60 | 868 | 623 390 | 304 | 3 332 | 17 982 | etc... | 648 147 |
| Australia | 0 | 0 | 2 848 206 | 10 141 | 0 | 20 540 | 729 423 | etc... | 3 608 310 |
| Austria | 1 898 | 0 | 0 | 0 | 0 | 2 422 | 0 | etc... | 4 320 |
| Bahamas | 100 | 0 | 0 | 0 | 0 | 0 | 0 | etc... | 100 |
| Barbados | 0 | 0 | 2 387 | 0 | 0 | 0 | 0 | etc... | 2 387 |
| Belgium | 1 102 | 0 | 0 | 247 402 | 15 | 0 | 703 687 | etc... | 952 206 |
| Bermuda | 1 645 | 1 528 | 7 567 | 7 799 | 1 152 | 9 778 | 0 | etc... | 29 469 |
| Bolivia | 0 | 0 | 20 | 0 | 371 | 0 | 0 | etc... | 391 |
| Brazil | 0 | 0 | 130 380 | 26 000 | 358 | 130 630 | 3 550 | etc... | 290 918 |
| Canada | 9 034 | 20 900 | 10 448 938 | 9 027 | 79 439 | 1 197 480 | 2 440 803 | etc... | 14 205 621 |
| Cape Verde | 0 | 0 | 167 | 0 | 0 | 0 | 0 | etc... | 167 |
| Cayman Islands | 921 | 30 | 2 840 | 0 | 3 493 | 10 548 | 43 987 | etc... | 61 819 |
| China | 580 | 295 | 21 361 | 0 | 372 | 0 | 0 | etc... | 22 608 |
| Colombia | 0 | 3 050 | 0 | 630 | 9 202 | 50 | 0 | etc... | 12 932 |
| Costa Rica | 0 | 0 | 0 | 3 638 | 0 | 0 | 0 | etc... | 3 638 |
| Cyprus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | etc... | 0 |
| Denmark | 0 | 0 | 0 | 10 301 | 0 | 3 | 0 | etc... | 10 304 |
| Finland | 0 | 81 675 | 14 899 | 0 | 0 | 2 105 | 0 | etc... | 98 679 |
| France | 7 288 | 0 | 0 | 153 355 | 525 | 96 399 | 614 033 | etc... | 871 600 |
| Germany | 27 330 | 300 | 137 837 | 1 279 | 1 990 | 79 977 | 0 | etc... | 248 713 |
| Greece | 0 | 0 | 0 | 0 | 0 | 0 | 0 | etc... | 0 |
| Guatemala | 0 | 0 | 0 | 0 | 0 | 0 | 0 | etc... | 0 |
| Honduras | 0 | 0 | 74 | 0 | 0 | 0 | 0 | etc... | 74 |
| Iceland | 0 | 1 353 | 0 | 3 612 | 0 | 0 | 0 | etc... | 4 965 |
| India | 0 | 0 | 0 | 0 | 0 | 0 | 0 | etc... | 0 |
| etc... | etc... | etc... | etc... | etc... | etc... | etc... | etc... | etc... | etc... |
| Total per sector | 52 109 | 109 191 | 13 615 544 | 1 096 574 | 97 221 | 1 553 264 | 4 553 465 | etc... | 21 077 368 |

***Source***: CIEChile, accessible at www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/.

## Annexure 4.3b: Illustrative Extract from Chile's Report on the Country and Sector Breakdown of its Annual FDI Inflow and Inward FDI Stock

Foreign Investment Statute (D.L 600) - Materialized Investment by Country of Origin and Sector 2003–2012 - Gross Inflows *(in Nominal US$ Thousand)*

| Country | Sector / Year | Total 1974-1992 | Total 1993-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total 2003-2012 | Total 1974-2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Argentina | Agriculture & livestock | 1 828 | 383 | - | - | - | - | - | - | - | - | - | - | - | 2 211 |
| | Fishing & aquaculture | 60 | - | - | - | - | - | - | - | - | - | - | - | - | 60 |
| | Mining & quarrying | - | 868 | - | - | - | - | - | - | - | - | - | - | - | 868 |
| | Food, beverages & tobacco | 7 295 | 110 505 | 100 | - | - | 19 000 | 11 490 | - | - | 44 000 | - | 431 000 | 505 590 | 623 390 |
| | Wood & paper products | 255 | 49 | - | - | - | - | - | - | - | - | - | - | - | 304 |
| | Chemical, rubber & plastics | 1 992 | 1 340 | - | - | - | - | - | - | - | - | - | - | - | 3 332 |
| | Other industries | 11 157 | 34 150 | - | 2 100 | 905 | - | - | - | - | - | - | - | 3 005 | 48 312 |
| | Electricity, gas & water | 2 543 | 162 228 | - 38 449 | - 4 633 | - 103 707 | - | - | - | - | - | - | - | - 146 789 | 17 982 |
| | Construction | 13 370 | 16 130 | - | - | - | - | - | - | - | - | - | - | - | 29 500 |
| | Wholesale & retail trade | 1 059 | 75 659 | - | - | - | - | - | - | - | - | - | - | - | 76 718 |
| | Transport & storage | 1 508 | 52 907 | - | - | - | - | - | - | - | - | - | - | - | 54 415 |
| | Communications | 50 | - | - | - | - | - | - | - | - | - | - | - | - | 50 |
| | Financial services | 13 968 | 6 325 | - | 4 997 | 2 900 | 39 126 | 37 489 | - 41 406 | - | - 31 509 | - | - | 11 597 | 31 890 |
| | Insurance | 150 | - 150 | - | - | - | - | - | - | - | - | - | - | - | - |
| | Engineering & business services | 92 | 1 654 | - | - | - | - | - | - | - | - | - | - | - | 1 746 |
| | Other Services | 1 914 | 7 800 | - | - | - | - | - | 134 | - | - | - | - | 134 | 9 848 |
| **Total** | | **57 241** | **469 848** | **- 38 349** | **2 464** | **- 99 902** | **58 126** | **48 979** | **- 41 272** | - | **12 491** | - | **431 000** | **373 537** | **900 626** |
| Australia | Mining & quarrying | 515 247 | 1 512 592 | 50 392 | 104 253 | 281 667 | 147 144 | 12 886 | 710 | 191 751 | 2 225 | 19 846 | 9 493 | 820 367 | 2 848 206 |
| | Food, beverages & tobacco | 4 001 | 6 140 | - | - | - | - | - | - | - | - | - | - | - | 10 141 |
| | Chemical, rubber & plastics | - | 20 540 | - | - | - | - | - | - | - | - | - | - | - | 20 540 |
| | Other industries | 23 166 | 3 526 | - | - | - | - | - | - | 20 100 | 2 215 | - | - | 22 315 | 49 007 |
| | Electricity, gas & water | - | 58 985 | 1 026 | 30 475 | 3 500 | 10 300 | 49 800 | 150 710 | 203 206 | 88 121 | 87 900 | 45 400 | 670 438 | 729 423 |
| | Construction | - | 19 | - | - | - | - | - | - | - | - | - | - | - | 19 |
| | Transport & storage | 2 050 | 5 661 | - | - | - | - | - | - | - | - | - | - | - | 7 711 |

*(Contd...)*

## Annexure 4.3b: Illustrative Extract from Chile's Report on the Country and Sector Breakdown of its Annual FDI Inflow and Inward FDI Stock (Contd...)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Communications | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Financial services | - | 3 470 | - | - | - | - | - | - | - | - | - | - | - | 3 470 |
| | Engineering & business services | 591 | 16 231 | - | - | 429 | 48 719 | 42 784 | 42 401 | 11 873 | 8 285 | 11 705 | 74 200 | 240 396 | 257 218 |
| | Other Services | | 10 350 | - | - | - | - | - | - | - | - | - | - | - | 10 350 |
| **Total** | | **545 055** | **1 637 514** | **51 418** | **134 728** | **285 596** | **206 163** | **105 470** | **193 821** | **426 930** | **100 846** | **119 451** | **129 093** | **1 753 516** | **3 936 085** |

***Source***: CIE Chile, accessible at www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/

## Annexure 4.4: Illustrative Extract from Mexico's Report on the State Breakdown of its Annual FDI Inflow and Inward FDI Stock

Foreign Direct Investment in Mexico *(in millions of dollars)*

| States | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 Jan - Dec Value | 2014 Jan - Dec In % | Total Stock 2000 - 2014 Value | Total Stock 2000 - 2014 In % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL** | **18,318.8** | **30,028.6** | **24,027.3** | **18,887.6** | **25,127.0** | **24,693.7** | **20,900.6** | **32,213.2** | **28,573.9** | **17,643.7** | **25,961.5** | **23,559.9** | **18,997.9** | **44,198.8** | **22,568.4** | **100.0** | **375,700.7** | **100.0** |
| Distrito Federal | 9,051.0 | 22,085.4 | 16,612.7 | 11,427.8 | 14,503.9 | 12,867.5 | 10,461.4 | 17,798.2 | 13,958.9 | 9,949.6 | 10,751.3 | 15,333.1 | 7,214.3 | 26,674.8 | 9,914.0 | 43.9 | 208,603.8 | 55.5 |
| Nuevo Leon | 2,389.0 | 2,091.1 | 2,202.9 | 1,633.1 | 1,470.7 | 5,110.2 | 1,987.0 | 3,105.9 | 1,972.7 | 1,127.6 | 5,384.6 | 1,418.6 | 1,009.2 | 498.6 | 1,072.7 | 4.8 | 32,474.0 | 8.6 |
| Estado de Mexico | 544.0 | 916.7 | 777.3 | 718.4 | 3,612.1 | 939.2 | 1,370.7 | 862.5 | 1,676.4 | 1,602.7 | 1,137.0 | 757.6 | 1,572.9 | 1,231.1 | 1,684.6 | 7.5 | 19,403.3 | 5.2 |
| Chihuahua | 1,209.5 | 694.0 | 584.6 | 1,109.3 | 677.4 | 1,170.3 | 1,541.6 | 1,731.5 | 1,481.0 | 1,133.0 | 1,931.5 | 976.9 | 745.3 | 1,948.3 | 1,151.7 | 5.1 | 18,085.9 | 4.8 |
| Baja California | 988.6 | 891.4 | 1,011.8 | 790.7 | 1,014.9 | 1,096.0 | 972.2 | 873.1 | 1,486.0 | 356.0 | 1,093.8 | 633.3 | 1,093.1 | 505.1 | 813.2 | 3.6 | 13,619.1 | 3.6 |
| Jalisco | 1,196.0 | 490.9 | 330.0 | 386.8 | 604.0 | 1,192.6 | 768.9 | 489.3 | 293.2 | 886.1 | 1,891.2 | 719.4 | 860.5 | 1,004.2 | 1,223.4 | 5.4 | 12,336.6 | 3.3 |
| Puebla | 549.3 | 501.0 | 485.8 | 960.3 | 766.4 | -531.5 | 516.0 | 353.5 | 275.3 | 96.8 | 534.2 | 444.3 | 423.2 | 1,325.4 | 855.8 | 3.8 | 7,555.7 | 2.0 |
| Tamaulipas | 514.6 | 366.7 | 311.0 | 336.6 | 236.5 | 399.7 | 532.2 | 558.2 | 472.7 | 220.7 | 210.6 | 410.9 | 383.3 | 735.4 | 511.4 | 2.3 | 6,200.4 | 1.7 |
| Coahuila | 310.9 | 189.2 | 204.4 | 177.3 | 200.0 | 154.4 | 271.3 | 158.9 | 1,094.4 | 180.4 | 167.2 | 136.4 | 240.1 | 1,294.0 | 624.0 | 2.8 | 5,402.7 | 1.4 |
| Baja California Sur | 81.4 | 155.2 | 261.0 | 107.2 | 148.1 | 601.4 | 530.0 | 665.9 | 404.9 | 268.5 | 300.3 | 439.7 | 632.7 | 344.0 | 197.9 | 0.9 | 5,138.2 | 1.4 |
| Queretaro | 181.2 | 207.3 | 254.9 | 56.2 | 157.2 | 96.9 | 222.0 | 250.8 | 473.4 | 468.7 | 454.9 | 401.8 | 676.2 | 560.3 | 649.8 | 2.9 | 5,111.6 | 1.4 |
| Zacatecas | 12.5 | 5.7 | 4.8 | 0.1 | 5.1 | 3.7 | 15.4 | 801.0 | 1,517.0 | 77.5 | 135.0 | 36.8 | 472.9 | 1,763.3 | 96.5 | 0.4 | 4,947.3 | 1.3 |
| Sonora | 417.2 | 180.7 | 197.1 | 124.6 | 310.3 | 266.9 | 339.3 | 469.1 | 1,291.4 | 271.4 | 141.6 | 160.7 | 37.9 | 134.0 | 332.6 | 1.5 | 4,674.8 | 1.2 |
| Durango | 38.0 | 39.8 | 84.6 | 177.1 | 109.9 | -21.0 | 112.6 | 225.0 | 574.5 | 60.7 | 537.8 | 201.3 | 386.5 | 1,286.7 | 772.3 | 3.4 | 4,585.9 | 1.2 |
| Guanajuato | 48.7 | 274.9 | 162.0 | 241.5 | 73.0 | 318.8 | -68.3 | 268.1 | 286.8 | 137.6 | 126.2 | 287.5 | 751.4 | 892.0 | 584.7 | 2.6 | 4,384.8 | 1.2 |
| Quintana Roo | 99.0 | 129.5 | 14.3 | 154.0 | 79.5 | 272.9 | 365.6 | 860.7 | 177.0 | 178.0 | 165.0 | 261.6 | 457.9 | 488.2 | 115.8 | 0.5 | 3,818.9 | 1.0 |
| Aguascalientes | 81.9 | 103.8 | 10.6 | 35.3 | 303.9 | 105.0 | 113.1 | 207.9 | 429.4 | 368.2 | 327.9 | 160.9 | 448.5 | 694.6 | 277.7 | 1.2 | 3,668.7 | 1.0 |
| Michoacan | 29.1 | 7.7 | 11.8 | -11.5 | -1.5 | 60.4 | -110.0 | 1,590.3 | 31.9 | 28.5 | 3.7 | 38.9 | 41.8 | 1,458.6 | 239.0 | 1.1 | 3,418.6 | 0.9 |
| San Luis Potosi | 290.0 | 198.6 | 34.9 | 83.9 | 57.5 | 128.0 | 96.2 | 193.1 | 144.7 | -13.9 | 322.5 | 166.7 | 106.1 | 510.5 | 430.7 | 1.9 | 2,749.6 | 0.7 |
| Veracruz | 24.6 | 121.0 | 165.8 | 44.5 | 18.2 | 215.3 | 48.5 | 75.0 | 157.4 | 158.2 | 60.1 | -141.3 | 404.7 | 39.3 | 290.3 | 1.3 | 1,681.7 | 0.4 |
| Morelos | 67.4 | 43.1 | 94.6 | 28.3 | 241.9 | -47.2 | 311.0 | 453.3 | 134.1 | -56.3 | 17.8 | 106.2 | 5.2 | 25.7 | 83.7 | 0.4 | 1,508.8 | 0.4 |
| Nayarit | 53.9 | 40.4 | 19.9 | 90.7 | 79.1 | 105.2 | 183.3 | 154.1 | 26.5 | 59.6 | 116.7 | 113.1 | 140.5 | 127.4 | 92.5 | 0.4 | 1,402.8 | 0.4 |
| Sinaloa | 13.2 | 63.2 | 22.9 | 25.3 | 55.1 | 29.5 | 47.2 | 44.5 | 49.4 | 20.6 | 82.3 | 80.5 | 349.5 | 255.9 | 141.4 | 0.6 | 1,280.3 | 0.3 |
| Tabasco | 38.9 | 8.6 | 75.8 | 25.2 | 150.9 | 35.2 | 77.2 | 0.9 | 46.6 | 9.1 | 32.6 | 8.3 | 148.2 | 77.3 | 161.9 | 0.7 | 896.6 | 0.2 |

*(Contd...)*

## Annexure 4.4: Illustrative Extract from Mexico's Report on the State Breakdown of its Annual FDI Inflow and Inward FDI Stock (Contd...)

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Guerrero | 11.7 | 19.3 | 15.8 | 54.9 | 25.0 | 29.8 | 34.6 | -45.5 | 3.8 | 14.8 | -24.1 | 88.7 | 109.0 | 217.7 | 273.7 | 1.2 | 828.9 | 0.2 |
| Tlaxcala | 4.4 | 13.2 | -17.2 | 28.6 | 136.5 | 65.3 | 9.6 | 15.5 | 37.4 | 4.8 | 41.4 | 84.3 | 31.0 | 32.2 | 134.1 | 0.6 | 621.2 | 0.2 |
| Yucatan | 55.7 | 132.9 | 13.8 | 30.9 | 21.0 | 7.6 | 30.2 | 59.3 | 34.5 | 13.6 | 6.1 | 69.3 | 35.3 | 45.2 | 33.2 | 0.1 | 588.6 | 0.2 |
| Oaxaca | -0.1 | -1.6 | 4.5 | 0.9 | 3.0 | 8.2 | 10.8 | 15.2 | 17.7 | 30.2 | 8.8 | 42.8 | 69.1 | 99.9 | 191.4 | 0.8 | 500.9 | 0.1 |
| Colima | 9.5 | 2.9 | -4.7 | 32.1 | 6.9 | 1.8 | 64.7 | -7.2 | 13.0 | 21.6 | -6.4 | 48.8 | 53.6 | 45.0 | 35.3 | 0.2 | 316.9 | 0.1 |
| Chiapas | 2.2 | -0.5 | 2.2 | 1.4 | 12.0 | 1.4 | 24.4 | 34.1 | -11.2 | 29.0 | 16.8 | 0.2 | 41.8 | 52.9 | -58.7 | -0.3 | 148.3 | 0.0 |
| Campeche | 11.4 | -20.9 | 72.4 | 13.9 | 47.7 | 13.8 | 10.6 | -51.3 | -17.1 | -59.9 | -26.9 | 68.6 | 111.3 | -136.4 | -117.0 | -0.5 | -79.8 | 0.0 |
| Hidalgo | -5.6 | 77.5 | 5.0 | 2.1 | 0.6 | -3.7 | 11.5 | 2.3 | 40.3 | 0.3 | 19.9 | 3.8 | -55.1 | -32.4 | -240.9 | -1.1 | -174.5 | 0.0 |

***Note***: The sum of the parts may differ from the total due to rounding.
***Source***: Secretaria de Economia, accessible at www.economia.gob.mx/files/comunidad_negocios/ied/enero_diciembre_2014.pdf, P. 17.

## Annexure 4.5: Illustrative Extract from Chile's Report on the Country Breakdown of Inward FDI Stock in Individual States

Foreign Investment Statute (D.L 600) - Materialized Investment by Country of Origin and Chilean Region 1974 - 2012* - Gross Inflows *(In Nominal Us$ Thousand)*

| Country / Region | Arica y Parinacota | Tarapacá | Antofagasta | Atacama | Coquimbo | Valparaíso | O'Higgins | Maule | Bío-Bío | La Araucanía | Los Ríos | Los Lagos | Aysén | Magallanes y Antártica Chilena | Metropolitan Region | Multi-regional (1) | Total per country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Argentina | 0 | 0 | 226 | 18 | 0 | 1 804 | 6 454 | 292 | 94 940 | 353 | 0 | 80 | 0 | 992 | 771 650 | 23 817 | 900 626 |
| Australia | 450 | 0 | 2 955 385 | 19 568 | 0 | 88 968 | 412 172 | 130 | 0 | 350 | 6 140 | 0 | 0 | 0 | 111 953 | 340 969 | 3 936 085 |
| Austria | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 998 | 3 681 | 2 969 | 1 529 | 0 | 0 | 2 856 | 6 740 | 23 773 |
| Bahamas | 0 | 0 | 0 | 0 | 250 | 0 | 0 | 0 | 0 | 0 | 475 | 0 | 0 | 0 | 81 948 | 21 560 | 104 233 |
| Barbados | 0 | 0 | 0 | 2 387 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 530 | 0 | 5 917 |
| Paraguay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 535 | 83 | 618 |
| Peru | 180 | 0 | 0 | 0 | 155 | 4 000 000 | 0 | 0 | 1 500 | 0 | 0 | 500 | 0 | 0 | 261 308 | 0 | 4 263 643 |
| Portugal | 0 | 0 | 0 | 0 | 0 | 0 | 24 850 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 | 540 | 25 412 |
| Romania | 0 | 0 | 0 | 3 126 | 0 | 234 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 360 |
| Singapore | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 392 | 0 | 0 | 0 | 2 960 | 0 | 4 352 |
| South Africa | 0 | 20 596 | 0 | 16 245 | 7 500 | 0 | 0 | 0 | 4 282 | 0 | 0 | 0 | 0 | 1 100 | 76 152 | 42 694 | 168 569 |
| Spain | 100 | 5 300 | 13 219 | 0 | 54 882 | 168 879 | 70 435 | 49 025 | 228 693 | 0 | 19 048 | 13 717 | 170 | 27 936 | 2 069 537 | 13 110 248 | 15 831 189 |
| Sweden | 0 | 0 | 0 | 0 | 0 | 146 | 0 | 15 600 | 10 405 | 456 | 0 | 408 | 0 | 0 | 471 558 | 1 110 | 499 683 |
| Switzerland | 1 900 | 0 | 9 759 | 0 | 0 | 6 878 | 18 613 | 176 694 | 15 787 | 75 | 76 | 7 010 | 199 440 | 0 | 988 175 | 106 988 | 1 531 395 |
| Taiwan R.O.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 106 | 0 | 14 106 |
| United Arab Emirates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 180 | 0 | 180 |
| United Kingdom | 0 | 1 128 124 | 1 814 977 | 2 033 | 659 637 | 247 238 | 5 351 | 127 082 | 0 | 575 | 0 | 486 | 1 503 | 1 245 | 1 926 635 | 692 721 | 6 607 607 |
| United States | 3 828 | 36 529 | 1 707 497 | 823 106 | 160 852 | 595 816 | 18 126 | 48 954 | 273 356 | 5 908 | 63 387 | 31 721 | 114 217 | 15 479 | 7 832 912 | 11 362 502 | 23 094 190 |
| Uruguay | 0 | 0 | 6 876 | 119 | 3 625 | 300 | 2 056 | 4 130 | 300 | 675 | 0 | 418 | 0 | 151 | 89 085 | 132 | 107 867 |
| Venezuela | 0 | 0 | 0 | 0 | 35 | 0 | 0 | 0 | 0 | 777 | 205 | 338 | 0 | 0 | 62 189 | 63 189 | 126 733 |
| Total per Region | 27 691 | 3 448 983 | 12 777 881 | 8 549 799 | 1 943 588 | 1 626 464 | 990 735 | 560 527 | 1 340 081 | 87 422 | 244 235 | 483 709 | 408 433 | 1 420 583 | 21 596 231 | 34 937 383 | 90 443 745 |

***Source***: CIEChile, accessible at www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/.

## Annexure 4.6a: Illustrative Extract from Chile's Report on the Sector Breakdown of Inward FDI Stock in Individual States

Investment by Chilean Region and Sector 1974 - 2012* - Gross Inflows *(in nominal US$ thousand)*

| Country/Sector | Food, beverages & tobacco | Wood & paper products | Chemical, rubber & plastics | Electricity, gas & water | Insurance | Engineering & Business Services | etc... | Total |
|---|---|---|---|---|---|---|---|---|
| Arica y Parinacota | 8 881 | 132 | 0 | 100 | 0 | 0 | etc... | 9 113 |
| Tarapacá | 28 750 | 0 | 1 953 | 809 | 0 | 368 | etc... | 31 880 |
| Antofagasta | 3 | 0 | 25 509 | 413 541 | 0 | 264 627 | etc... | 703 680 |
| Atacama | 16 834 | 0 | 0 | 153 | 0 | 100 665 | etc... | 117 652 |
| Coquimbo | 3 082 | 0 | 2 800 | 0 | 0 | 26 379 | etc... | 32 261 |
| Valparaíso | 30 483 | 323 | 4 268 | 805 149 | 0 | 244 | etc... | 840 467 |
| Libertador General Bernardo O'Higgins | 191 357 | 5 000 | 0 | 603 054 | 0 | 0 | etc... | 799 411 |
| Maule | 26 001 | 220 255 | 2 500 | 137 382 | 0 | 0 | etc... | 386 138 |
| Bío-Bío | 377 841 | 163 256 | 82 333 | 265 661 | 0 | 5 644 | etc... | 894 735 |
| La Araucanía | 0 | 65 645 | 636 | 0 | 0 | 0 | etc... | 66 281 |
| Los Ríos | 6 848 | 41 443 | 0 | 0 | 0 | 25 | etc... | 48 316 |
| Los Lagos | 171 420 | 72 565 | 10 937 | 0 | 0 | 207 | etc... | 255 129 |
| Aysén del General Carlos Ibañez del Campo | 10 057 | 573 | 0 | 195 440 | 0 | 0 | etc... | 206 070 |
| Magallanes y Antártica Chilena | 22 434 | 43 490 | 1 191 096 | 0 | 0 | 1 134 | etc... | 1 258 154 |
| Metropolitana de Santiago | 1 721 316 | 678 608 | 1 989 878 | 1 274 538 | 1 054 366 | 593 388 | etc... | 7 312 094 |
| Multi-regional# | 344 713 | 3 320 | 280 626 | 12 411 643 | 3 332 201 | 175 021 | etc... | 16 547 524 |
| Total per sector | 2 960 020 | 1 294 610 | 3 592 536 | 16 107 470 | 4 386 567 | 1 167 702 | etc... | 29 508 905 |

***** Foreign Investment Committee: provisional figures as of December 31, 2012.
**#** Includes investment in more than one Region and non-classified investment as to the date of this report.
***Source***: CIEChile, accessible at www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/.

## Annexure 4.6b: Illustrative Extract from Chile's Report on the Sector Breakdown of its Annual FDI Inflow and Inward FDI Stock in Individual States

| | Investment by Chilean Region and Sector 2003 - 2012* - Gross Inflows *(in nominal US$ thousand)* | | | | | |
|---|---|---|---|---|---|---|
| Chilean Region / Sector | Sector / Year | 2003 | 2004 | etc... | 2012 | Total 2003-2012 |
| XV Región de Arica y Parinacota | Mining & quarrying | | | etc... | | 1 480 |
| | Food, beverages & tobacco | 180 | | etc... | | 180 |
| | Wood & paper products | 132 | | etc... | | 132 |
| | Other industries | 251 | | etc... | | 251 |
| | Electricity, gas & water | | 0 | etc... | | 0 |
| **Total Arica y Parinacota** | | **563** | **0** | **etc...** | **0** | **2 043** |
| | | | | etc... | | |
| I Región de Tarapacá | Fishing & aquaculture | | | etc... | | 0 |
| | Mining & quarrying | 184 308 | 99 858 | etc... | 4 532 | 324 069 |
| | Food, beverages & tobacco | | | etc... | | 0 |
| | Chemical, rubber & plastics | | | etc... | | 0 |
| | Other industries | | | etc... | | 0 |
| | Electricity, gas & water | | | etc... | | 0 |
| | Wholesale & retail trade | | 9 800 | etc... | | 9 800 |
| | Transport & storage | 130 | 5 300 | etc... | | 19 165 |
| | Engineering & business services | | | etc... | | 0 |
| | Other Services | | | etc... | | 0 |
| **Total Tarapacá** | | **184 438** | **114 958** | **etc...** | **4 532** | **353 034** |
| | | | | etc... | | |
| **Total by Period** | | **1 236 367** | **4 740 742** | **4 266 424** | **8 186 994** | **37 998 774** |

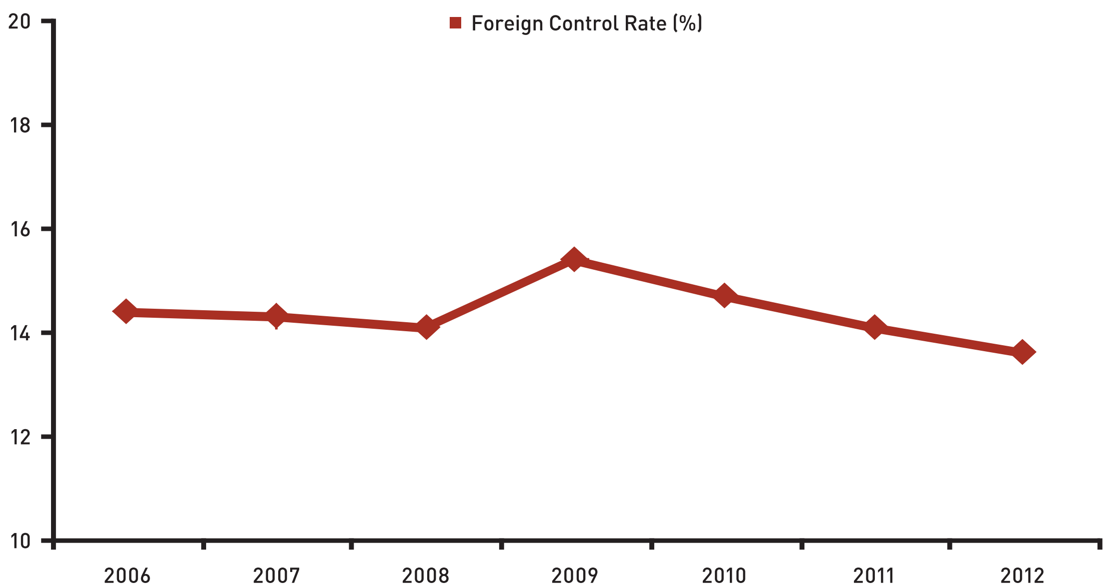
***** Foreign Investment Committee: provisional figures as of December 31, 2012.
**#** Includes investment in more than one Region and non-classified investment as to the date of this report.
***Source***: CIEChile, accessible at www.ciechile.gob.cl/en/inversion-en-chile/estadisticas/.

## ANNEXURE 4.7: ILLUSTRATIVE EXTRACT FROM TURKEY'S REPORT ON FOREIGN DIRECT INVESTOR'S EVOLVING SHARE IN NATIONAL PRODUCTION

### Foreign Control Rate was 13.6% in 2012

According to production value of full enumerated part of Annual Industry and Service Statistics (AISS), the Foreign Control Rate (FCR) in 2012 was 13.6%. FCR was 14.4%, 14.3%, 14.1%, 15.4%, 14.7% and 14.1% in 2006, 2007, 2008, 2009, 2010 and 2011 respectively.

**Foreign Control Rate by years, 2006-2012**

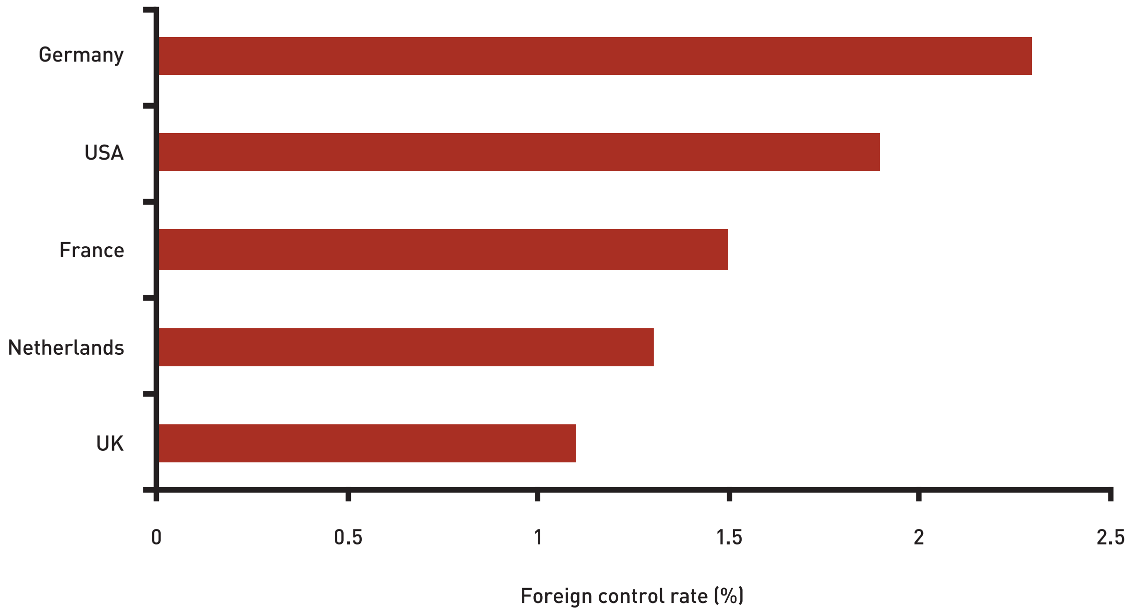



***Source***: Turkish Statistical Institute, Foreign Controlled Enterprise Statistics, 2012, available at: www.turkstat.gov.tr/PreHaberBultenleri.do?id=16196.

## German Enterprises Controlled 2.3% of the Total Production

In 2012, German, American (USA), and French enterprises controlled 2.3%, 1.9% and 1.5% of the total production which produced by the enterprises in full enumerated part of AISS, respectively.

### The First 5 Countries' Control Rate in Total Production, 2012

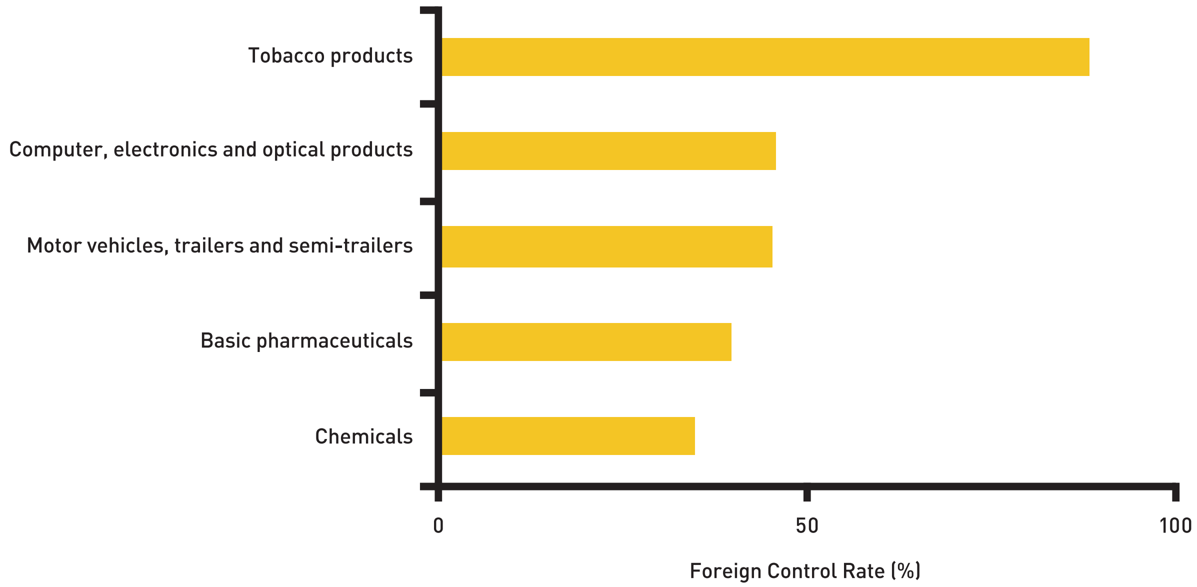



***Source***: Turkish Statistical Institute, Foreign Controlled Enterprise Statistics, 2012, available at: www.turkstat.gov.tr/PreHaberBultenleri.do?id=16196.

### 87.9% of Manufacture of Tobacco Production was under Foreign Control

In the subsections of "manufacturing industry", "manufacture of tobacco products" has the highest share with the rate of 87.9%. "Manufacture of computer, electronic and optical products" takes the second place with the rate of 45.8% and "manufacture of motor vehicles, trailers and semi-trailers" takes the third place with the rate of 45.3%.

**The First 5 Sections with the Highest FCR in Manufacturing Sector, 2012**

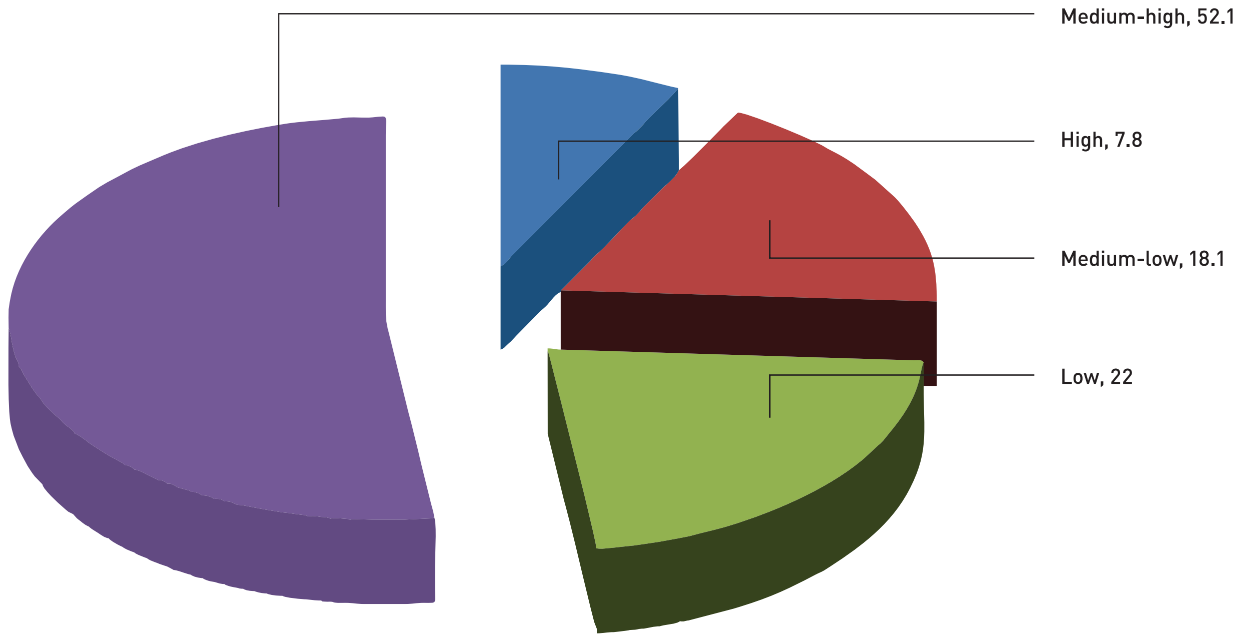



***Source***: Turkish Statistical Institute, Foreign Controlled Enterprise Statistics, 2012, available at: www.turkstat.gov.tr/PreHaberBultenleri.do?id=16196.

### The Foreign Controlled Production in Manufacturing Industry was Concentrated in the Activities with Medium-High Technology

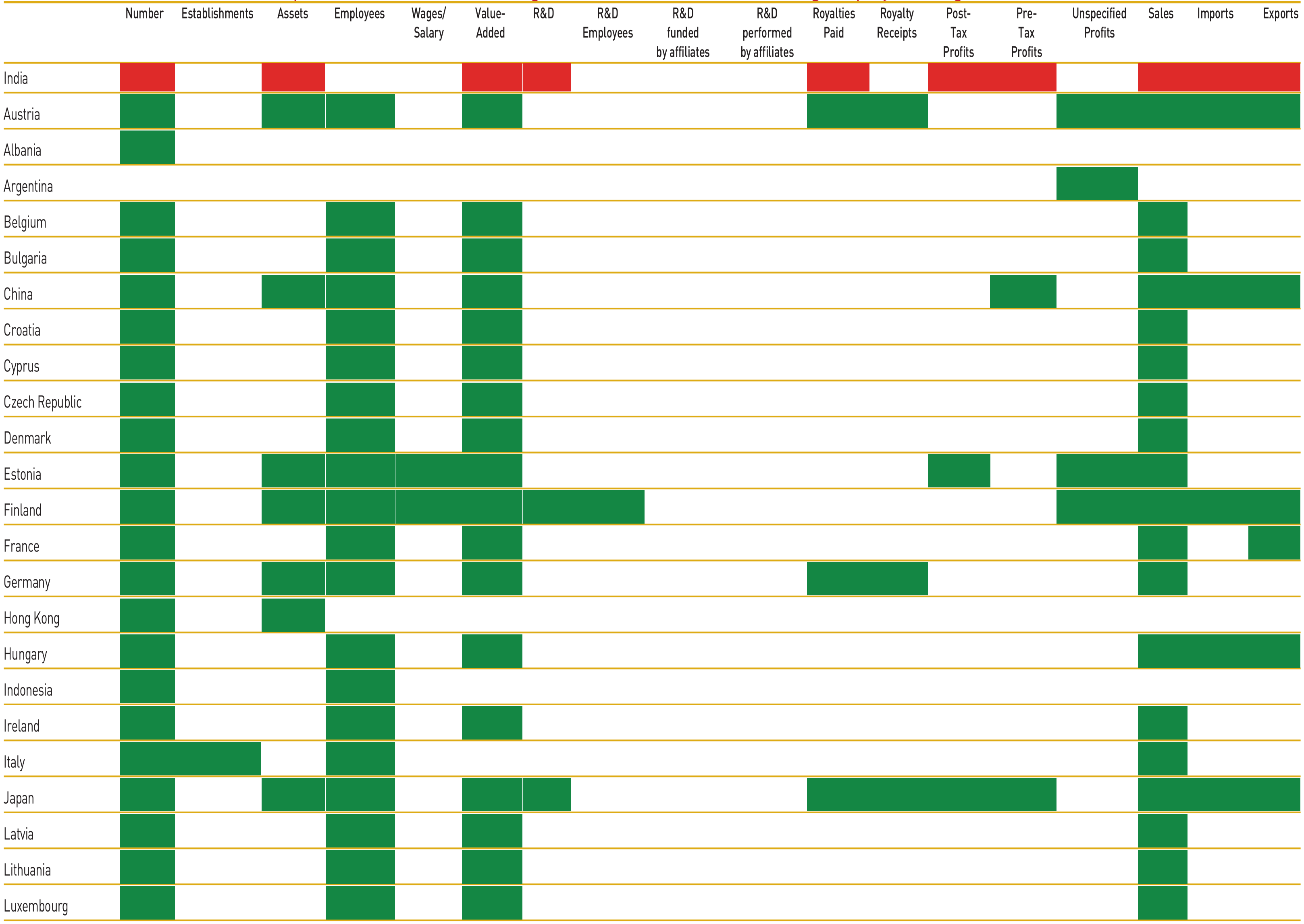
When examined by the tech-levels of groups in which enterprises carry on business in manufacturing industry; it could be seen that foreign controlled production was concentrated in medium-high technology group (52.1%).

**Distribution of Foreign Controlled Production at Manufacturing Industry Sector by Technology Levels, 2012** (in %)



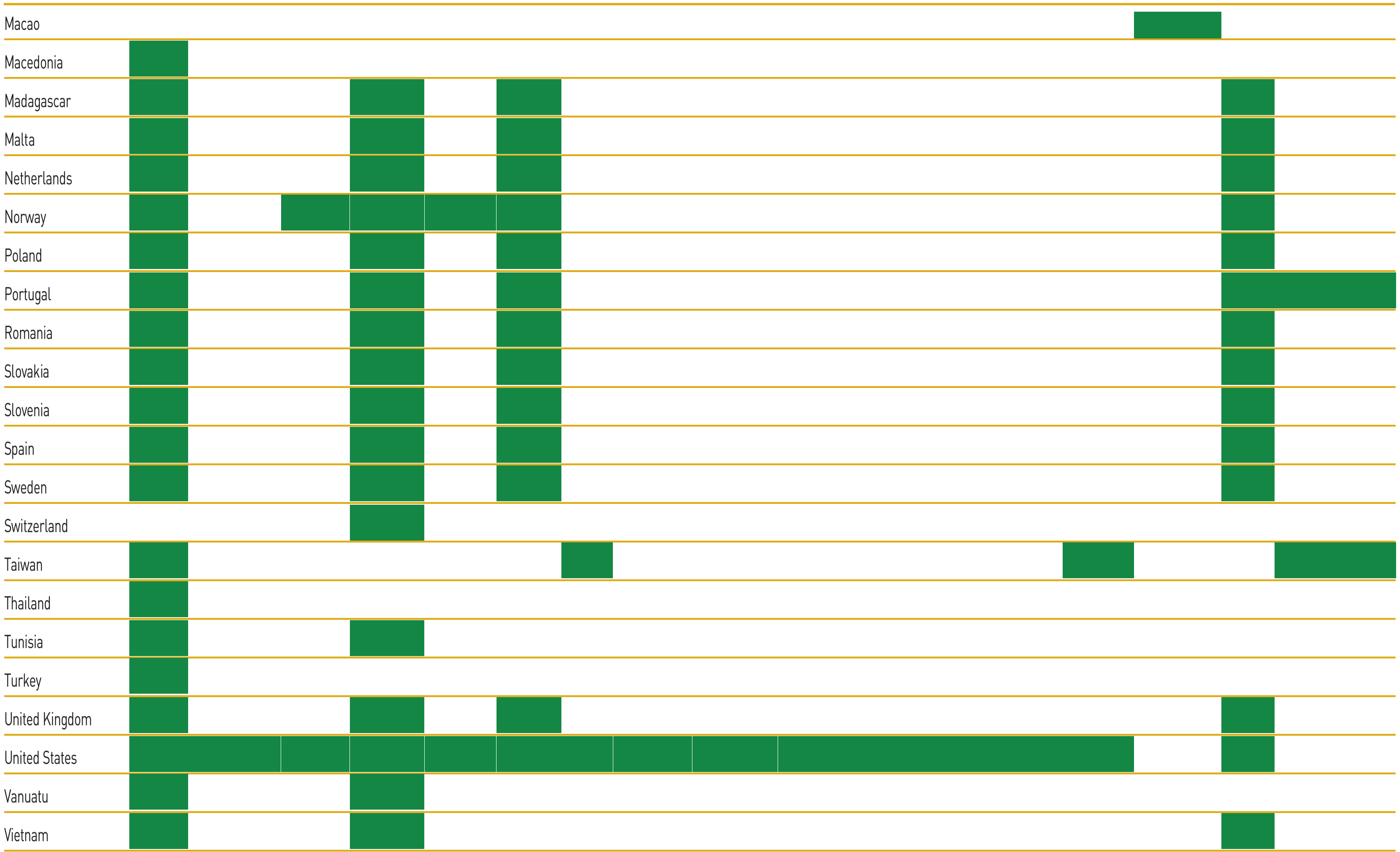

***Source***: Turkish Statistical Institute, Foreign Controlled Enterprise Statistics, 2012, available at: www.turkstat.gov.tr/PreHaberBultenleri.do?id=16196.

**Annexure 4.8a: The Availability of FATS Data from Countries Providing Breakdown by Country and by Industry, 2013, or Latest Available Year** (This FATS data pertains to all inward foreign affiliates with over 10% foreign equity holding)




*(Contd...)*

**Annexure 4.8a: The Availability of FATS Data from Countries Providing Breakdown by Country and by Industry, 2013, or Latest Available Year (Contd...)**



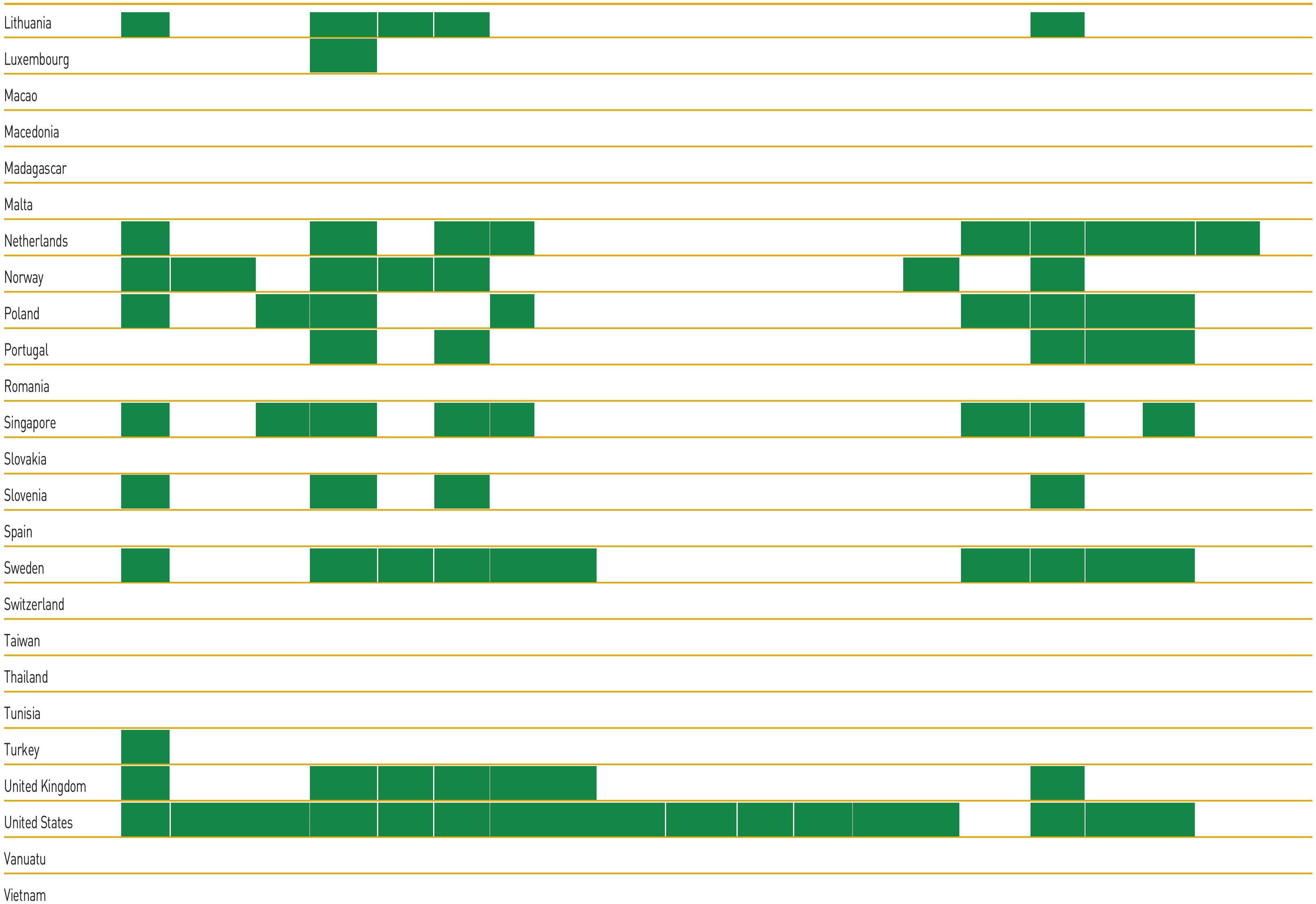

***Source***: NCAER, adapted from unpublished UNCTAD data.

**Annexure 4.8b: The Availability of FATS Data from Countries Providing Breakdown by Country and by Industry, 2011, or Latest Available Year** (This FATS data pertains only to majority-owned inward foreign affiliates)

| | Number | Establishments | Assets | Employees | Wages/ Salary | Value-Added | R&D | R&D Employees | R&D funded by affiliates | R&D performed by affiliates | Royalties Paid | Royalty Receipts | Post-Tax Profits | Pre-Tax Profits | Unspecified Profits | Sales | Imports | Exports | Capital Expenditure | Taxes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| India | | | | | | | | | | | | | | | | | | | | |
| Austria | | | | | | | | | | | | | | | | | | | | |
| Albania | | | | | | | | | | | | | | | | | | | | |
| Argentina | | | | | | | | | | | | | | | | | | | | |
| Australia | | | | | | | | | | | | | | | | | | | | |
| Belgium | | | | | | | | | | | | | | | | | | | | |
| Bulgaria | | | | | | | | | | | | | | | | | | | | |
| Canada | | | | | | | | | | | | | | | | | | | | |
| China | | | | | | | | | | | | | | | | | | | | |
| Croatia | | | | | | | | | | | | | | | | | | | | |
| Cyprus | | | | | | | | | | | | | | | | | | | | |
| Czech Republic | | | | | | | | | | | | | | | | | | | | |
| Denmark | | | | | | | | | | | | | | | | | | | | |
| Estonia | | | | | | | | | | | | | | | | | | | | |
| Finland | | | | | | | | | | | | | | | | | | | | |
| France | | | | | | | | | | | | | | | | | | | | |
| Germany | | | | | | | | | | | | | | | | | | | | |
| Hong Kong | | | | | | | | | | | | | | | | | | | | |
| Hungary | | | | | | | | | | | | | | | | | | | | |
| Indonesia | | | | | | | | | | | | | | | | | | | | |
| Ireland | | | | | | | | | | | | | | | | | | | | |
| Italy | | | | | | | | | | | | | | | | | | | | |
| Japan | | | | | | | | | | | | | | | | | | | | |
| Latvia | | | | | | | | | | | | | | | | | | | | |

*(Contd...)*

**Annexure 4.8b: The Availability of FATS Data from Countries Providing Breakdown by Country and by Industry, 2011, or Latest Available Year (Contd...)**




***Source***: NCAER, adapted from unpublished UNCTAD data.

CHAPTER FIVE

# Conclusions and Recommendations

*Premila Nazareth Satyanand*

## 5.1 BACKGROUND AND OBJECTIVES OF THE CHAPTER

### 5.1.1 Background

The three preceding chapters present an overarching view of what is missing in India's FDI statistics today. This picture stems as much from these chapters' description of the FDI-related questions that India still cannot answer, as from how its data measures against global standards and international best practice. However, of considerably more value in remedying the gaps revealed, these chapters also shed light on the types of policy and research questions India will increasingly have to answer going forward. Many of these are basic questions, and India will continue to be handicapped if it cannot respond to them with sufficient precision. Leading among these are:

- Who are India's foreign direct investors?
- Which countries do they really come from?
- Where are they investing in India?
- In which specific sectors are they investing?
- How much are they investing?
- Are they engaged in manufacturing, services or trading activities?
- What is their contribution to India in terms of economic growth, employment, production, value-added, domestic sales and purchases, imports and exports, technology transfer and R&D?

Given the growth in Indian outward FDI, India will also increasingly need to be able to answer similar questions about its outward foreign direct investors, their location and their contributions to both home and host economies.

Once India has put in place the data to respond to such queries, it will also be able to answer more intricate, longer-term questions about FDI determinants and outcomes, for both inward and outward FDI. The FDI research literature on India is only able to assess the regional determinants and impact of inward and outward FDI to a limited extent, due to the lack of publicly available disaggregated and firm-level FDI data. For the same reason, the number of research studies is limited. This contrasts starkly with the wide and varied research being done on FDI's regional effects on growth, inequality and poverty in the United States (US) and China, for example, where the necessary government statistics are publicly available. In India, as emphasised in Chapter 3, most published FDI research relies on firm-level data from private databases as a second best option.

India is now one of the world's largest FDI recipients. It would thus be in the country's interest to develop the data bases and analytical capacity to accurately and comprehensively answer the types of questions listed above. Firstly, India's citizens and policymakers need a thorough and holistic understanding of what this type of foreign capital inflow means for the nation. Second, and as essential, the more comprehensive India's FDI data is, the better targeted and more inclusive its investment promotion strategies can be, at both local and national levels. Thus, by setting up systems for more in-depth and extensive FDI statistics, India is likely to get more of the FDI it desires, in the locations it prefers.

### 5.1.2 Objectives and Methodology

This chapter lays out a plan of action for Indian FDI statistics enhancement over the next few years. It first identifies the most urgent of the shortcomings revealed in Chapters 2 and 3 from a domestic policymaking perspective. These are the shortcomings that most handicap India's understanding of the true source, nature and contribution of its FDI inflow, particularly at a local level, and how these have evolved over time. At the same time, they limit a proper understanding of India's outward FDI flow and its developmental impact, both at home and abroad. The analysis then draws on the findings from Chapter 4 to locate other gaps in Indian FDI statistics that can only be revealed by studying the international standards and best practice in FDI statistics, collection analysis and reporting.

Having thus drawn up an inventory of high-priority areas for action, the rest of the chapter proposes a concrete plan by which to address and resolve each one. This discussion also incorporates the views and suggestions of speakers and participants at NCAER's national consultation workshop, 'Enhancing the Scope and Quality of Indian FDI Statistics.'[1] Among these were the Chairman of the National Statistical Commission, Industry and Planning Secretaries from 13 state governments, senior officials from the Ministries of Finance and External Affairs, the Central Statistics Office and the Reserve Bank of India, United Nations FDI experts, some of India's leading FDI researchers, foreign diplomats and representatives from global investment advisory firms. The Department of Industrial Policy and Promotion was the Knowledge Partner and key participant at this workshop.

### 5.1.3 Structure of the Chapter

The rest of this chapter is divided into three sections. Section 5.2, *High Priority Areas for Data Enhancement*, briefly revisits and compares the main findings of the three earlier chapters to, as mentioned above, develop an inventory of high-priority areas for data enhancement. Section 5.3, *Enhancing India's FDI Statistics: A Concrete Plan of Action*, proposes how each of these gaps might be remedied, primarily by drawing on data already collected by the Reserve Bank of India (RBI), state governments, the Central Statistics Office, and other government ministries and departments. Section 5.4, *Enhancing Data Access, Presentation and Visualisation*, outlines the types of reporting practices and online interactivity that India might adopt to make its FDI data more accessible to policymakers, researchers and foreign direct investors in the formats and detail they require. Section 5.5, *Capacity Building*, briefly discusses the need to build FDI research capacity within the government, and suggests how this might be done. Section 5.6, *Some Concluding Thoughts*, presents issues for further thinking and research: most importantly, how India might optimise its institutional arrangements for FDI statistics collection, analysis and reporting going forward.

## 5.2 THE HIGH-PRIORITY AREAS FOR DATA ENHANCEMENT

Despite the methodologically distinct analyses in each of the preceding chapters, their key findings strongly resonate with each other's. This makes it significantly simpler to pinpoint the handful of data limitations needing urgent policy attention, and to suggest specific steps that might be taken. Interestingly, many of the FDI data shortcomings identified in Chapters 2 and 3 are direct outcomes of the fact that India still lags some of the international standards and best practice in FDI statistics collection, analysis and reporting. Thus, by meeting these standards more fully, India should be able to resolve most of these shortcomings. It also needs to pay especial attention to more systematically reporting the FDI data it collects.

To begin with, we revisit the key findings of Chapter 2, *What India's Members of Parliament Want to Know About Foreign Direct Investment in India*. We focus specifically on the types of questions ministries were least able to answer because they did not have the necessary data or analysis.

Using this yardstick, ministries confronted the most difficulty in answering questions about FDI's economic

1. This workshop was held on 10–11 March 2015 in New Delhi.

contribution and impact in India. Employment-related queries posed the greatest challenge, with 50 per cent left completely unanswered (Figure 2.24) because – by ministries' own admission – "No such data is maintained centrally."[2] For the same reason, ministries could fully answer just one-fourth of the queries about FDI's contribution to the development of key sectors, and its impact (whether positive or negative) on domestic industry. This is the same problem 73 per cent of respondents in Chapter 3 pointed to as the principal handicap in Indian FDI statistics. As they continually underscored, the lack of data on the operations of foreign firms in India makes it impossible to evaluate their contribution to Indian economic development. Government respondents further underlined that they need operations data to ascertain whether foreign direct investors are meeting the employment, production, trade and other commitments in their investment proposals.

Chapter 4, *Situating India in the Context of International Standards and Best Practice*, reveals why India confronts this problem. India's foreign affiliate statistics are still at a fledgling stage, in contrast to that of the world's other leading FDI host economies, which have been collecting, publicly analysing and reporting a range of foreign direct investor operations data for some years. Thus, collecting – and publicly analysing and reporting – operations data for foreign direct investors in India – should be a priority area for data enhancement. Among other things, it would also enable ministries to answer MPs' questions about the overall benefits of FDI and its impact on domestic industry and sector development (Figure 2.24).

Chapter 2 also found ministries struggling with specific types of FDI data queries. Leading among these were requests for lists of foreign direct investors, nationally or in particular sectors or locations. Of these, over 40 per cent were left unanswered. While ministries could fully answer 80 per cent of queries on the number of FDI firms, they had difficulty naming them or reporting the size of their individual investments. They also had problems answering similar requests for lists of FDI projects and joint ventures. In all cases, ministries replied that the government does not maintain this type of data, since foreign companies do not require its approval to set up units in the country.[3]

This echoes the point made by nearly two-thirds of respondents in Chapter 3, most of them government officials. This is that, as yet, neither India's central nor state governments have a complete inventory of foreign firms in the country. Against this backdrop, Chapter 4 shows that an up-to-date national listing of all foreign direct investors in the country is the most basic parameter in compiling foreign affiliate statistics. It is also the fundamental building block for comparative analyses of the relative contribution and performance of foreign and domestic firms within an economy. This is why establishing a complete inventory of foreign firms in India (including, at minimum, company name, country of origin, sector of operation and actual location) should be another high-priority area for data enhancement.

The third principal area of difficulty was in responding to requests for a disaggregation of FDI inflows. While ministries fully answered over 80 per cent of the requests for total FDI inflow or outflow data, they did not perform as well with state, sector or country-specific inflow data. This confirms the overwhelming assessment by Chapter 3 respondents that India is properly capturing FDI totals, but not sufficiently disaggregating them by state, specific activity or host country.

For example, ministries presented data in 75 per cent of the queries on state inflows, but always prefaced it with the caveat "the break-up is as per the receipts by the regional offices of the RBI in the country and cannot be fully equated with state-wise inflows, as companies having headquarters in one state may have operations in one or more states and some RBI Regional Offices cover more than one state."[4] This confirms that India's data on state FDI inflows is not accurate, as 62 per cent of Chapter 3 respondents pointed out.

At the same time, ministries could not provide data on inflows into specific segments of broader industries. For example, when asked for "details regarding sectors/areas of investment by players in infrastructure, warehouses, cold storage sectors,"[5] the relevant Ministry responded that these were "not centrally maintained by the Department of Industrial Policy and Promotion." This mirrors Chapter 3 respondents' assessment that DIPP's

2. Lok Sabha Unstarred Question No 3300, *Review of FDI*, answered on 18.03.2013.
3. See, for example, Rajya Sabha Unstarred Question No 2859, *Food Processing Industries set up by MNCs*, answered on 22.03.2013.

sector-disaggregation of FDI inflows is not detailed enough.

The limitations in India's state and sector break-up of FDI inflows also constrained ministries in answering queries that ask for a state-wise break-up of sector inflows and a sector-wise break-up of state inflows. State-level officials called strongly for these types of disaggregations, since they would give them a clear picture of their state's share of the total national flow into a sector, as also of that sector's share of the cumulative inflow into their jurisdictions (Chapter 3).

These shortcomings must be urgently addressed. For – as emphasised earlier, – incorrect state inflow data makes it impossible to track where FDI firms and projects are locating in India, the fundamental prerequisite to studying their contribution to regional growth and development. Even more useful from this perspective, India should work toward a disaggregation of FDI inflows by district.

Here it must be pointed out that none of these disaggregations is required by today's international standards (Chapter 4). However, they are crucial to India's own policy understanding of its FDI inflow and impact. This is why developing country pioneers, such as Chile, Brazil and Indonesia, now disaggregate their FDI inflow at least by state. Additionally, Chile, Mexico and Brazil report the sector and country break-up for state FDI inflow.

Additionally, Chapters 2 and 3 point to the need for correct source country data on FDI into India, though this was a significantly lower-level concern than those listed above. India should accord priority to this issue to enhance its own understanding of its FDI inflow. Moreover, the IMF is now urging all members to trace FDI back to its real source and to report this data. Many other leading FDI economies have begun to do this (Chapter 4).

Finally, it is essential to flag two crucial gaps identified by Chapter 2, though the number of queries was minuscule in each case. First, there is no break-up for foreign and domestic firms' relative share of investment and sales in specific sectors. Second there is no FDI split between urban and rural areas. Ministries could not answer either of these questions, saying the necessary data is not being collected. It is imperative to address these gaps, since these types of queries feature recurrently in India's debates about FDI and its role in economic development. Also, as Chapter 3 underscored, India will never be able to properly assess the real costs and benefits of FDI unless it can distinguish and compare the roles foreign and domestic firms play in particular sectors and regions, and how each group appears to be impacting the other.

India must also start to report the country and industry break-up for its outward FDI, and basic foreign affiliate statistics parameters for its outward foreign direct investors (Chapters 3 and 4).

## 5.3 ENHANCING INDIA'S FDI STATISTICS: A CONCRETE PLAN OF ACTION

To summarise, India needs to focus on five principal data enhancement areas going forward. These are to i) establish an inventory of foreign direct investors in the country, ii) report the break-up of FDI inflows by state and district, iii) collect and report operations data for foreign firms in the country, and iv) trace FDI back to its real country of origin. Also a priority is to report its outward FDI statistics in significantly more detail. Should these improvements be quickly and effectively implemented, they will dramatically expand the quality of India's FDI statistics, giving its policymakers and researchers deeply-needed insights into the real source, nature and location of FDI into and out of the country.

Fortunately, much of the data required for this purpose is already available with the Reserve Bank of India (RBI) and other government ministries and departments. It is thus possible to make these enhancements fairly quickly, as will be explained in the next few paragraphs.

4. Lok Sabha Question No 532, *FDI Inflow*, answered on 26.11.2012.
5. Lok Sabha Unstarred Question No 4083, *FDI in cash and carry*, answered on 30.04.2012.

### 5.3.1 Establishing the Inventory of Foreign Direct Investors in India

The first step to answering the question, "Who are India's foreign direct investors?", is to establish a registry of foreign firms in the country. Here the RBI already has all the data necessary. In fact, as the national agency that defines FDI, it is the RBI that establishes the universe of foreign firms in India by designating which types of inward or outward capital transactions are to be categorised as 'foreign direct investments' and by extension – which investing firms as 'foreign direct investors'.

Moreover, India's stringent capital control system requires the RBI to capture and record every capital inflow or outflow. Thus, all inward foreign direct investors must file an FC-GPR (Annexure 3.8 to Chapter 3) or an ODI return, each time they receive or make a foreign direct investment, respectively.[6] They are also required to submit an Annual Return on Foreign Liabilities and Assets (Annexure 3.9 to Chapter 3). Thanks to these returns, the RBI has a complete record of all inward and outward FDI transactions and – by extension – a complete list of all inward and outward foreign direct investors in the country.

***National registry of FDI firms*** – Since the FC-GPR, FLA and ODI returns are now submitted electronically, the RBI could automatically generate a comprehensive inventory of inward and outward foreign direct investors by pulling up the records for all firms that have submitted these returns over the years.

***State- and sector-specific registries of FDI firms*** – Once the national registry has been set up, it should be fairly easy to generate sub-lists of foreign direct investors within particular states and sectors, and from particular countries. It would also be possible to create similar sub-lists by foreign shareholding and investment quantum slabs, as suggested by some Chapter 3 respondents. This is because the FC-GPR and FLA returns include the following data points:

i) *Details of the FDI-invested Indian firm*, with name and address of the registered office, including city, district and state.

ii) *Location of the project*, including the detailed address, with name, city, district and state, and the matching NIC district and state codes.

iii) *The main business activity of the FDI entity*, as per the relevant NIC code.

iv) *FDI investor and home country*, including name, address and country of the FDI investor.[7]

v) *Details of the shareholding pattern of the FDI entity*, including the amount of foreign equity held by the foreign investor.

***Capturing FDI plants and subsidiaries*** – For the registry of foreign firms to be absolutely complete and continually current, it would also be necessary to map all their operating units and subsidiaries. This is because the RBI's location-wise inventory of foreign direct investors will not, in itself, contain the data necessary to generate a matching list of their operating plants and units throughout the country. The RBI's data captures investments in 'Enterprises' (company headquarters), rather than their 'Establishments' (operating plants and units) (Chapter 3). Further complicating this problem is that FDI 'Enterprises' file their returns with the Central Government (the Reserve Bank of India, Ministry of Corporate Affairs, Department of Industrial Promotion and Policy, and Income Tax Department, and so on), while FDI 'Establishments' file theirs at the state level (Labour Department, Commercial Tax Department, and so on).

Another problem is that many foreign direct investors might have downstream subsidiaries in India. Many of these downstream operations might not be captured as 'foreign' by India's statistical system, if they have been financed entirely from foreign firms' reinvested local earnings. Such reinvested local earnings would not be

6. Foreign direct investors that fail to file their mandatory returns within the stipulated time frame can be penalised under the Foreign Exchange and Management Act (FEMA).
7. The FLA also contains information on whether the FDI investor is an individual, a company, foreign institutional investor, FVCI, foreign trust, private equity fund, pension/provident fund, sovereign wealth fund, partnership/proprietorship firm, financial institution, NRI/PIO or other.

reported to the RBI since they entail no capital inflow or outflow. However, they would be reported in the annual reports that foreign direct investors file with the Ministry of Corporate Affairs, though – as mentioned in Chapter 3 – its database does not yet distinguish foreign from domestic firms.

To create a comprehensive location-wise registry of foreign firms in India, it will thus be necessary to map all FDI enterprises, subsidiaries and establishments, and to tag all related entities with a common identifier. This might be done as follows:

To start with, the RBI might require all inward foreign direct investors to report the following information in their FLA:

i. A complete list of all plants and establishments,[8] with addresses and NIC codes for state/district location and main business activity.

ii. A complete list of all subsidiaries, including such details as the Registrar of Company's number, address, and NIC codes for state and district location and main business activity.

The RBI would then need to sift through the resulting data to designate which subsidiaries are to be identified as 'foreign' as per the level of foreign holding.

In parallel, state governments might undertake a complementary 'bottoms-up' approach, in which they match their own data for the district location of establishments with that supplied by the RBI. To do so, each state can use the business register it has compiled during India's Sixth Economic Census (2010–15), a complete mapping of all business enterprises and establishments in the country. This task would be significantly easier if state governments also require all corporate entities within their jurisdictions to report the company to which they belong. At the same time, all foreign-owned establishments might be required to share their parent enterprise's unique RBI registration number. By electronically matching this data with that reported by FDI establishments in the FC-GPR and the FLA, the data could be triangulated and the locational mapping complete. The European Union has employed just such a process to establish a complete registry of all foreign enterprises and establishments in its territory (Box 5.1).

8. This should also include such things as large in-house repair facilities.

**Box 5.1: The EuroGroups Register: A Complete Registry of all Foreign Enterprises and Establishments in the European Union**

The European Union (EU) has built a comprehensive national registry of all inward and outward foreign direct investors in its 28 member countries.[9] This EuroGroups Register's (EGR) principal purpose is to establish a single statistical 'frame' for all multinational enterprise groups and their affiliates operating in the EU, and thus build a robust database of enterprise micro-statistics. This will enable the EU and individual member countries to study the structure, operations and national economic impact of all multinational enterprises within their territories.

Structurally, the EGR consists of a central Eurostat[10] registry, electronically linked to each EU member's national business register. In fact, this central registry is generated by drawing upon the network of national registers and, where necessary, is supplemented with data from private corporate databases. The central registry's Identification Service further tags each enterprise group, constituent enterprise and establishment with its own separate Legal Entity Identifier (LEID) or unique electronic ID. The EGR thus has a complete structural and geographic map of every FDI operation within the EU.

The central registry is also in charge of keeping the EGR continually updated and for issuing a revised statistical frame every sixteen months.

***Source***: NCAER, adapted from the EuroStat website: http://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/eurogroups-register.

### 5.3.2 Disaggregating FDI Inflows by State and District

The FC-GPR form (Annexure 3.8 to Chapter 3) also contains the location information necessary for a broad state and district disaggregation of India's FDI inflow, since – as mentioned earlier, respondents must provide both:

i) the "Address of the Registered Office of the Investee Company with City, District and State clearly mentioned," and

ii) the "Location of the project and NIC code for the district where the project is located." The FC-GPR also asks for the NIC code for the state in which the project is located.

#### *5.3.2.1 Tracking FDI down to the unit level*

However, the data in the FC-GPR would not in itself be sufficient to accurately support a complete mapping of all FDI flows down to the plant and unit level for various reasons. Firstly, foreign direct investors do not invest all the FDI they bring in at one go, in a single location. They often split individual investments across various plants and projects (Chapter 3). Moreover, larger FDI enterprises often have common cost centres shared by their network of FDI establishments. For example, a company's marketing division might be a cost centre to the firm as a whole, rather than to just one of its individual establishments. Thus, if an FDI firm brings in money to expand its marketing outreach, it would be difficult – if not impossible – for it to accurately allocate the investment to one operational location.

9. The 28 members of the EU are: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.
10. The central register also lists all MNE groups operating within the European Free Trade Agreement (Iceland, Liechtenstein, Norway and Switzerland) and is, similarly, linked into their national business registers.

Second, some part of a foreign firm's Indian investment might come from locally reinvested earnings, which are not captured by the RBI's FDI statistical system, as highlighted above. Such investments can only be captured and counted by extracting the relevant investment data from the annual and other reports that foreign direct investors file with the Ministry of Corporate Affairs (MCA).

While there does not yet appear to be a foolproof method to track all FDI down to the unit level, a significant start could be made by drawing on the MCA's data on foreign direct investors. This could be done by creating a unique electronic ID for each firm (Box 5.2) and thus collating the necessary data. This I.D. would also be the fundamental building block for the national registry of FDI enterprises and establishment described earlier.

### Box 5.2: Creating a Unique Electronic I.D. for Every Foreign Direct Investor in the Country

To create a unique electronic identity for every foreign direct investor in the county, the RBI's data would – once again – be the point of departure. Both the FC-GPR and FLA require respondents to report three unique corporate identification numbers, all of which are already electronic. The first is their unique RBI registration number, which designates them as an 'FDI firm'. The RBI allocates them this number when they first invest in India, and they must employ it in all subsequent transactions. Second is their Corporate Identification Number (CIN), issued by the Registrar of Companies in the MCA when they set up and register in India. Third is their Permanent Account Number (PAN), issued by the Income Tax Department for tax purposes.

**Table 5.1: Unique Electronic IDs Required in the FC-GPR and FLA Returns**

| FC-GPR | FLA |
|---|---|
| ■ Registration Number allotted by the RBI for FDI | |
| ■ Permanent Account Number | ■ Permanent Account Number |
| ■ Registration Number given by the Registrar of Companies | ■ Registration Number from the Registrar of Companies |

To create a unique electronic I.D. for each firm, it should thus be possible to generate a comprehensive national list of foreign direct investor CINs and PANs by running an electronic match against their RBI unique registration numbers within the RBI database. In turn, this list of foreign direct investor CINs and PANs could be run within all relevant central, state and statistical databases to distinguish foreign from domestic firms for analytical purposes. All these databases require respondents to cite their PAN or CIN, or both.

The key challenge, as pointed out earlier, could be that many foreign direct investors might have downstream subsidiaries in India, each with their own PAN and CIN numbers. Another is that the three unique IDs tend to pertain to enterprises rather than establishments. Thus, for the proposed unique electronic ID to work as effectively as is hoped, it will be necessary to create an electronic relationship, firstly, between the PANs and CINs of foreign direct investors and their subsidiaries and, secondly, between that of foreign enterprises and their establishments.

Also crucial will be to put in place the team necessary to continually analyse, refine and update this data, as the EuroGroups register team is doing (Box 5.1).

### 5.3.3 Collecting and Reporting Operations Data for Foreign Direct Investors in India

Comprehensive operations data for foreign direct investors in India could be collected using one, or both, of two potentially complementary routes. In the first, the RBI could require more detailed operational reporting by foreign direct investors in the Foreign Liabilities and Assets (FLA) return. In the second, each firm's unique electronic ID could be used to pull up a wide range of operational detail from across a spread of central, state and statistical databases, most particularly the Annual Survey of Industries, as urged by respondents in Chapter 3.

Both options are thoroughly examined below.

#### *5.3.3.1 Expanding the RBI's Annual Return on Foreign Liabilities and Assets (FLA)*

In the FLA return, the RBI requires all majority-owned inward and outward foreign affiliates to report on four operational parameters: sales, purchases, exports and imports (Table 5.2).

**Table 5.2: Annual Return on Foreign Liabilities and Assets: Foreign Direct Investor Operations Data – Inward Investors**

| Block 1D: Sales and Purchases Made During the Reference Year | | |
|---|---|---|
| Item | Amount in Rs lakh (during the year) | |
| | Previous Year (April – March) | Latest Year (April – March) |
| 5.1 Domestic Sales | | |
| 5.2 Exports | | |
| 5.3 Total Sales (=5.1+5.2) | | |
| 5.4 Domestic Purchases | | |
| 5.5 Imports | | |
| 5.6 Total Purchases (=5.4+5.5) | | |

***Source***: Reserve Bank of India, *Annual Return on Foreign Assets and Liabilities*, Section II: Financial Details of Reporting Company, http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/FLR180614FL_A.pdf.

These parameters offer policymakers and the public a valuable insight into wholly-owned foreign subsidiaries' impact on the balance of payments in India,[11] since the RBI uses the data to compare foreign direct investors' domestic sales with exports and their domestic purchases with imports. These ratios show whether such firms are exporting more than they sell in India, and whether they import more than they buy in India.

However, these sales and trade parameters are just a minor subset of the new international standards for the collection and reporting of FDI statistics listed in Chapter 4.

*Operations data in the RBI's FDI-related research surveys* – The RBI collects more foreign operations data in three research surveys (below), but since firms are not legally bound to respond to these, the data presents only a sub-set of the universe of foreign direct investors in India.

*The Finances of Foreign Direct Investment Companies (FDIC)* – Principal among these surveys is the RBI's biennial study of the Finances of Foreign Direct Investment Companies (FDIC). This analyses the financial structure of some 750–920 non-financial foreign firms[12] in India, with over 10 per cent foreign equity shareholding. The data is collected through meticulous desk research into these firms' audited corporate accounts. The agglomerated results of this survey,[13] available on the RBI website, give policymakers and the public an insight into trends in foreign direct investors' sales, production, earnings, expenses, profits, imports and exports, among other things (Annexure 3.10 to Chapter 3). Also analysed are the two-to-three-year trends in

11. All outward foreign direct investors are required to complete Section IVA, Foreign Affiliate Trade Statistics, in which they are asked for their annual export and import figures. See Reserve Bank of India, Annual Return on Foreign Assets and Liabilities, Section IV A: Foreign Affiliate Trade Statistics, http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/FLR180614FL_A.pdf.
12. In the 2012–2013 issue, the sample size was 917 firms.
13. Results of the 2012–13 FDIC survey are available at: http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32858http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=32858. Results of the 2011–12 FDIC survey are available at: http://www.rbi.org.in/scripts/BS_PressRelease Display.aspx?prid=30265.

asset formation, R&D expenditures, inventory-to-sales ratios, shares of long-term and short-term borrowings, and in the use of domestic versus external funds.

The results are also disaggregated by country of origin and industry group. Thus, it is possible to tell, for instance, which country's foreign direct investors contributed most to Indian export growth over the past few years, or compare how much foreign direct investors in specific sectors spent on R&D or wages.

*Survey on Foreign Collaboration in Indian Industry* – The occasional Survey on Foreign Collaboration in Indian Industry[14] examines the nature, pattern, and operations of Indian firms' technical collaboration with foreign companies (Annexure 3.11 to Chapter 3). Data is collected by surveying a few thousand Indian and foreign firms, around 500 of which typically respond.[15] The results analyse these collaborations by country and industry, as also by mode of payment, export-restrictive clauses, exclusive rights, production value, employment, profitability, exports, imports, R&D expenditure, and the scope of assets transferred.

*Survey on Computer Software and Information Technology Enabled Services (ITES) Exports* – This survey analyses the software business of foreign affiliates in India, as part of its broader data collection on various dimensions of Indian exports of computer services and ITES, including business process outsourcing (BPO). Survey findings report the number of foreign software and ITES affiliates in India by home country, and the types and dollar value of the software and ITES services they export, for an overall sample of around 750 Indian and foreign firms.[16]

In collecting this range of operational information from foreign direct investors in India, the RBI already meets or surpasses many of the parameters contained in the international standards on Foreign Affiliate Statistics (Table 4.1 in Chapter 4). However, for these surveys to really present a robust picture of the contribution of FDI firms in the country, their samples would need to be significantly expanded to include all of the 9,081 foreign subsidiaries operating in the country. Needless to say, this would add immensely to the RBI's already herculean effort of undertaking these surveys, especially the meticulous compilation of the FDIC from annual reports.

Second, for survey results to be really policy-meaningful to state governments, they would need to be disaggregated by state. This would give state governments a detailed understanding of the evolving contribution of FDI firms within their territories: a perspective they say is missing today (Chapter 3). A state disaggregation would also enable a comparative perspective across states of foreign firms' employment, production, sales, R&D spend, and so on.

Far simpler would be to radically expand the content of the FLA by requiring respondents to also submit information on all the Foreign Affiliate Statistics parameters being advocated internationally (Chapter 4). Most important among these would be employment, wages, production, sales, value-added and R&D expenditures.

From the RBI's perspective this should not be too difficult. It would merely require adding some 10–15 more questions to the FLA form, which is already electronic. Similarly, the RBI could require all FLA respondents, whether with minority (10–50 per cent foreign equity) or majority (over 50 per cent foreign equity) foreign control, to submit the necessary operational information. However, to keep with international standards, the RBI would need to report foreign affiliate statistics separately for minority and majority owned affiliates.

By expanding the FLA in this fashion, India could capture detailed operations data for all foreign direct investors in the country. In doing so, it will forge international best practice. For, as yet, even the world's most expansive foreign affiliate statistics reporters compile such data only for a carefully chosen representative sample of firms. Moreover, India would be capturing and reporting data for all firms with foreign equity investments of

14. The most recent issues are Survey on Foreign Collaboration in Indian Industry: 2007–2010 and 2010–2012.
15. The 2007–10 issue surveyed 836 companies. In the most recent survey, 2010–12, the sample comprised 550 firms, 244 of which reported 334 foreign technical collaborations.
16. Results of the 2013–14 survey are available at: rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=15452.
    Results of the 2012–13 survey are available at: http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30635.
    Results of the 2011–12 survey are available at:http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=29029.

over 10 per cent, though the international standard requires this to be done only for majority-owned foreign subsidiaries.

This said, the downside of adding more operational questions to the FLA is that it would add considerably to 'respondents' burden', just when the Government is pushing to minimise regulatory reporting requirements and procedures on foreign and domestic investors.[17] Nonetheless, it must be noted here that the rich detail of the US' foreign affiliate statistics is enabled by the legal requirement that the survey sample mandatorily fill out and submit a detailed 50-page questionnaire.[18]

The other limitation of relying solely on an expanded FLA to collect foreign direct investor operations data is that it is a mandatory return only for FDI enterprises, not FDI establishments. It collects agglomerate information for the FDI enterprise as a whole, not for its individual plants and units. Its results would thus offer little, if any, insight into the relative contributions being made by a firm's individual establishments in different states, a perspective that is much-needed. While this shortcoming could be remedied by expanding the FLA to even further, it would add even more to the burden on respondents.

#### *5.3.3.2 Culling operations data from statistical and administrative databases*

For this reason, it might be worth using the proposed unique electronic I.D. for foreign direct investors to cull the necessary operations data out of existing central and state government administrative databases, as suggested by one-fifth of the respondents in Chapter 3. Leading among these is the Annual Survey of Industries database, and that of the soon-to-be launched Annual Survey of Services.[19] In both databases, all firms are tagged with their unique Corporate Identification Number (CIN), enabling an electronic match with the RBI data on foreign direct investors.

### 5.3.4 Tracing FDI to its Real Country of Origin

Like India, most countries find a significant portion of their FDI inflow routed through tax-saving locations, resulting in a distorted picture of its true origin. This is why tracing FDI back to its Ultimate Beneficial Owner[20] (ultimate parent) is one of the new international standards for FDI statistics collection and reporting (Chapter 4), and many countries are now reporting this data.

Judging from the US effort (Box 5.3), India could employ a two-fold strategy. First is to require all FC-GPR and FLA respondents to report on both their immediate and ultimate parents. Second is to set up a dedicated team to study and check the data reported.

17. The Government of India is trying to improve India's score in the World Bank's Ease of Doing Business rankings by reducing the reporting burden on firms, among other things.
18. The United States' FDI survey questionnaires are available at: http://www.bea.gov/surveys/fdiusurv.htm.
19. The following news report describes this new Annual Survey of Services: http://www.business–standard.com/article/economy-policy/india-to-have-annual-survey-of-services-112092303021_1.html.
20. The Ultimate Beneficial Owner is the company on top of the chain that is not owned more than 50 per cent by any other person.

### Box 5.3: Tracing FDI to its Real Country of Origin: the United States Experience

The United States Bureau of Economic Analysis (BEA), which collects the US' FDI statistics, now requires foreign direct investors to mandatorily report on both their Ultimate Beneficial Owner (UBO) and Foreign (or immediate) Parent[21] in its quarterly, annual and cinquennial foreign direct investment surveys. Respondents must also report the name, industry[22] and country of residence for both parents, where applicable.

In addition, the BEA's FDI statistics division has set up a dedicated team to validate the information reported.[23] They trawl BEA's many business-related databases and other international corporate databases (including Hoovers[24]) to cross-check the corporate ownership and location data that foreign direct investors report. They also study the information on 'sister companies' owned by the same ultimate parent. This team also examines each foreign direct investor's balance sheet to trace all equity holdings and debt funding to real origin or ultimate destination. Finally, all ownership changes are monitored, so as to track the ultimate source of destination of funds.

As a result, the US now reports its foreign operations data by both industry and country of the Ultimate Beneficial Owner.[25] However, by BEA's own admission, this data still has some lacunae,[26] even though it now allows for an immensely clearer understanding of the real source and destination of FDI flows. Especially problematic is that there is very limited public information for privately-owned businesses. Many respondents also do not know the identity of their UBO, given multiple layers of shareholding. Further, not all UBOs actively inform their subsidiaries of an ownership change. Another issue is when differing affiliates claim a single UBO, but accord it different industry classifications.

***Source***: NCAER interview with US Bureau of Economic Analysis' FDI Statistics Division.

### 5.3.5 Reporting the Country and Industry Break-Up of India's Outward FDI; Collecting and Reporting Outward Foreign Affiliate Statistics

As Chapters 3 and 4 show, India is not yet reporting its outward FDI data in sufficient detail. It only reports outflow totals, providing no insight into the evolving country destination and sector focus of India's foreign direct investment overseas. Since it also does not report operations data for Indian outward foreign direct investors, the country has little understanding of the relative gains and drawbacks from the internationalization of local firms. For these reasons, India needs to bolster and systematize its reporting of outward FDI data and outward foreign affiliate statistics.

***Country and industry break-up of India's Outward FDI*** – The RBI already has the data required to report both the country and industry break-up of India's outward FDI. Since 2007, the RBI has published a monthly listing of all outward FDI transactions, including information on the country and sector destination of each investment (Chapter 3). This data only needs to be aggregated for a monthly, quarterly and annual report on the country and industry break-up of India's FDI outflow.

Here, it must be emphasised that the government must ensure that it reports this data using India's NIC 2008. As Chapter 3 respondents underscored, there is currently a major mismatch between the formats and sector categories India uses to report its inward and outward FDI data, which limits international comparisons of the

21. This is the first company outside US on the ownership chain.
22. UBOs are to be classified by the industry of their worldwide sales.
23. This team also attempts to track all outward US investments through intermediary locations to their ultimate destinations.
24. The Hoovers website, accessible at http://www.hoovers.com, contains data on 85 million companies etc.
25. However, it publishes its FDI inflow and outflow statistics using the country of foreign parent.
26. NCAER interviewed BEA at length in April 2014.

nature of FDI in India with that in other countries, as also of Indian inward and outward investment. DIPP is already switching to this system in reporting India's inward FDI data.[27]

*Outward Foreign Affiliate Statistics* – The Annual Return on Foreign Liabilities and Assets also requires all outward foreign direct investors to report the same operational details as required from inward foreign direct investors (Table 5.3). Thus, the RBI could immediately begin to report export, import, sales and purchase data for all Indian outward direct investors as well.

**Table 5.3: Annual Return on Foreign Liabilities and Assets: Foreign Direct Investor Operations Data – Outward Investors**

| | Block 3B: Sales and Purchases During the Reference Year | | |
|---|---|---|---|
| Item | Currency | Amount in Foreign Currency Actual (during the year) | |
| | | Previous Year (April – March) | Latest Year (April – March) |
| 3.8 Total Sales | | | |
| 3.8.1 of which exports | | | |
| 3.9 Total Purchases | | | |
| 3.9.1 of which imports | | | |

***Source***: Reserve Bank of India, Annual Return on Foreign Assets and Liabilities, Section IV A: Foreign Affiliate Trade Statistics, http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/FLR180614FL_A.pdf.

However, it is also essential to begin to collect and report overseas employment and asset data. Such data is fundamental to a basic understanding of Indian outward investors' relative size, internationalisation and economic contribution (Chapter 3). By reporting these parameters, India would also meet the basic standards for the reporting of outward foreign affiliate statistics (Chapter 4). Equally imperative is data on the number of India's outward foreign direct investors, disaggregated by country, industry and investment size, if possible.

### 5.3.6 Other Issues – Strengthening India's Data on FDI in Services

Almost one-fifth of the respondents in Chapter 3, and many participants at NCAER's *Enhancing the Scope and Quality of Indian FDI Statistics* workshop, urged the government to devote concerted attention to strengthening India's data on FDI in services. As Chapter 3 has highlighted, India's existing sector classifications for FDI flows do not adequately distinguish between manufacturing and services activities, or offer enough insight into varied types of services activities themselves, including trading. This poses a major impediment to FDI impact research, as many respondents in chapter 3 explained.

Given the concentration of India's FDI inflows in services, it is urgent that this gap be corrected and India's FDI in services data enhanced. Fortunately, as already mentioned, DIPP has begun to implement a switchover to reporting India's FDI inflow data as per the NIC 2008 classification, and the Central Statistics Office is planning to introduce an Annual Survey of Services, as the statistical twin to its Annual Survey of Industries. While these two initiatives should largely resolve the problems with India's data on FDI in services, more focused effort might be required to completely resolve them.

## 5.4 ENHANCING DATA ACCESS, PRESENTATION AND VISUALIZATION

Enhancing data access and presentation is as much of a priority as data enhancement. As Chapters 3 and 4, and the preceding pages, have indicated, India has a robust system of FDI data collection, even by international standards. The RBI already collects detailed data, including some operations data, from India's entire census of inward and outward investors by law, in contrast with other leading FDI host economies which rely on sample surveys. It also meets the international standards for the reporting of inward FDI ststistics. India falls short,

27. DIPP representatives confirmed this at NCAER's national consultation workshop in March 2015.

however, in publishing this data in the disaggregated and historical time-series format required for sound policy research and investment decision-making.

This point was made particularly strongly at NCAER's *Enhancing the Scope and Quality of Indian FDI Statistics* workshop in March 2015. In particular, Central Government officials and foreign diplomats stressed the difficulties of evaluating India's evolving FDI relationship with specific countries, and how this has been influenced by bilateral/multilateral economic agreements, in the absence of time-series data. Moreover, data gaps on foreign firms' employment, production, R&D and trade impact in India, and of Indian investors in these firms' home countries, constrain India's bilateral economic negotiators in driving the best bargain for the country. In tandem, state government officials and international investment advisors stressed the impediments posed by the lack of state- and district-specific FDI data (further disaggregated by sector) to economic policymaking and investment promotion, and FDI location decisions and investment planning, respectively.

For this reason, it is imperative that India invest in modernising and expanding FDI data reporting and visualisation, so as to better answer key policy and investor questions. As Chapter 4 has shown, the world's best practice FDI reporters have invested in innovative websites that make their FDI data easily accessible and analysable, and which clearly display their country's main FDI trends.

In enhancing data access, presentation and visualisation, India might focus on the following three high-priority areas:

***A dedicated online FDI portal*** – First, and most urgent, India must put all its FDI statistics in one place. In other words, one website should report all data on India's inward and outward FDI flows, inward and outward foreign affiliate statistics, and key government FDI reports and analyses. This data should not be split across the DIPP and RBI websites, as is the current practice, with each agency having differing responsibilities for separate aspects.

The best way to do this would be to create a dedicated online national FDI statistics portal (as unanimously called for by all participants at NCAER's workshop). In concept, this would be similar to those run by the Central Statistics Office for India's census data[28] and by the Directorate-General of Commercial Intelligence and Statistics for trade data.[29] Additionally, this portal could draw from and develop upon the most useful features and online interactivity of the best practice international FDI statistics websites identified in Chapter 4. Also valuable would be accompanying analyses or expert commentary on FDI developments, giving policymakers and citizens a clear idea of key FDI trends and their implications.

***Historical time-series and geographic, sector and other disaggregations*** – It is important this portal depicts historical time-series data for Indian FDI inflows and outflows, and inward and outward foreign affiliate statistics, disaggregated by country and sector, as explained above. Ideally, the annual data series for FDI inflows and outflows, and inward and outward FDI stock, should begin in 1991, when India first opened its economy to 100 per cent FDI. This would provide India's policymakers, and bilateral trade and investment partners, a clear picture of the evolving strength and nature of its FDI relationships over the past two decades: a perspective they consider to be crucial. A 25-year time-series would also be similar to that of other leading FDI host economies (Chapter 4).

Ideally, this section of the portal should also contain information on the percentage of national, state or sector inflows and outflows through i) equity, loans or reinvested earnings, ii) greenfield and brownfield investments, iii) joint ventures and wholly owned subsidiaries and iv) specific types of investment entities, including companies, foreign institutional investors, foreign venture capital investors, non-resident Indians and so on.[30]

28. This website is available at http://censusindia.gov.in.
29. This website is available at http://www.dgciskol.nic.in/index.asp. Indian trade statistics can be accessed via the Trade Data link on its home page.
30. As Chapter 1 has explained, the Indian government now recognises 12 types of FDI entities: individuals, companies, foreign institutional investors, foreign venture capital investors, foreign trusts, private equity funds, pension/provident funds, sovereign wealth funds, partnership/proprietorship firms, financial institutions, NRIs/PIOs, and other non-resident holdings.

Much of this data is already available with the RBI, as discussed earlier, though it will require some effort to collate older data from past records and surveys, particularly foreign affiliate statistics.

In tandem, a time-series for state-level FDI inflows should be put in place, with further disaggregations for sector, investing country and district. As state government officials emphasised, it is important for them to have this data to understand their state's share of i) annual and cumulative national FDI inflows, ii) annual and cumulative sector inflows and iii) annual and cumulative inflows from particular countries, so that they might fine-tune and better implement state investment promotion and economic development strategy. For the same reason, they need to know the evolving share of particular countries and sectors in the annual and cumulative FDI into their states. Going forward, these same disaggregations and percentage share calculations should be reported for district-level inflows over time. The final step would be to further disaggregate these state and district break-ups by type of financing instrument, investment mode, and investment entity, in the manner described in the preceding paragraph.

Also of much potential value to policymakers, researchers and investors would be rankings of the largest foreign direct investors nationally and in particular states, sectors and districts, even though this might require considerably more effort to compile.

Finally, it is important that all the data on the proposed portal be easily downloadable into an Excel or similar format for smooth quantitative analysis.

***A routine mechanism to access disaggregated and firm-level FDI data*** – Equally critical is to institute a routine mechanism by which reputed FDI researchers can apply to use firm-level data in their research, even if under strict conditions and privacy safeguards. All academic respondents referred to the extreme difficulty in accessing such data, as a result of which many had to abandon policy-relevant FDI research. Others academically lost out to foreign FDI researchers who secured such data through personal contacts and succeeded in publishing their research in reputed international journals. This, when India needs to deepen and expand policy-related FDI research and analysis (Chapter 1)[31] and is working to boost its number of scholarly publications in international journals.

For this reason, India could greatly benefit from following the lead of countries that have dedicated FDI cells which not only collect, analyse and report FDI data, but also actively assist and reach out to FDI data users. Some, including the US and Germany, strategically share firm-level FDI data with reputed researchers to seed a wider array of policy-relevant research (Chapter 4, Box 4.2). Drawing on such experience, India could even institute a strategic national programme of FDI research (Box 5.4).

31. National Knowledge Commission (2008), *Toward a Knowledge Society*, New Delhi, available at: http://knowledgecommissionarchive.nic.in/downloads/documents/towards_knowledgesociety.pdf.

### Box 5.4: A National Programme of FDI Research

In addition to strengthening its FDI data, India needs to systematically build governmental capacity to track FDI and assess its effects at national, state and sector levels. This could be done by strategically expanding policy-informing FDI research through the following types of initiatives:

**Commissioned research on sectors of political interest**

There is a strong case for the government to commission studies on FDI's actual or likely effects on specific sectors and economic stakeholders, so that it is well-prepared to effectively answer questions on such issues in Parliament. ICRIER's study, *Impact of Organised Retailing on the Unorganised Sector*, served the government well in responding to retail-related questions in Parliament between 2 July 2009 and 21 February 2014 (Chapter 2).

To start with, the government might commission research on sectors that dominated the Impact Questions in Chapter 2: namely, agriculture and food processing, power, telecommunications, oil and gas, roads, ports, civil aviation, and defence. These are likely to continue to be of special interest to politicians going forward. Also of interest will be sectors which the government is in the process of liberalising, or is planning to liberalise.

In commissioning research, the government should ensure a good mix of studies assessing FDI's existing effects in principal sectors, as also its projected effects in newly or soon-to-be liberalised sectors. Rigorous quantitative analysis should be employed in both cases, for which purpose all the necessary data must be collected and made available beforehand.

**Research partnerships with FDI researchers**

The government could also consider entering into research tie-ups with leading FDI impact experts in national and international think-tanks and academic institutions. Here, there would be no financial implication for the government. Its role would be confined to making the necessary firm-level data available to its network of collaborators, while taking care to protect the confidentiality of the underlying firms as per international best practice. However, research topics could be fine-tuned through consultation, so that it integrally informs FDI policymaking and deliberation. The resulting research should be made publicly available on the government's FDI website, as per international practice.

***Source***: NCAER

## 5.5 CAPACITY BUILDING

Additionally, focused training could make a noticeable difference to central and state government officials' ability to respond to queries from elected representatives, journalists and citizens about FDI-related issues. This training could involve coaching on how to holistically answer queries about FDI's contribution and impact, and where to source the required data and research. Participants could also be familiarised with the latest findings from Indian and international FDI impact research in sectors of relevance to their work. Training might further include an introduction to India's FDI basics: that is, the salient features of India's FDI regime, the broad distribution of FDI in the country, the leading foreign direct investors in each sector and their Indian operations, and other related issues. As valuable, these workshops would give participating officials an invaluable chance to share their key challenges on FDI data and analyses, enabling the collective institution of far-reaching remedies.

It might also be useful to proactively keep Parliamentarians briefed on the fundamentals of FDI policy and useful FDI facts and figures, in much the same way that the government does with foreign direct investors. To start with, the plethora of concise and informative sector presentations, FDI briefs and investment manuals (developed for investors by DIPP, the India Brand Equity Foundation[32] and Invest India[33]) could quite simply and easily, be adapted for this purpose.

Some other initiatives the government might wish to consider are:

***FDI Training Workshops*** – Brief 'FDI orientation workshops' that familiarise MPs and other elected representatives with the basics of FDI policy, and FDI distribution and activity in the country.

***Graphic table of equity caps*** – A simple tabular depiction of the FDI cap in all sectors, which could be mailed to MPs electronically and in hard copy, as also visibly posted on the DIPP, Invest India and India Brand Equity Foundation websites. Within this table, MPs wishing to understand sector policy and/or FDI performance in more detail would also have the facility of clicking on a web-link in the relevant sector box. This would take them to an e-dossier on each sector, including historical sector inflows, their geographic concentration within the country, major investing countries and investors, and sector rules and regulations.

***Regular FDI Briefs*** – MPs, policymakers, target investors, researchers and India's investment partners are also likely to value a series of short FDI briefs that sketch India's FDI performance in global perspective, and that of individual states in a national context. However, the principal focus would be on state inflows, which should be disaggregated by sector and source country at minimum, and by district if possible.

## 5.6 CONCLUDING THOUGHTS

Despite this volume's wide-ranging probe into the problems with India's FDI statistics, it must be pointed out that radically enhanced FDI data is not an end in itself. Rather, it is that India must continually improve its FDI statistics to advance the frontier of policy insight on FDI, by facilitating superior answers to existing questions and throwing up new ones.

For this reason, India needs to invest in building not just a specialised and dedicated team of FDI statisticians, but also of FDI data analysts and reporters. Only by strengthening FDI analytics capacity can the Indian government swiftly and completely answer the complex FDI questions it finds most challenging today. This study's survey of FDI statistics websites finds the world's other leading FDI host economies routinely reporting on such issues, as much because their databases contain the types of information that support such insights as because they have invested in the specialised manpower to analyse it.

To this end, the government might wish to consider establishing a dedicated, in-house FDI study cell as the United Kingdom (UK) has done (Box 5. 5). Not only would this cell have the research training and experience needed to provide considered, fact-based answers to Parliament's FDI impact queries, it could anchor the strategic national programme of FDI research proposed above. Over and above this, it could also oversee the creation of a public-access FDI research portal containing the latest research on India's inward and outward FDI. All articles could be summarised and searchable within a few broad categories, so that findings are immediately evident. Among other things, ministries could draw on this portal when responding to FDI-related Parliament questions, as could MPs when researching FDI issues of interest.

32. The India Brand Equity Foundation website is accessible at: www.ibef.org.
33. The Invest India website is accessible at: www.investindia.org.

### Box 5.5: The UK Government's In-House FDI Impact Assessment Cell[34]

Since the mid-2000s, the UK Government's investment promotion arm, UK Trade and Industry (UKTI) has been charged with evaluating the benefits that FDI projects, including M&As, bring to the economy. For this purpose, it has set up an in-house FDI 'impact assessment' cell, staffed by three full-time employees,[35] who work under the guidance of leading British FDI academics. These academics were specifically chosen for their globally pioneering work in measuring national or sector returns from FDI.

Every year, this cell surveys 1,000 of the UK's leading inward foreign direct investors to understand how much they are investing, how much employment they generate, and what kinds of value-addition they bring to the economy. Survey findings are validated using official and other data.

Most crucially, UKTI is mandated to present the results of each Performance and Impact Monitoring Survey[36] annually to Parliament. Each report is an intensive, and internationally unique, government estimation of FDI's effects on national output, value-added, employment, wages, productivity and global competitiveness.

Other leading FDI host economies have also begun to publicly assess the contribution of foreign direct investors on their websites to understand how they benefit from this type of foreign participation (Chapter 4).

***Source***: NCAER research and interviews.

As in the UK, this government FDI impact cell could even be given charge of collating and publishing an annual report to Parliament on FDI trends and contributions, nationally and in key states and sectors. This would have the added advantage of ensuring that the government is compelled to continually ensure that it has all the data required for this purpose and, if not, to collate or collect what is missing.

To reiterate, for India, the world's ninth-largest FDI recipient, strengthening its FDI statistical system is as much of a priority as strengthening its FDI data. This would require, firstly that it radically expand and better resource the team of RBI and DIPP statisticians and analysts in charge of FDI data, and enable them to focus fully on this responsibility. Instituting a dedicated team of specialised FDI statisticians and analysts would, in itself, considerably alleviate many of the data disaggregation and access issues identified in this study. In fact, the US leads international FDI statistics best practice on many parameters precisely because it has over 100 officials working solely on FDI data collection, analysis and reporting. Similarly, India's trade data is detailed and exhaustive because the Directorate General of Commercial Intelligence and Statistics (DGCI&S) has a staff of 400 spread across the country and linked to India's customs administration by a unified electronic database.

There is thus a compelling logic for India to set up a single, specialised FDI statistics agency, and it might be time for the government to deliberate on this issue. Given Chapter 3 respondents' praise for the richness, quality and easy accessibility of the trade data produced by the DGCI&S, India might do well to set up a dedicated FDI statistics agency as its 'FDI twin' under the auspices of the Ministry for Commerce and Industry. However, a specialised FDI agency, wherever it is housed, would need to work in close partnership with the RBI, Ministry of Corporate Affairs, Central Statistics Office and state governments. It would also have to work closely with the DGCI&S itself, given the growing interrelationship between trade and FDI.

Finally, and most crucially, India's FDI data and FDI statistical system – even if enormously strengthened – would have limited policy value if data continues to be collected, maintained and reported in isolation from the country's other business and economic data sets. In other words, to comprehensively assess India's gains from

34. The contents of this box are based on interviews with UK Trade and Industry, London, and desk research.
35. All three have a Ph.D., with a concentration in FDI.
36. The most recent annual issue of the Performance and Impact Monitoring survey is available at: https://www.gov.uk/government/publications/ukti-performance-and-impact-monitoring-surveys-pims-32–35-annual-report–2013.

FDI, policymakers need not just a clear understanding of what foreign firms are doing, but also a complementary view of the performance and activities of their Indian counterparts and competitors. Thus, the integrated national FDI registry proposed by this report must, from inception, be an integral element of the country's wider macroeconomic and business databases. This is now standard international statistical practice.

Without this integration, India could have the most precise picture of where its FDI comes from, who its foreign direct investors are and what activities they undertake, but policymakers would still have only an uncertain understanding of whether their economic value-add is more or less than that of their domestic counterparts. Generating this insight should not be too complex if India uses equivalent data parameters and formats to capture the same information about foreign and domestic investors. This is already the case in many government administrative databases, business registers and statistical surveys. Since their prime drawback is that they do not distinguish between foreign and domestic firms, this limitation can be easily rectified by creating and employing the unique electronic I.D. alluded to earlier.

Should India strengthen its FDI statistical system on the lines envisaged above, it is likely to be in a far stronger position to respond more precisely to the varied FDI-related queries being posed by its elected representatives, government officials, foreign direct investors, bilateral economic partners, FDI researchers and journalists. Most crucially, by properly answering these questions, India can further enhance the economic development and well-being of its citizens.

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