

Industrial Investment and Associated Trends

7.11 During January- October 1999, 2,113 IEMs and 107 LOIs were filed, with proposed investment intentions of Rs. 89,631 & 640 crore respectively. Despite reduction in the number of IEMs, the volume of investment committed therein was higher than the previous year (Table 7.4).

7.12 Foreign direct investment however, continues to show a declining trend. During January-October 1999, FDI proposals, worth Rs. 23,795 crore were approved, compared to Rs. 24,454 crore in January-October 1998. The total number of Foreign Technology Collaborations (FTCs) and Foreign Direct Investment (FDI) proposals approved, till October 1999, were 6,381 and 9,986 respectively (Table 7.5). While cumulative foreign investment approved till October 1999 was Rs. 2,05,187 crore, the actual inflow of foreign investment was Rs. 64,170 crore, constituting 31.3 per cent of the approvals. The inflow to approval ratio declined to 46.6 per cent in January-October 1999, compared to 47.5 per cent in January-October 1998.

7.13 The core sector has emerged as the most preferred destination for foreign direct

| 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 | 595 | 1191 | 30810 | 13340 |
| 1999* | 428 | 1388 | 23795 | 11093 |
| (1998)* | (516) | (989) | (24454) | (11607) |
| Total | 6381 | 9986 | 205187 | 64170\$ |

* Upto October.
\$ Includes 62 proposals for GDR/FCCB involving Rs. 22456 crore.
Note : Totals may not tally because of rounding off on an annual basis.

investment in India. The core and infrastructure industries accounted for 57.7 per cent of the total approvals, since August 1991. Core industries are followed by consumer goods, capital goods and services (Table 7.6).

| Year | I E M (Industrial Entrepreneurs Memorandum) | | | L O I (Letters of Intent) | | |
|--------------|---|--------------------------------|-----------------------------|---------------------------|--------------------------------|-----------------------------|
| | 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 | 2889 | 57385 | 521 | 145 | 3274 | 27 |
| 1999* | 2113 | 89631 | 330 | 107 | 640 | 16 |
| (1998)* | 2241 | 45784 | 389 | 138 | 3249 | 26 |
| Total | 37266 | 743111 | 6407 | 3339 | 104486 | 772 |

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

TABLE 7.6**Sector-wise Approvals of Foreign Direct Investment between August 1991 and August 1999**

| 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 | 743 | 1353 | 116384 | 57.7 |
| 2. Capital Goods & Machinery | 2857 | 3221 | 21848 | 10.8 |
| 3. Consumer Goods | 672 | 1786 | 25961 | 12.9 |
| 4. Miscellaneous Industries | 1499 | 1532 | 17879 | 8.9 |
| 5. Services | 271 | 1665 | 19761 | 9.8 |
| 6. Strategic goods | 4 | 1 | 3 | 0 |
| Total | 6046 | 9558 | 201836 | 100 |

7.14 Capital goods imports declined by 29.8 per cent to US \$ 3451.5 million during April-November 1999, compared to US \$ 4919.2 million in April-November 1998.

7.15 Aggregate sanctions by All India Financial Institutions (AIFIs), increased by 18.9 per cent (Rs.89,877 crore) during 1998-99. This was less than the 54.2 per cent increase in 1997-98. Disbursements too, had a lower increase

of 8.4 per cent in 1998-99, as against 28.7 per cent during 1997-98. In the current year (April-December 1999), sanctions are growing at a lower rate of 15.5 per cent compared to 26 per cent in the comparable period of the previous year. Disbursements however, are showing a higher growth of 17.2 per cent in April-December 1999, compared to 13.6 per cent in April-December 1998.