

Foreign Direct Investment

8.72 During April-November 2007, Foreign Direct Investment (FDI) equity inflows stood at Rs. 45,098 crore (US\$ 11.14 billion) against Rs. 33,030 crore (US\$ 7.23 billion) during April-September 2006, signifying a growth of 36 per cent in terms of rupee and 54 per cent in terms of US dollar (Table 8.21).

8.73 From April 2000 to November 2007, Mauritius remained the predominant source country for FDI to India accounting for 44.24 per cent share of the cumulative total, followed by the United States (9.37 per cent), the United Kingdom (7.98 per cent) and the Netherlands (5.81 per cent). During April-November 2007, the position of Mauritius remained still prominent (42.77 per cent). While the shares of the United States (5.45 per cent), the United Kingdom (2.19 per cent) and the Netherlands (4.51 per cent) were lower, those of Japan (5.72 per cent) and Singapore (8.73 per cent) were higher. In the sectoral distribution of FDI inflows, financial and non-financial services

Table 8.21 FDI: Cumulative equity flow

Period	Rs. crore	US\$ million
August 1991 to March 2007	2,32,041	54,628
April 2007 to November 2007	45,098	11,141
August 1991 to November 2007	2,77,139	65,769
April 2000 to November 2007	2,16,534	49,070

Source: Department of Industrial Policy & Promotion.

Table 8.22 Sectors attracting highest FDI flows

Sector	Amount of FDI Inflows				Cumulative inflows (April 2000 to Nov. 2007)	Share of inflows (per cent)	
	2004-05	2005-06	2006-07	2007-08		April 2000 to Nov. 2007	April-Nov. 2007
	(April-March)	(April-March)	(April-March)	(April-Nov.)			
Services sector ^a	1,986	2,399	21,047	9,121	38,228	19.86	20.22
Computer software & hardware	2,441	6,172	11,786	4,217	30,760	15.98	9.35
Telecommunications ^b	570	2,776	2,155	3,963	15,607	8.11	8.79
Construction ^c	696	667	4,424	3,593	9,989	5.19	7.97
Automobile industry	559	630	1,254	1,191	8,350	4.34	2.64
Power	241	386	713	206	5,958	3.09	0.46
Chemicals except fertilizers	909	1,979	930	733	5,956	3.09	1.63
Housing & real estate	0	171	2,121	5,161	7,573	3.93	11.44
Drugs & pharmaceuticals	1,343	760	970	353	4,633	2.41	0.78
Metallurgical industries	836	654	787	1,909	4,572	2.37	4.23

Source: Department of Industrial Policy & Promotion.

^a financial & non-financial services.

^b radio paging, cellular mobile, basic telephone services.

^c construction including roads & highways.

secured a growth of more than seven times during 2006-07, to secure first spot in cumulative inflows, displacing computer software and hardware. Along with services, the shares of sectors like telecommunications, construction and housing and real estate have buoyed during April-November 2007 (Table 8.22).

8.74 Of the total FDI received, about 53.57 per cent came through the automatic route of the Reserve Bank of India, while 20.15 per cent came through the Government approval route and the rest in the form of acquisition of existing shares. Among the destinations of FDI inflows, Mumbai, New Delhi, Bangalore and Chennai maintained the first four positions in that order (Table 8.23).

Table 8.23

Region-wise break-up of FDI received (April 2000 to November 2007)

Regional Office of the RBI	States covered	Share in FDI inflows (per cent)
Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	25.14
New Delhi	Delhi, parts of UP & Haryana	22.68
Bangalore	Karnataka	7.03
Chennai	Tamil Nadu & Puducherry	6.69
Hyderabad	Andhra Pradesh	4.12
Ahmadabad	Gujarat	2.84

Source: Department of Industrial Policy & Promotion.

8.75 During August 1991 to November 2007, India received 7,898 approvals for foreign technology transfer, of which 81 were obtained during 2006-07 and 52 during April-November 2007.

FDI Policy

8.76 As a result of the comprehensive review of the FDI policy, wide-ranging policy changes were notified in 2006, extending automatic routes, increasing equity caps, removing restrictions, simplifying procedures and extending the horizon of FDI to vistas like single brand product retailing and agriculture. Of late, several steps have been initiated to facilitate FDI inflows which, among other things, include: raising the equity cap in civil aviation; organizing Destination India events in association with CII and FICCI with a view to attract investments; activating the Foreign Investment Implementation Authority (FIIA) towards speedy resolution of investment-related problems; setting up of National Manufacturing Competitiveness Council (NMCC) to provide a continuing forum for policy dialogue to energize the growth of manufacturing; regular interactions

with foreign investors through bilateral/regional/international meets and meetings with individual investors; and making the website of the Department of Industrial Policy & Promotion (www.dipp.nic.in) more user-friendly with online chat facility. About 4,500 investment-related queries have been replied during 2007-08.

Industrial credit

8.77 The overall industrial credit, which slackened in the first half of 2007-08, is now showing signs of recovery. During April-August 2007, the outstanding gross deployment of bank credit increased only by 2.8 per cent from end-March 2007, while the corresponding increase stood at 8.5 per cent during 2006. However, the gap between the rates of credit growth between April-November 2006 and April-November 2007 has substantially narrowed (Table 8.24).

8.78 Table 8.24 further shows that there is a strong sectoral pattern to the growth of industrial credit. Among sectors that experienced high rates of production growth during April-November 2007, credit growth also has been robust for jute textiles,

Table 8.24 Industry-wise deployment of gross bank credit

Industry	Outstanding as on				Growth (per cent) from end-March	
	March 31, 2006	March 31, 2007	Nov 24, 2006	Nov 23, 2007	Nov 2006	Nov 2007
Food processing	30,946	39,999	33,117	42,966	7.0	7.4
Beverage & tobacco	4,002	4,774	3,868	4,813	-3.3	0.8
Cotton textiles	29,781	38,051	31,805	40,218	6.8	5.7
Jute textiles	1,053	967	1,456	1,085	38.3	12.2
Man-made textiles	3,062	4,178	3,490	3,864	14.0	-7.5
Other textiles	24,577	35,775	30,260	38,311	23.1	7.1
Leather & leather products	4,486	4,774	4,498	5,275	0.3	10.5
Wood and wood products	1,497	2,887	1,889	2,607	26.2	-9.7
Paper & paper products	9,148	11,588	10,342	12,262	13.1	5.8
Chemicals and chemical products	48,638	55,774	51,020	56,284	4.9	0.9
Rubber, plastic & their products	7,250	9,250	7,527	9,266	3.8	0.2
Basic metals and metal products	65,896	83,870	76,527	97,516	16.1	16.3
Other metal and metal products	14,905	19,993	19,103	21,149	28.2	5.8
All engineering	34,878	44,026	37,712	48,500	8.1	10.2
Infrastructure	1,12,853	1,42,975	1,21,486	1,63,754	7.6	14.5
Transport equipments	18,628	20,922	18,840	26,091	1.1	24.7
Industry (small, medium and large)	5,50,444	6,97,334	6,03,623	7,55,440	9.7	8.3

Source: Reserve Bank of India.

Table 8.25 Strikes and lockouts (man days lost: in million)

Year	Strikes		Lockouts		Total	
	Number	Man days lost	Number	Man days lost	Number	Man days lost
2001	372	5.56	302	18.20	674	23.77
2002	295	9.66	284	16.92	579	26.58
2003	255	3.21	297	27.05	552	30.26
2004	236	4.83	241	19.04	477	23.87
2005	227	10.81	229	18.86	456	29.66
2006 (P)	243	5.32	187	15.01	430	20.32
2007(P) ^a	143	2.20	142	3.43	285	5.64

Source: Labour Bureau, Shimla.

P: Provisional. ^a (January to November).

Note: Total may not necessarily tally due to rounding off figures.

leather and leather products, basic metals, and engineering goods. The slackening of the credit growth in mining and quarrying and wood products has occurred over a high base achieved by end-March 2007. Encouragingly, the outstanding credit to “transport equipments” group, which has witnessed a slowdown in production, has grown significantly from end-March 2007. Besides, the near-doubling of the rate of credit growth to infrastructure augurs well for many infrastructure-dependent industrial groups and for the economy as a whole.

Table 8.26

Projects appraised for environmental clearance during April-Dec. 2007

Nature of project	Proposals received	Proposals accorded clearance	Projects closed / rejected/ exempted
Industry	46	371	22
Thermal power	87	92	4
River valley and hydroelectric	21	22	2
Mining	280	335	48
Infrastructure and miscellaneous	174	107	15
Construction projects	873	500	172
Total	1,481	1,427	263

Source: Ministry of Environment & Forests.

Note: This includes proposals which were accorded environment clearance as per provisions of the EIA Notification, 2007.

Industrial relations

8.79 The continued decline in the number of strikes and lockouts indicates improved industrial relations. The number of strikes and lockouts, taken together, was down by 5.7 per cent in 2006 (Table 8.25).

8.80 As per the available information, during the current year till November 2007, West Bengal experienced the maximum instances of strikes and lockouts followed by Tamil Nadu and Gujarat. Industrial disturbances were concentrated mainly in textiles, financial intermediaries (excluding insurance and pension fund), engineering and chemical industries.

Industrial sickness

8.81 The Board for Industrial and Financial Reconstruction has so far received 7,158 references under the Sick Industrial Companies (Special Provisions) Act (SICA), 1985. These references include 297 from Central and State public sector undertakings (CPSUs & SPSUs). Out of the total references received, 5,471 were registered under Section 15 of the SICA, 1,857 references were dismissed as non-maintainable under the Act, 825 rehabilitation schemes, including 13 by AAIFR/ Supreme Court, were sanctioned and 1,337 companies were recommended to be wound up. Of the 297 references for public sector undertakings, the references of 92 CPSUs and 122 SPSUs were registered up to December 31, 2007.