

Industrial Investment and Associated Trends

13. Industrial investment for the Indian economy maintained its upbeat trends in the year 1996. During 1997, however, the aggregate number of investment intentions in the country filed through IEMs and LOIs slowed down. The number of investment intentions filed through IEMs and LOIs were lower at 4,194 in 1997 compared to 5,347 in 1996. The proposed investment committed therein in 1997 is also lower at Rs.61,907 crore compared to Rs.1,03,210 crore in 1996. In the first three months of 1998, aggregate number of investment intentions filed through IEMs and LOIs were 694, with proposed investment amounting to Rs 14,291 crore (Table 7.4).

14. Trends in foreign investment continues to be reasonably promising. The aggregate number of foreign technology collaborations and foreign direct investment proposals approved increased to 5,358 and 7,407 (including 51 proposals for GDR/FCCB involving Rs.16,186 crore) respectively by December, 1997. The total amount of foreign investment approved in the process has amounted to Rs.1,50,579 crore. The actual inflow stood at Rs.32,642 crore (Table 7.5).

15. Foreign Direct Investment approved so far, has displayed a distinct core sector bias. The core and infrastructure sector has accounted for

Rs.86301 crore till the end of December, 1997, contributing to 57.4 per cent of the total FDI approved since August, 1991 (Table 7.6). The share of the consumer goods sector in total FDI approved has been 14.1 per cent, followed by services sector (9.6 per cent) and capital goods sector (9.4 per cent).

16. During April-January 1997-98, capital goods imports suffered a decline of 16.9 per cent to US \$ 5553 million from US \$ 6680 million during April-January 1996-97. This indicates lowering down of demand for imported capital goods and

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	2982
1995	982	1355	32070	6370
1996	744	1559	36150	8440
1997	660	1665	54891	12036
Total	5358	7407	150579	32642
\$ Includes 51 proposals for GDR/FCCB involving Rs.16,186 crore.				

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*	654	13089	94	40	1202	5
Total	32918	609184	5651	3127	101774	734
\$ August to December	* Jan-March.					

TABLE 7.6

Sectorwise Approvals of FDI from August 1991 till December 1997

Sector	No. of Foreign Technology Approvals	No. of Foreign Investment Approvals	Amount of FDI approved (Rs.Crore)	Sectoral Share (per cent)
1. Core & Infrastructure*	614	977	86301	57.35
2. Capital Goods & Machinery	2363	2362	14197	9.43
3. Consumer Goods	613	1438	21187	14.08
4. Miscellaneous Industries	1354	1315	14299	9.50
5. Services	176	1228	14499	9.63
6. Strategic goods	4	0	0	0
Total	5124	7320	150483	100

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

reflects slackening of overall economic conditions. During April-February 1997-98, capital goods production as measured by IIP recorded a decline of 1.8 per cent as compared to 7.2 per cent growth registered during the corresponding period of 1996-97.

17. Financial assistance sanctioned by the All India Financial Institutions (AIFIs) during 1997-98 have shown significant improvement. The sanctions by AIFIs during 1997-98 have increased by 48.8 per cent compared to a decline of 14.7 per cent in 1996-97. Disbursements registered 28.5 per cent increase during 1997-98 compared to only 8.4 per cent in 1996-97. Higher levels of

assistance and disbursement indicate larger volume of investment in 1998-99. Besides non-food credit is seen to register a growth of 14.2 per cent during 1997-98, higher than the 10.9 per cent growth in 1996-97.

18. The primary securities market remained subdued in 1996-97 in terms of number of issues as well as the size of resource mobilisation. Decline of resource mobilisation noticed in 1996-97 continued in 1997-98 as well. The amount of capital mobilised declined from Rs. 20804 crore (1725 issues) to Rs. 14276 crore (882 issues) in 1996-97 and further to Rs. 4569 crore (111 issues) in 1997-98.