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ON SUSTAINABLE INTERNATIONAL INVESTMENT
A JOINT CENTER OF COLUMBIA LAW SCHOOL AND
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

Columbia FDI Profiles

Country profiles of inward and outward foreign direct investment
issued by the Vale Columbia Center on Sustainable International Investment
March 12, 2010
Editor-in-Chief: Karl P. Sauvant
Editor: Thomas Jost
Managing Editors: Zehra Gulay Kavame
and Ana-Maria Poveda-Garces

Inward FDI in India and its policy context

by
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A minor global FDI player in 2000, India is now the world's thirteenth largest FDI host country. With 2008 inflows of US$ 42 billion and 2009 inflows of US$ 27 billion, it is also a global top three preferred investment destination. Notable liberalizations in FDI policy and in several economic sectors, a globally competitive workforce, and rapid GDP and market growth are the main drivers of foreign investment in India. Yet, equity caps limit the size of potential new inflows, while national security concerns might prompt more oversight of FDI approval processes.

Trends and developments

Average annual foreign direct investment (FDI) inflows into India have grown fifteen-fold since 2000. While, initially, investors concentrated in manufacturing, power and telecommunications, they now focus in services activities. Developed country firms dominated investment in the 1990s, but in the past decade developing country investors have also become significant.

Country level developments

India had received some US$ 169 billion of cumulative FDI inflows by the end of 2009 since it first opened itself to foreign direct investors in 1991 (annex table 1). Though

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India's inward FDI stock is considerably smaller than those of the BRIC countries and other counterparts (annex table 1), its post-2004 inflows have grown two times faster than Brazil's and four times faster than China's (annex table 2a), pointing to fundamental shifts in the Indian economy and global investor perceptions about India.

Annual FDI inflows averaged US$ 2 billion a year in the 1990s (annex table 2b) but, starting 1997, policy liberalizations in the telecommunications, infrastructure and insurance sectors caused average annual inflows to double to US$ 4 billion between 2000 and 2005.

From 2005 onwards, further liberalizations – including the opening up of real estate to FDI, the raising of the telecom equity cap to 74% and a variety of sectoral policy reforms – triggered another upward shift in FDI flows. Inflows rocketed to US$ 20 billion in 2006, further doubling to US$ 42 billion in 2008, transforming India into the world's thirteenth largest host to FDI globally.[1] The global economic and financial crisis reduced 2009 inflows to US$ 27 billion, but these were nonetheless larger than 2007 levels.

Which sectors draw the most FDI?

Currently, some 61% of India's annual FDI inflows go into the services sector, while manufacturing receives 27% and primary sector activities, mainly mining and petroleum, some 9% (annex table 3). In this respect, India's service-dominated FDI inflows parallel those of Brazil, and contrast with those of China and Russia where manufacturing is dominant.

Ten years ago, in 2000, 45% of all FDI inflows went into manufacturing, with services attracting just 17% and the primary sector less than 1%.[2] The importance of the manufacturing sector was due to the earlier opening up of this sector to foreign investment in 1991, while most services and primary sector activities remained closed until the end of that decade. As more services (particularly insurance, banking, construction, and real estate) were liberalized, inflows into these activities burgeoned (annex table 3).

Services account for the largest share – a fifth – of the cumulative FDI stock since 2000, totaling US$ 23 billion.[3] Computer hardware/software, telecommunications, housing, real estate, and construction follow, in that order.[4] Other key sectors are power, automobiles, metallurgical industries, petroleum and natural gas, and chemicals. Since 2005, inflows into "sunrise" and newly-opened sectors have also jumped, among them non-conventional energy and the electronic and print media.

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[1] UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (Geneva: UNCTAD, 2009).

[2] Due to shortcomings in the Indian Government's FDI data, it is impossible to account for the sectoral direction of 38.5% of the 2000 inflows, as annex table 3 indicates.

[3] FDI stock data until November 2009.

[4] These three activities have together received some US$ 15 billion, most of it after 2005, when housing and real estate were opened to FDI.

As the size of inflows, the number of investors, and India's strategic importance have grown, so has FDI's developmental impact on the Indian economy. According to a recent Government study,[5] foreign affiliates pay higher wages and are more productive than purely domestic firms. They are also now more export[6] and R&D[7] intensive than domestic firms, in striking contrast to the mid-1990s when these two groups displayed no statistically significant difference.[8] They have also helped to build skills and new technology and R&D capabilities through a variety of organic local linkages with suppliers, contractors and others. In the manufacturing sector alone, foreign affiliates directly or indirectly employ 1.6 million workers; over a half are in small cities and semi-urban areas. Transport equipment, crop growing and processing, construction parts, textiles, and non-metallic mineral products employ the highest number of small town workers.[9]

From where does FDI come?

Mauritius excluded,[10] Singapore is currently India's largest inward foreign direct investor, accounting for 17% (US$ 9 billion) of cumulative post-2000 inflows. The United States follow with 14% (US$ 7.6 billion) and the United Kingdom with 10% (US$ 5.5 billion). Other key investors are the Netherlands, Japan, Germany, France, and the United Arabian Emirates. Interestingly, Singapore is also the largest host to

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[5] National Council for Applied Economic Research, *FDI in India and its Growth Linkages* (New Delhi: NCAER, 2009), available at: http://www.dipp.nic.in/ncear_Report/FDI_NCAER.pdf.

[6] Aradhna Aggarwal, "Liberalization, multinational enterprises and export performance: evidence from Indian manufacturing," *Journal of Development Studies* 38 (3) (2002), pp. 119–137.

[7] Nagesh Kumar, and Aradhna Aggarwal, "Liberalization, outward orientation and in-house R&D activity of multinational and local firms: a quantitative exploration for Indian manufacturing," *Research Policy* 34(4) (2005), pp. 441–460; Jaya Prakash Pradhan, "R&D strategy of small and medium enterprises in India: trends and determinants," *Munich Personal RePEc Archive Paper,* No. 20951 (2010); Nagesh Kumar and Jaya Prakash Pradhan, "Knowledge-based Exports from India: A Firm-level Analysis of Determinants," in Nagesh Kumar and KJ Joseph, eds., *International Competitiveness & Knowledge-based Industries* (New Delhi: Oxford University Press, 2007), pp. 53–96.

[8] Nagesh Kumar and N.S. Siddharthan, "*Technology, firm size and export behaviour in developing countries: the case of Indian Enterprises," The Journal of Development Studies* 31 (1994), pp. 289-308.

[9] According to the study, sectors with the strongest backward linkages include electrical equipment, drugs and pharmaceuticals, food processing and textiles; those with the strongest forward linkages are service sectors, telecommunications, and consultancy services; and those with both types of linkages are construction, fuels, chemicals, and metallurgical industries.

[10] FDI inflows from Mauritius are excluded. These inflows account for 42% of total inward FDI into India and from "unspecified destinations." Mauritius provides tax exemption for foreign companies setting up businesses in the country. This, along with its double taxation agreement with India, gives greater tax advantage to companies routing their Indian investments through Mauritius. Cyprus, accounting for 5% of current inflows, is also emerging as an attractive destination for routing investments into India for similar reasons. Many investments from these locations also appear to be instances of "round-tripping".

cumulative Indian outward foreign direct investment, followed by the Netherlands, the United States, Mauritius, and the United Kingdom.

Singapore's current pre-eminence reverses the 1990s pattern of dominance of developed country firms, especially from the United States and Japan (annex tables 5a and 5b). Starting in 2000, inflows from developing countries have begun to grow, since their firms often have a cost and operating advantage in India's newly-opened economic sectors. Many of their products and services are cheaper and more relevant to the Indian consumer than those of many developed country firms, and they are used to operating in an emerging market environment. For instance, FDI liberalization in the real estate sector expanded United Arabian Emirates inflows from US$ 0.75 million in 2000 to US$ 239 million in 2008. Similarly, Malaysian firms are now very active in highway and urban water projects.

Home country shifts have, in turn, both driven and emanated from sectoral changes. Thus, while early United States' and Japanese investments concentrated in manufacturing and power, Singapore's investments focus on telecommunications, services, shipping, and oil refining (annex tables 5c offers a glimpse into the sectoral variety of the largest FDI projects of this past decade). Bilateral investment treaty protection and economic cooperation agreements have also played a role. As government FDI data show, Singapore's investment stock tripled[11] after its Comprehensive Economic Cooperation Agreement with India in 2005.

Where does FDI go, and in what form does it come?
A third of the post-2000 inflow is invested around Mumbai, a manufacturing hub, and one-fifth around Delhi, a services hub. Ahmedabad, Bangalore, Chennai, and Hyderabad are other key destinations.[12]

Eighty percent of post-2000 FDI inflows have been in the form of greenfield investments.[13] The average investment size also quadrupled from US$ 9 million to US$ 34 million over this period.[14] While the largest recent greenfield investments span various sectors (annex table 4), the largest recent M&As focus on telecommunications, energy and pharmaceutics/healthcare (annex table 6).

Effects of the current global crisis

The global financial and economic crisis has hit inbound M&A activity in India the most. While 2007 and 2008 each saw an average of 99 inbound M&A deals, totaling an average of US$ 14 billion, 2009 saw just 53 M&As amounting to US$ 2.25 billion. As annex

11 Singapore's total investment in India was US$ 3 billion in 2005; it is now US$ 9 billion.
12 These four cities have each received an average of about 5% of the total post-2000 inflows. However, it is important to note that there are no data available on the geographic distribution of about a fifth of the inflows since 2000.
13 The total amount of greenfield investments rose from US$ 2.3 billion in 2000 to US$ 33 billion in 2008, and US$ 15 billion by end-of September 2009.
14 These figures are based on data from UNCTAD's *World Investment Report* 2009, op. cit., and the National Council for Applied Economic Research's op. cit.

table 5 shows, 2009's largest M&As were considerably smaller than their predecessors in 2007 and 2008.

Although the global crisis has slowed the rate of FDI growth into India in 2009, it has reinforced India's position in global investor perceptions. Since most global firms found that their Indian and Chinese operations considerably outperformed their developed market investments, they now accord even greater strategic value to these two destinations.[15]

The policy scene

In India, all except four[16] sectors are open to FDI, and most investors no longer need to seek investment approvals.[17] Furthermore, current account transactions are now completely convertible.[18] However, equity caps remain in strategic sectors such as telecommunications, insurance, banking, airlines, and media and broadcasting for national security reasons.

In early 2009, the Government of India liberalized the manner in which it calculates "Indian" versus "foreign" equity. It eased investment between Indian firms with foreign shareholders, particularly in equity-capped sectors, while strengthening local management control.[19] Now, companies with less than 50% foreign equity will be regulated as "Indian" and any downstream investments will not be regulated as "foreign" equity, and vice-versa. However, a change from "Indian" to "foreign" control will need governmental approval in sectors subject to equity caps, most particularly in sensitive sectors like telecommunications, insurance, defense, airlines, and broadcasting and media.

Other liberalization measures appear to be on the anvil, following the Communist Party's defeat in the 2009 general election. Most notable is a bill to permit foreign universities to set up branches in India. The Government might also find it politically possible gradually to liberalize the equity caps in insurance, broadcasting and print media. The Indo-US nuclear deal should trigger FDI relaxations in defense and atomic energy, since it creates a variety of commercial opportunities for Indian firms. Retail is the only sector in which further liberalization does not seem imminent, due to widespread fears that an opening up

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[15] UK Department of Trade and Industry and EIU, *Survive and Prosper: Emerging Markets in the Global Recession* (London: DTI and EIU, 2009); press reports.

[16] Retail trading, atomic energy, gambling and betting, and agriculture and plantations. However, while FDI is prohibited in multi-brand retailing, it is permitted up to 51% of equity in single-brand retailing. Similarly, 100% FDI is allowed in horticulture, floriculture, animal husbandry, pisciculture, and seed development, as also in tea plantations, on a case-by-case basis. In 2009, the 24% cap on FDI in small enterprises (with capital expenditure of up to US$1 million) was also raised to 100%.

[17] Clearances are required for projects in which (1) an industrial license is required, (2) where the foreign collaborator has an existing local joint venture in the same sector, (3) the local joint venture is defunct, or "sick," as defined by Indian law, or (4) investments are being made by a venture capital fund.

[18] There are still some restrictions on capital account transactions.

[19] Earlier rules had made it complicated for Indian firms, with foreign investment, particularly in the telecommunications and financial services sectors, to improve competitiveness through strategic investments in other domestic companies.

of this sector would destroy India's "corner store" industry and create widespread unemployment.

Border tensions with China, and the growth in FDI through tax havens, have triggered Government thinking on FDI protectionist measures, such as the tightening of investment approval procedures[20] and the possible enactment of a national law to empower the Government to ensure that national security is not compromised by FDI projects. There have also been rising local and political concerns about large FDI projects (particularly in mining) that involve land acquisition, resettlement and significant environmental impact.

India has thus far signed 75 bilateral investment protection agreements,[21] 60 double taxation avoidance agreements, and a number of comprehensive economic partnership agreements.[22] The number of investment disputes has dropped since the 1990s. While, initially, the dominant issue was breach of contract, it now is taxation, as in the much-publicized Vodafone case.[23]

Conclusions

India's attractive GDP growth rate[24] and superior market performance are likely to attract growing FDI inflows.[25] CEOs consistently rank India as one of the world's top 3-5 preferred investment destinations in recent global surveys.[26] Despite the crisis, a number of leading global firms – including Volkswagen, Telenor, LG, Cairn, and a number of IT companies - have announced large-scale investments in various sectors. In contrast to the favorable development of economic drivers of inward FDI, the security-induced tightening of approval procedures and oversight policies might limit the potential inflow of FDI, as might the difficulty in obtaining operational clearances.[27]

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[20] According to press reports, the following measures are being suggested: (1) Investments from tax havens into "sensitive" sectors must obtain governmental approval; (2) the approval process should involve security agencies; (3) post-approval cancellations should be permitted; and (4) India should expand the list of countries from which it restricts FDI.

[21] 66 of these are already in force.

[22] India is now finalizing or negotiating 25 more investment protection agreements, including with the United States, Brazil, Canada, Norway, and the UAE.

[23] In 2007, Vodafone bought out Max Hutchison's assets in Hutch Essar, one of India's largest mobile phone companies. Though the financial transaction occurred overseas, the Indian Government holds that Vodafone should pay capital gains on this transaction, since the assets are in India.

[24] As of late 2009, India's GDP growth had been between 6 -7%.

[25] DTI and EIU, 2009, op. cit.

[26] These surveys were conducted by EIU, UNCTAD, AT Kearney, and others.

[27] Given India's federal policy, state governments have the power operationally to hold up FDI projects cleared by the national Government. For this reason, a national FDI law (replacing the existing plethora of state and sectoral regulation with a single legal instrument) might be very useful.

Additional readings

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Useful websites

For FDI policy and regulation: Government of India, Ministry of Commerce and Industry (www.dipp.nic.in) and India Brand Equity Foundation (www.ibef.org).

For Government FDI statistics: Secretariat of Industrial Approvals, Ministry of Commerce and Industry (www.dipp.nic.in/fdi_statistics/india_fdi_index.htm).

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Annex table 1. India: inward FDI stock, 2000, 2008, 2009

(US$ billion)

Economy	2000	2008	2009
India	**18**	**123**	**169**
Memorandum: comparator countries			
Brazil	122	288	**…**
China	193	378	**…**
Russia	32	214	…
Singapore	111	326	…

Source: Based on UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (New York and Geneva: United Nations, 2009), and Secretariat for Industrial Assistance, Government of India.

Annex table 2a. India: inward FDI flows in comparison, 2000-2009

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
India	**2.3**	**3.4**	**3.5**	**4.3**	**5.3**	**6.7**	**20.3**	**25.1**	**41.6**	**27.0**
Memorandum: comparator countries										
Brazil	32.8	22.5	16.6	10.1	18.2	15.1	18.8	34.6	45.1	22.8 [a]
China	40.8	46.9	52.7	53.5	60.6	72.4	72.7	83.5	108.3	90.0 [a]
Russia	2.7	2.5	3.5	8.0	11.7	12.8	29.7	55.1	70.3	41.4 [a]
Singapore	12.5	11.0	5.8	9.3	16.1	15.0	27.7	31.6	22.7	18.3 [a]

Source: UNCTAD, *World Investment Reports 2003, 2005, 2007 and 2009; and* Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

[a] Estimated.

Annex table 2b. India: inward FDI flows, 1991-1999

(US$ billion)

Economy	1991	1992	1993	1994	1995	1996	1997	1998	1999
India	0.2	0.3	0.6	1.0	2.1	2.5	3.6	3.4	2.4

Source: Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

Annex table 3. India: sectoral breakdown of FDI inflows,[a] 2000 and 2008

(US$ million and percent of total inflows)

Sector / industry	2000	2008	2009 [b]
All sectors / industries	**2347.1**	**33,029.3**	**27,044**
Primary	**2.8 (0.12%)**	**1420.9 (4.3%)**	**2397 (8.86%)**
Agriculture, forestry, and fishing	0.1	10.7	1307
Mining, quarrying and petroleum	2.7	1410.2	545
Mining and quarrying	0.8	42.7	171
Petroleum	1.9	1367.5	374
Secondary (manufacturing) [c]	**1051.8 (44.8%)**	**10156.4 (30.8%)**	**7223.1 (26.7%)**
Automobile industry	279.7	1134.1	1338.4
Drugs & pharmaceuticals	48.4	263.7	205.1
Industrial machinery	4.9	154.2	193.4
Chemicals(other than fertilizers)	125.1	602.1	451.4
Textiles	1.9	204.0	198.5
Paper & pulp and paper products	60.5	227.4	59.6
Food processing industries	51.7	150.4	202.5
Cement & gypsum products	73.9	674.9	80.7
Ceramics	1.9	223.3	5.8
Electronics	8.1	169.7	34.9
Computer software & hardware	194.4	1,828.0	717.0
Power	110.7	1,339.3	1643.3
Services	**388.2 (16.5%)**	**19812.1 (60%)**	**16598 (61.4%)**
Financial services	43.3	8043.8	1570.0
Telecom services	79.7	2577.8	2557.7
Information & Broadcasting(including Print Media)	79.7	539.3	782.8
Ports	-	1,404.5	72.3
Consultancy services	4.9	364.7	420.1
Hotel & tourism services	12.2	539.0	592.9
Trading	28.8	654.6	524.8
Construction activities	23.1	2484.3	2459.6
Housing & real estate	-	2679.0	3198.8
Unspecified other sectors/industries	**904.2 (38.5%)**	**1639.8 (5%)**	**825.5 (3.0%)**

Source: Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

[a] Inflows are equity inflows; reinvested earnings are not available sector-wise.
[b] Data up to November 2009.
[c] Secondary sectors listed are selective.

Annex table 4. India: top 20 greenfield investments, June 2006- September 2009 [a]

Foreign company	Home country	Indian company	Value *(US$ billlion)*	Industry
TMI, Mauritius	Mauritius	Idea Cellular	1.6	Telecommunications
Cairn UK Holding	United Kingdom	Cairn India	1.5	Power and energy
Mauritius Debt Management	Mauritius	India Debt Management Ltd.	0.95	Financial services
Coca Cola Singapore	Singapore	Hindustan Coca Cola	0.84	Beverages
Vodafone Mauritius	Mauritius	Bhaik Infotel	0.8	Telecommunications
Morgan Stanley Investment Managment	Mauritius	Morgan Stanley India	0.7	Financial services
Etisalat Mauritius	Mauritius	Etisalat DB Telecom	0.66	Telecommunications
CMP Asia	Mauritius	Housing Development Finance Corporation	0.65	Financial services
Biometrix Marketing	Singapore	Reliance Gas Transportation Infrastructure	0.6	Oil refinery; transportation
Horizon	Netherlands	Emaar MGF Land	0.43	Housing and real estate
Barclays Bank	Singapore	AAA Global Ventures	0.37	Financial services
Sistema Joint Stock Financial Corp.	Russia	Shyam Telelink	0.3	Telecommunications
Travorto	Cyprus	Tata Capital	0.29	Financial service
Fiat Auto	Italy	Fiat Automobiles; Fiat India	0.26	Automobiles
Volvo	Sweden	VE Commercial Vehicles	0.22	Automobiles
HSBC Investment Bank Holdings	Mauritius	HSCB Security and Cap Market	0.19	Banking
Walt Disney (South East Asia)	Singapore	UTV Software Communication	0.17	Radio broadcasting
BOC Group	United Kingdom	BOC India	0.14	Industrial gases
FBG Holdings	Mauritius	Fosters India	0.16	Fermentation Industries
Suzuki Motor	Japan	Suzuki Motorcycle; Suzuki Power train	0.12	Automobiles; machine tools

Source: Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India, data on investment inflow transactions.

Annex table 5a. India: geographical source of inward FDI flows, 2000, 2008 and 2009

Country/ region	Shares in %			US$ million		
	2000	2008	2009 [a]	2000	2008	2009 [a]
World				**2,347.1**	**33, 029.32**	**27,044**
Developed economies	**56.2**	**26.9**	**20.9**	**1,318.0**	**8,871.7**	**8,117.8**
Europe	**27.9**	**19.4**	**16.2**	**655.3**	**6,415.1**	**4,715.7**
European Union	**23.8**	**18.6**	**15.4**	**559.9**	**6,157.4**	**4562.7**
Belgium	0.3	0.3	0.1	8.0	103.1	30.9
Cyprus	0.1	4.2	5.0	0.6	1,318.1	1609.60
France	3.4	1.5	1.1	79.4	467.9	296.9
Germany	3.7	2.4	2.0	79.4	788.8	599.9
Italy	5.8	1.1	0.4	135.6	366.2	150.8
Netherlands	5.4	3.1	2.9	127.2	988.9	832.8
Spain and Gibraltar	0.1	0.9	0.3	1.4	291.7	91.7
Sweden	2.5	0.3	1.1	59.2	92.8	245.4
United Kingdom	2.8	5.0	1.7	65.5	1,681.6	468.2
Other European countries	**4.1**	**0.8**	**0.8**	**95.4**	**257.7**	**152.96**
Switzerland	1.9	0.5	0.6	43.5	144.7	142.7
North America	**17.9**	**5.8**	**8.0**	**420.7**	**1,923.6**	**2,096**
Canada	0.1	0.4	02	2.2	126.4	45.2
United States	17.8	5.4	7.9	418.4	1,797.2	2051
Other developed countries	**10.3**	**1.6**	**4.8**	**242.1**	**533.0**	**1305.9**
Australia	0.4	0.2	0.2	9.5	71.4	40.2
Israel	-	0.1	0	-	15.1	1.3
Japan	9.8	1.2	4.5	229.2	405.1	1257.8
Developing economies	**43.5**	**58.6**	**59.5**	**1061.2**	**19355.0**	**16078.6**
Africa	**35.4**	**42.8**	**42.9**	**830.8**	**14,148.8**	**11,592**
Mauritius	35.4	42.8	42.7	829.9	14,138.1	11,536.2
Asia and Oceania	**7.6**	**13.6**	**15.8**	**182.2**	**4,487.9**	**4,185.24**
China	-	-	0.2	-	-	41.4
Hong Kong (China)	0.6	0.4	0.6	13.4	132.6	144.5
Indonesia	-	-	0.9	-	-	138.3

Malaysia	0.5	0.3	0.1	10.5	100.3	38.6
Republic of Korea	0.8	0.4	0.2	17.7	148.1	66.9
Singapore	5.0	11.3	11.8	116.6	3,763.5	3059.5
United Arab Emirates (UAE)	0.0	0.9	2.4	0.8	293.4	625.3
Commonwealth of Independent States	**1.7**	**1.0**	**0.06**	**41.05**	**322.0**	**16.6**
Kazakhstan	-	-	0.1	-	-	10.4
Russia	1.7	1.1	0.0	40.9	305.9	6.2
Latin America and Caribbean	**0.3**	**1.2**	**0.86**	**7.2**	**396.2**	**284.72**
Bermuda	0.1	0.1	0.05	2.8	33.11	10.1
British Virgin Islands	0.1	0.4	0.5	3.0	137.2	137.7
Cayman Islands	0.2	0.6	0.1	4.0	222.4	50.2
Chile	-	-	0.2	-	-	39.9
Unspecified destination	**0.1**	**8.5**	**8.1**	**2.2**	**2,853.9**	**2051.3**
Non-resident Indians	**0.0**	**5.9**	**3.3**	**0.2**	**1,948.8**	**791.9**

Source: Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

[a] January – November 2009.
[b] Inflows represent only equity capital, i.e. they do not include reinvested earnings, other capital and inter-company debts.

Annex table 5b. India: the 10 leading home countries; 2000, 2005, 2008, and 2009

2000 (US$4.5 bn)		2005 (US$4.4 bn)		2008 (US$33 bn)		2009[a] (US$27 bn)	
Country	**% and amount of inflows**	**Country**	**% and amount of inflows**	**Country**	**% and amount of inflows**	**Country**	**% and amount of inflows**
Mauritius	35% 823 mn	Mauritius	49% 2.1 bn	Mauritius	43% 14 bn	Mauritius	43% 11.5 bn
USA	18% 418 mn	USA	11% 472 mn	Singapore	11% 3.8 bn	Singapore	11% 3.1 bn
Japan	10% 229 mn	Singapore	7% 321 mn	USA	5% 1.8 bn	USA	7.6% 2.0 bn
Italy	6% 136 mn	U.K.	5% 219 mn	U.K.	5% 1.7 bn	Cyprus	6% 1.6 bn
Netherlands	5% 127 mn	Japan	4% 168 mn	Cyprus	4% 1.3 bn	Japan	5% 1.3bn
Singapore	5% 117 mn	Netherlands	3% 119 mn	Germany	2% 800 mn	Netherlands	3.1% 833 mn
Germany	3% 79 mn	Switzerland	2% 83 mn	France	1% 500 mn	U.A.E.	2.3% 625 mn
France	3% 79 mn	Germany	2% 83 mn	Japan	1% 400 mn	Germany	2.2% 600 mn
UK	3% 65 mn	Cyprus	2% 69 mn	Italy	1% 300 mn	U.K.	1.7% 468mn
Sweden	2.5% 59 mn	Republic of Korea	2% 66 mn	Russia	1% 300 mn	Sweden	0.9% 245mn
Unknown	0.1% 2.23mn	Unknown	3% 148mn	Unknown	9% 2.9 bn	Unknown	7.6% 2.0 bn
Non-resident Indians	0.01% 0.18mn	**Non-resident Indians**	1% 43mn	**Non-resident Indians**	6% 1.9 bn	**Non-resident Indians**	2.9% 792 mn

Source: Secretariat for Industrial Assistance, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

[a] Data up to November 2009.

Annex table 5c. India: selected large foreign affiliates, ranked by size of cumulative investments from 2000-2009

(US$ million)

Rank	Name [a]	Industry	Cumulative investments in India [b] (2000-2009)
1	Oracle Global Ltd. (Mauritius)	Software development	1.64
2	Biometrix Marketing Pvt. Ltd. (Singapore)	Petroleum & natural gas	1.62
3	TMI Mauritius Ltd. (Mauritius)	Telecommunications	1.6
4	Cairn (UK)	Business services	1.49
5	Vodafone (Mauritius)	Telecommunications	0.8
6	Hindustan Coca Cola Overseas Holding Pte (Singapore)	Investment research & counseling activities	0.78
7.	HSBC Bank Plc (UK)	Ports	0.75
8.	Suzuki Motors (Japan)	Automobile	0.57
9.	Essar Logistics Holdings (USA)	Steel manufacture	0.45
10.	Matsushita Electric Works (Japan)	Manufacture of electrical products	0.44
11.	Yamaha Motor Co. (Japan)	Automobile	0.39
12.	Barclays Bank (Singapore)	Financial services	0.36
13.	Petronas International (USA)	Business services	0.29
14.	Hewlett Packard Leiden BV(Netherlands)	Software	0.25
15.	Allianz SE (Germany)	Insurance	0.24
6	SAB Miller (Netherlands)	Brewery	0.24
17.	NTT Docomo (Japan)	Telecommunications	0.2
18.	Walt Disney (Singapore)	Motion pictures distribution	0.16
19.	Volkswagen AG (Netherlands)	Automobile	0.15
20.	Ford Motor Co. (USA)	Automobile	0.15
21.	TNT Express Worldwide, (Netherlands)	Courier service	0.08
22.	Posco Ltd. (Republic of Korea)	Steel	0.07
23.	Samsung Electronic Co. Ltd. (Republic of Korea)	Electronic	0.05
24.	Hyundai Heavy Industries (Republic of Korea)	Construction & transport equipment	0.04
25.	Schneider Electric Industries SAS (France)	Industrial machinery	0.04

Source: Database of the Secretariat of Industrial Approvals, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India.

[a] Data on FDI inflows captures the country from where the investment into India is flowing and not the original home country of the company.

[b] Company-wise inflows from January 2000 and November 2009 have been counted as total Indian assets.

Annex table 6. India: the top 15 inward mergers and acquisitions, 2007-2009

Year	Acquirer/ home country	Target	Value *(US$ billion)*	Shares bought *(%)*	Industry
2007	Vodafone, UK	Hutchison Essar	10.8	67%	Telecommunications
2008	Daichii Sankyo, Japan	Ranbaxy Laboratories	4.5	60.63%	Pharma, healthcare, biotech
2008	NTT DOCOMO, Japan	Tata Teleservices	2.7	26%	Telecommunications
2008	Telenor , Norway	Unitech Wireless	1.36	60%	Telecommunications
2007[a]	Oracle Global, USA	I Flex Solutions	1.1	NA	Computer software
2007	Vedanta Resources, UK	Sesa Goa	1	51%	Metals and ores
2008	Emirates Telecommunications, U.A.E	Swan Telecom	0.9	45%	Telecommunications
2007	Mittal Investments, Luxembourg	Guru Gobind Singh Refineries	0.7	49%	Oil and natural gas
2009	Sanofi Pasteur, France [b]	Shantha Biotechnics	0.68	80%	Pharma, healthcare, biotech
2007	Matsushita Electric Works, Japan	Anchor Electricals	0.42	80%	Electricals and electronics
2008	Lafarge, France	Larsen and Toubro's ready-mix concrete business	0.37	100%	Engineering
2008	Petroliam Nasional Berhad (Petronas), Malaysia	Cairn India	0.36	2.77%	Power and energy
2008	HSBC Holdings, UK	IL&FS Investmart	0.24	73.21%	Banking and financial services
2009	Petroliam Nasional Berhad (Petronas), Malaysia [c]	Cairn India	0.24	2.3%	Power and energy
2009	Bahrain Telecommunications Co. and Millennium Private Equity, Bahrain	S Tel	0.23	49%	Telecommunications
2007	Holci, Switzerland	Ambuja Cements	0.22	3.9%	Cement

Source: Grant Thornton Deal Tracker.

[a] Secretariat of Industrial Approvals, Department of Industrial Promotion and Policy, Ministry of Commerce and Industry, Government of India. Acquisition announced in 2006 (thus, not listed in the Grant Thornton Deal Tracker data base), but inflows received in January 2007.

[b] Vaccines division of Sanofi-Aventis.

[c] Through its overseas arm, Petronas International Corporation Ltd.