

Industrial Investment and Associated Trends

13. The industrial investment scenario in the current year is relatively subdued. Investment intentions filed through Industrial Entrepreneurs Memorandum (IEM) and Letter of Intent (LOI) have noticeably declined since 1996 and this is observed in the present year too. During January-November 1998, the number of intentions filed through IEMs and LOIs was 2674 for proposed investment of Rs 54,284 crore compared to 3884 for proposed investment of Rs 55,680 crore in January-November 1997 (Table 7.4).

14. Trends in foreign investment have also shown deceleration. The amount of FDI proposals approved in January-October 1998 at Rs 24,454 crore is lower than Rs 46,658 crore approved during the same period previous year (Table 7.5). The total number of Foreign Technology Collaborations (FTC) and Foreign Direct Investment (FDI) proposals approved increased to 5874 and 8396 (including 57 proposals for GDR/ FCCB involving Rs 18,729 crore) respectively, by October 1998. Cumulative foreign investment approved in the process amounted to Rs.1,75,032 crore and actual inflow (Rs.51,558 crore) constitutes 29.5 per cent of the approved amount. Foreign Direct Investment in India has shown a distinct preference for the core sector. The core and infrastructure sector*

has accounted for FDI worth Rs. 1,01,002 crore till the end of September 1998, contributing 57.9 per cent of total approvals since August 1991. The share of consumer goods in total FDI has been 13.2 per cent, followed by services (9.9 per cent) and capital goods (9.7 per cent) (Table 7.6).

15. Capital goods imports amounting to US \$ 4343 million registered an increase of 7 per cent during April-November 1998 compared to US \$ 4059 million during April-November 1997. Capital goods production during April-December 1998 has registered an increase of 9.8 per cent, which is higher than the growth of 6.7 per cent during April-December 1997. The higher production is indicative of buoyancy in demand for capital goods, reflecting initial signs of pick-up in investment activity.

16. Sanction of financial assistance by All India Financial Institutions (AIFIs) during April-December 1998 increased by 36.9 per cent, lower than the 46.9 per cent in the corresponding period of the previous year. Disbursements by AIFIs during April-December 1998 registered a growth of 12.5 per cent, lower than 18.5 per

*Core and infrastructure sector includes ferrous and non-ferrous metals, special alloys, power, roads, ports, oil refinery, telecommunications, air/sea transport, cement and fertilisers.

TABLE 7.4
Industrial Investment Intentions Filed through IEMs and LOIs

Year	I E M			L O I		
	Number	Proposed Investment (Rs.crore)	Proposed Employment (000's)	Number	Proposed Investment (Rs.crore)	Proposed Employment (000's)
1991\$	3084	76310	769	195	2071	34
1992	4860	115872	923	620	13994	97
1993	4456	63976	703	528	12845	100
1994	4664	88771	829	546	17937	130
1995	6502	125509	1114	355	14265	91
1996	4825	73278	696	522	29932	181
1997	3873	52379	522	321	9528	96
1998*	2530	51011	446	144	3273	27
(1997)*	(3590)	(46668)	(492)	(294)	(9012)	(91)
Total	34794	647106	6002	3231	103845	756

\$ August to December * Jan-November.
Note : Totals may not tally because of rounding off on an annual basis.

TABLE 7.5**Total Foreign Technology Agreements and Foreign Direct Investment Approvals**

Year	No. of FTCs Approved	No. of FDIs Approved	Amount Approved (Rs.Crore)	Actual Inflow (Rs.Crore)
1991	661	289	534	351
1992	828	692	3888	675
1993	691	785	8859	1787
1994	792	1062	14190	3289
1995	982	1355	32070	6820
1996	744	1559	36150	10389
1997	660	1665	54891	16425
1998*	516	989	24454	11821
(1997)*	(533)	(1317)	(46658)	(10296)
Total	5874	8396	175032\$	51558

* Upto October.
\$ Includes 57 proposals for GDR/FCCB involving Rs.18,729 crore.
Note : Totals may not tally because of rounding off on an annual basis.

cent in April-December 1997. Non-food credit disbursement in the current year (between March 27 and January 15, 1999) has registered a growth of 6.8 per cent compared to the 7.1 per cent during the corresponding period of the previous year.

17. The primary securities market has remained subdued since 1996-97 in terms of number of issues and quantum of resource mobilised. The number of issues raised in the current year (April-December) has declined to 41 from 90 in April-December 1997. The volume of resource raised has, however, increased in the current year (April-December) to Rs.3929 crore from Rs.3093 crore in the same period of the previous year.

TABLE 7.6**Sector-wise Approvals of FDI between August 1991 and September 1998**

Sector	No. of Foreign Technology Approvals	No. of Foreign Investment Approvals	Amount of FDI approved (Rs.Crore)	Sectoral Shares in Total Approvals (per cent)
1. Core & Infrastructure	674	1135	101002	57.9
2. Capital Goods & Machinery	2644	2740	16862	9.7
3. Consumer Goods	626	1624	23161	13.2
4. Miscellaneous Industries	1430	1349	16267	9.3
5. Services	229	1404	17190	9.9
6. Strategic goods	4	—	—	—
Total	5607	8252	174482	100